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

FORM 10-K

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

For the fiscal year ended December 31, 2015

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

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 or other jurisdiction of incorporation or organization)	**(Address of principal executive offices)**	**(I.R.S. Employer Identification No.)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock - $.25 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

The aggregate market value of the voting stock held by nonaffiliates of the registrant was approximately $12,665,793,710 based on the closing price of stock traded on the New York Stock Exchange on June 30, 2015. As of January 31, 2016, there were 73,734,800 shares of Common Stock, $.25 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the company's definitive Proxy Statement in connection with its 2016 annual meeting of shareholders are incorporated by reference into Part III of this Form 10-K.

C. R. BARD, INC. AND SUBSIDIARIES

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PART I

Item 1. Business

General

C. R. Bard, Inc. and its subsidiaries (the "company" or "Bard") are engaged in the design, manufacture, packaging, distribution and sale of medical, surgical, diagnostic and patient care devices. Charles Russell Bard founded the company in 1907. In 1923, the company was incorporated as C. R. Bard, Inc. and distributed an assortment of urological and surgical products. Bard became a publicly traded company in 1963 and began trading on the New York Stock Exchange five years later. Currently, the company sells a broad range of products to hospitals, individual healthcare professionals, extended care facilities and alternate site facilities on a global basis. In general, Bard's products are intended to be used once and then discarded or either temporarily or permanently implanted. The company participates in the markets for vascular, urology, oncology and surgical specialty products. Bard's product strategy is based on the following tenets, which are designed to position the company for continued growth:

- *Clinician Preference* - Bard targets markets where clinicians drive purchasing decisions based on the benefits a product provides to patients;
- *Product Leadership* - The company pursues opportunities in markets where products that consistently provide superior clinical outcomes and medical economic value can attain a leadership position;
- *Market Growth* - Bard focuses its investments in fast-growing and/or under-served markets;
- *Competitive Advantage* - The company strives to achieve a sustainable competitive advantage through product quality and innovation, intellectual property protection and a core competency in managing complex clinical and regulatory requirements; and
- *Product Diversity* - Bard offers a broad, diverse product portfolio to balance the risks inherent in the highly competitive and complex medical device industry.

Bard's execution of this strategy has helped the company establish market leadership positions across its four product group categories. In 2015, approximately 76% of the company's net sales were derived from product lines in which the company holds a number one or number two market share position.

Product Group Information

The company reports its sales in four major product group categories: vascular, urology, oncology and surgical specialties. The company also has a product group of other products. The following table sets forth for the three years ended December 31, 2015, 2014 and 2013 the approximate percentage contribution by category to Bard's consolidated net sales on a worldwide basis.

	For the Years Ended December 31,		
	2015	2014	2013[A]
Vascular	28%	28%	27%
Urology	25%	25%	25%
Oncology	27%	27%	28%
Surgical Specialties	17%	17%	16%
Other	3%	3%	3%
Consolidated net sales	100%	100%	100%

(A) Amounts do not add due to rounding.

Vascular Products

Bard's vascular products cover a wide range of minimally invasive devices for the treatment of peripheral vascular disease ("PVD"), end-stage renal disease ("ESRD") and heart arrhythmias. These products include: percutaneous transluminal angioplasty ("PTA") catheters, chronic total occlusion ("CTO") catheters, guidewires, fabrics, meshes, introducers and accessories; valvuloplasty balloons; peripheral vascular stents, self-expanding and balloon-expandable covered stents and vascular grafts; vena cava filters; biopsy devices; and temporary pacing electrode catheters. In November 2013, Bard closed on the sale of certain assets (including its electrophysiology laboratory systems and diagnostic and therapeutic catheters) and liabilities of its electrophysiology division to Boston Scientific Corporation (the "EP Sale"), retaining only the guidewire and temporary pacing electrode lines. Bard's low-profile catheter and high-pressure balloon technology has made Conquest®, Atlas® and Dorado® PTA catheters leading choices of clinicians for the treatment of arterial venous access stenosis and other PVDs. Bard began selling the Lutonix® drug-coated PTA balloon for the treatment and prevention of vascular disease in Europe in 2012 and in the United States in October 2014, upon receipt of regulatory approval from the United States Food and Drug Administration ("FDA"). The company's Ultraverse® and VascuTrak® PTA catheters and Crosser™ CTO catheter give Bard one of the broadest offerings in the small-vessel segment of the PVD market. Bard's line of peripheral vascular stents, covered stents and vascular grafts includes the Flair® AV (arterial venous) Access Stent Graft, E•Luminexx® and LifeStar® Iliac Stents, and the LifeStent® family of stents approved for use in the superficial femoral and proximal popliteal arteries. Bard's vena cava filters product line includes devices that can be either permanently implanted or retrieved after the threat of blood clots traveling from the lower extremities to a patient's lungs has passed. Bard also offers products for the treatment of ESRD through a broad line of long-term dialysis catheters with market leading products including GlidePath™, Equistream®, Decathlon®, Hickman® and Reliance® catheters. Bard also offers a market leading portfolio of automatic core needle biopsy devices including MaxCore®, Magnum®, the Mission™ lightweight semi-automatic biopsy device and the Marquee™ disposable core biopsy instrument. Bard's Vacora® and Finesse® devices combine the benefits of a vacuum-assisted biopsy technology with a portable, self-contained needle system for the diagnosis of breast tumors. Bard offers a wide variety of products across the percutaneous breast biopsy and tissue marker segments. The EnCor® and EnCor Enspire® breast biopsy systems allow for ultrasound-, stereotactic- and MRI-guided breast biopsy procedures, and Bard's breast tissue markers include the SenoMark®, StarchMark® and Gel Mark® product lines. In 2014, the company began recording revenue related to royalty payments received from W.L. Gore & Associates Inc. ("Gore"), as described in Item 3. Legal Proceedings.

Urology Products

Bard's urology products include basic urology drainage products, fecal and urinary continence products, urological specialty products and Targeted Temperature Management™ products. The Foley catheter, which Bard introduced in 1934, remains one of the most frequently used products in the urology field. The company has a market-leading position in Foley catheters, including the infection control Foley catheter (Bardex® I.C. Foley catheter), which has been proven to substantially reduce the rate of urinary tract infections. In November 2013, the company acquired Rochester Medical Corporation and its line of intermittent self-catheters and male external catheters, primarily used in non-acute settings. In January 2016, the company acquired Liberator Medical, Inc., a durable medical equipment supplier to vertically integrate and expand its presence in the non-acute segment of the market. Other products include: fecal incontinence products; brachytherapy devices and radioactive seeds used to treat prostate cancer; intermittent urinary drainage catheters, urine monitoring and collection systems; ureteral stents; specialty devices for stone removal procedures; and surgical slings and pelvic floor repair products for women's health. The company markets the proprietary line of StatLock® catheter stabilization devices, which are used primarily to secure peripheral intravenous catheters, thereby reducing restarts and other complications. These devices are also used to secure many other types of catheters sold by Bard and other companies, including Foley catheters. In addition, the company markets the Arctic Sun® system with proprietary ArcticGel™ pads providing therapy for patients requiring Targeted Temperature Management™.

Oncology Products

Bard's oncology products cover a wide range of devices used in the treatment and management of various cancers and other diseases and disorders. These include specialty vascular access catheters and ports, vascular access ultrasound devices, dialysis access catheters and enteral feeding devices. The company's specialty vascular access products serve a well-established market in which Bard holds a leading position. The features and benefits of the company's broad line of peripherally inserted central catheters ("PICCs") have allowed Bard to capitalize on this important segment of the specialty vascular access market. The company's PowerPICC® catheters and PowerPort® devices can also be used to inject contrast media at high flow rates. These devices eliminate the need to place an additional catheter in the significant number of PICC and port recipients who also require contrast enhanced CT (computed tomography) scans. Bard's Site-Rite® vascular access ultrasound device and Sherlock™ tip locator system help nurses place a PICC at a patient's bedside, making PICCs a more convenient and cost-effective treatment option. The company's 3CG Tip Confirmation System™ can be used in place of imaging technologies such as x-rays to confirm proper placement of the PICC prior to treatment. Both Sherlock™ and Sherlock 3CG™ can be integrated into the Site Rite® system facilitating bedside placement.

Surgical Specialty Products

Bard's surgical specialty products include implanted grafts and fixation devices for hernia and soft tissue repairs in addition to hemostats and surgical sealants. The company's soft tissue repair products consist of hernia repair grafts, including permanent synthetic and bioresorbable synthetic products, natural-tissue configurations, and hernia fixation devices. Bard has a full line of products for inguinal (groin) hernias including the Perfix® Plug and 3D Max® product lines. The company has products for the repair of ventral (abdominal) hernias including the Ventrio®, Ventrio® ST, Ventralex®, Ventralex® ST and Ventralight® ST synthetic grafts. In addition, the company markets the ECHO PS® Positioning System which helps facilitate mesh deployment in laparoscopic surgical repair. Bard also markets the Phasix™ line of products for both inguinal and ventral hernias. The product incorporates advanced polymer technology based on a fully resorbable platform that is resorbed naturally by the body over time. The company's newest offering, Phasix™ ST, incorporates an anti-adhesion layer allowing for laparoscopic placement. Bard's line of natural-tissue products includes the XenMatrix® and Allomax® grafts used to repair complex ventral hernias and soft tissue reconstruction. The company also sells XenMatrix® AB, the first of its kind anti-microbial natural-tissue mesh. The company's hernia fixation devices include OptiFix™, a bioresorbable-tack fixation device and Capsure®, a permanent fixation device for use in laparoscopic and open surgical procedures. Bard also offers the Progel© surgical sealant, which is the only FDA-approved product available for intraoperative sealing of air leaks in connection with open, video-assisted and robotic thoracic surgery. In October 2013, Bard acquired Medafor, Inc. and its Arista® AH plant-based hemostat product line complementing Bard's Progel© surgical sealant technology.

International

Bard markets its products through subsidiaries to customers in over 100 countries outside the United States. The products sold in the international markets include many of the products described above. However, the principal markets, products and methods of distribution in the company's international businesses vary with market size and stage of development. The company's principal international markets are currently in Europe, Japan and China, and the company expects to continue investing to expand sales and marketing resources in order to capitalize on opportunities in other markets, such as certain emerging markets in Asia, Latin America and Eastern Europe. Generally, the company maintains a geographically-based sales organization that it believes provides greater flexibility in international markets. Approximately 72% of international sales are of products manufactured by Bard in the United States, Puerto Rico or Mexico. For financial reporting purposes, revenues and long-lived assets in significant geographic areas are presented in Note 15 of the notes to consolidated financial statements.

Bard's foreign operations are subject to certain financial and other risks, and international operations in general present complex tax and cash management issues. Relationships with customers and effective terms of

sale frequently vary by country. Trade receivable balances outside the United States generally are outstanding for longer periods than in the United States, particularly in Europe. Inventory management is also an important business concern due to the potential for rapidly changing business conditions and currency exposure. Foreign currency exchange rate fluctuations can affect income and cash flows of international operations. The company attempts to hedge some of these currency exposures to help reduce the effects of foreign exchange fluctuations on the business. For more information, see Item 1A. "Risk Factors", Item 7A. "Quantitative and Qualitative Disclosures About Market Risk", and Note 6 of the notes to consolidated financial statements.

Competition

The company competes in therapeutic and diagnostic medical device markets around the world. These global markets are characterized by rapid changes resulting from technological advances and scientific discoveries. The company's market position depends on its reliable product quality, dependable service, value proposition and ability to develop products to meet evolving market needs. The company faces a mix of competitors ranging from large manufacturers with multiple business lines to smaller manufacturers that offer a limited selection of products, and to a lesser extent reprocessors of single-use medical devices. Many of Bard's products are patented or are the subject of patent applications. Patent protection also affects the company's market position.

In keeping with the increased emphasis on cost-effectiveness in healthcare delivery, the trend among hospitals and other customers of medical device manufacturers is to consolidate purchases to enhance purchasing power. The medical device industry has also experienced some consolidation, partly in order to offer a broader range of products to large purchasers. This enhanced purchasing power has placed pressure on product pricing. For more information, see Item 1A. "Risk Factors."

Marketing

The company's products are distributed domestically directly to hospitals and other healthcare institutions, as well as through numerous hospital/surgical supply and other medical specialty distributors with whom the company has distribution agreements. In international markets, products are distributed either directly or through distributors, with the practice varying by country. Full-time representatives of the company in domestic and international markets engage in sales promotion. Sales to distributors, which supply the company's products to many end-users, accounted for approximately 35%, 34% and 37% of the company's net sales for the years ended December 31, 2015, 2014 and 2013, respectively, and the five largest distributors combined accounted for approximately 61%, 66% and 64%, respectively, of distributors' sales for the corresponding years. One large distributor accounted for approximately 9% of the company's net sales in each of 2015, 2014 and 2013.

In order to service its customers, optimize logistics, lower facilities costs and reduce finished goods inventory levels, the company operates consolidated distribution facilities in both the United States and Europe. Orders are normally shipped within a matter of days after receipt. Backlog is not currently a significant issue for the company.

Most of the products sold by the company, whether manufactured by the company or by others, are sold under the BARD® trade name or trademark and/or other trademarks owned by the company. Products manufactured for the company by outside suppliers are generally produced according to the company's specifications.

Available Information

The company makes available, free of charge, on its website located at *www.crbard.com*, its annual reports to shareholders, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and any amendments to these reports, as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the U.S. Securities and Exchange Commission ("SEC").

The company has adopted, and has posted on its website, a Code of Ethics for Senior Financial Officers that applies to the company's Chief Executive Officer, Chief Financial Officer and Controller. To the extent required, the company intends to disclose any amendments to, or waivers of, the Code of Ethics on its website. In addition, the company's audit committee charter, compensation committee charter, governance committee charter, corporate governance guidelines and business ethics policy are also posted on the company's website. From time-to-time Bard uses its website to distribute company information, including material information. Financial and other information, including material information regarding the company is routinely posted on and accessible at *http://investorrelations.crbard.com*. In addition, shareholders or interested parties may enroll to automatically receive email alerts and other information about Bard by visiting the "Email Alerts" section at *http://investorrelations.crbard.com*. Shareholders, employees or other interested parties may communicate directly with the Board of Directors, the non-management members of the Board of Directors or the Audit Committee. The process for doing so is described on the company's website.

Regulation

The development, manufacture, sale and distribution of the company's products are subject to comprehensive government regulation both within and outside the United States. Government regulation, including detailed inspection of and controls over research and laboratory procedures, clinical investigations, manufacturing, marketing, sampling, distribution, recordkeeping and storage and disposal practices, substantially increases the time, difficulty and costs incurred in obtaining and maintaining the approval to market newly developed and existing products. Government regulatory actions can result in the seizure or recall of products, suspension or revocation of the authority necessary for their production and sale, and other civil or criminal sanctions.

Medical device laws are in effect in many of the countries in which the company does business outside the United States. These range from comprehensive device approval requirements for some or all of the company's medical device products to requests for product data or certifications. Inspection of and controls over manufacturing as well as monitoring of device-related adverse events are also components of most of these regulatory systems. The number and scope of these requirements are increasing.

For more information, see Item 1A. "Risk Factors."

Third-Party Reimbursement and Healthcare Cost Containment

Reimbursement remains an important strategic consideration in the development and marketing of medical devices and procedures. Difficulty in obtaining coverage, coding and payment can be a significant barrier to the commercial success of a new product or procedure. The consequences can include slow adoption in the marketplace and inadequate payment levels that can continue for months or even years.

Bard's products are purchased principally by hospitals or physicians, which typically bill various third-party payors, such as governmental programs (e.g., Medicare and Medicaid), private insurance plans and managed care plans, for the healthcare services provided to their patients. The ability of customers to obtain appropriate reimbursement for products and services from third-party payors is critical to the success of medical device companies because it can affect the products customers purchase and the prices they are willing to pay. Manufacturers such as Bard rely on insurance reimbursement to create favorable markets for their products, while providers depend on this reimbursement to incorporate new products into their medical practices. As the largest single insurer in the United States, Medicare has a profound influence on the healthcare market. The Center for Medicare and Medicaid Services ("CMS") formulates national and local coverage policy and sets payment rates for facilities and physician providers. Additionally, most private payors will follow the lead of CMS when developing their policies and payment rates. Technology assessment organizations, including the one run by the Blue Cross Blue Shield Association, are consulted by public and private payors to evaluate the relative merits of new technologies and their impact on net health outcomes in an effort to get as much value for the healthcare dollar as possible.

The processes necessary for a manufacturer to obtain appropriate levels of reimbursement are complex and usually vary from payor to payor. Third-party reimbursements to hospitals and ambulatory care facilities are typically made for procedures or episodes of care, which include the costs of devices, supplies and equipment, and provide an incentive for efficient care and careful use of more expensive technologies.

Third-party payors for hospital services in the United States and abroad are increasingly focused on strategies to control spending on healthcare and reward improvements in quality and patient outcomes. In addition, in an effort to better align incentives for providers, CMS and several large commercial payors have adopted policies that will no longer cover certain preventable, hospital-acquired infections such as catheter-associated urinary tract infections. The company believes that the Bardex® IC products are well-positioned to help its customers prevent certain hospital acquired infections. As payors focus on the net benefits provided by medical technologies, manufacturers are increasingly required to provide evidence not only of the clinical efficacy of their products, but also the economic impact they have on stakeholders in the healthcare system. The company has taken steps in recent years to bolster its health economic and outcomes research capabilities with the goal of meeting the needs of the business and customers around the world. However, the uncertainty and complexity of future legislation seeking to reform the health insurance market and the healthcare delivery system make it difficult to ultimately predict the impact on Bard's business.

For more information, see Item 1A. "Risk Factors."

Raw Materials

The company uses a wide variety of readily available oil-based resins, textiles, alloys and latex materials for the manufacture of its devices. These materials are primarily purchased from external suppliers. Most of the raw materials are available and/or purchased only from single source suppliers. Materials are purchased from selected suppliers for reasons of quality assurance, sole-source availability, cost effectiveness or constraints resulting from regulatory requirements. Bard works closely with its suppliers to assure continuity of supply while maintaining high quality and reliability. For more information, see Item 1A. "Risk Factors."

Environment

The company is subject to various environmental laws and regulations both within and outside the United States. The operations of the company, like those of other medical device companies, involve the use of substances regulated under environmental laws, primarily in manufacturing and sterilization processes. While the company continues to make capital and operational expenditures relating to compliance with existing environmental laws and regulations, management believes that such compliance will not have a material effect on the company's business, results of operations, financial condition and/or liquidity. For more information, see Item 3. "Legal Proceedings."

Employees

The company had approximately 14,900 employees as of December 31, 2015.

Seasonality

The company's business is not affected to any material extent by seasonal factors.

Research and Development

The company is engaged in both internal and external research and development in an effort to introduce new products, to enhance the effectiveness, ease of use, safety and reliability of its existing products, and to expand the applications for which the uses of its products are appropriate. The company is dedicated to developing and acquiring technologies that will furnish healthcare providers with a more complete line of products to treat medical conditions through less invasive procedures and in a cost-effective manner. The company's research and development expenditures, including acquired in-process research and development,

were $259.2 million, $302.0 million and $295.7 million in 2015, 2014 and 2013, respectively. The company evaluates developing technologies primarily in areas where it may have technological or marketing expertise for possible investment or acquisition.

Intellectual Property

Patents and other proprietary rights are important to Bard's business. The company also relies upon trade secrets, manufacturing know-how, continuing technological innovations and licensing opportunities to maintain and improve its competitive position.

The company owns an extensive portfolio of patents and has numerous patent applications pending in the United States and in certain foreign countries that relate to aspects of the technology used in many of the company's products. The company's policy is to file patent applications in the United States and foreign countries where rights are available and where the company believes it is commercially advantageous to do so. However, the standards for international protection of intellectual property vary widely. The company does not consider its business to be materially dependent upon any individual patent. For more information, see Item 1A. "Risk Factors."

Other than the payments received from Gore, as described in Item 3. "Legal Proceedings," the company does not receive material revenue from licensing of its patents or other intellectual property.

Item 1A. Risk Factors

An investor should carefully consider the risks described below, as well as other information contained in this Annual Report on Form 10-K and in our other filings with the Securities and Exchange Commission, in evaluating our business. Additional risks not presently known to us or that we currently deem immaterial may also adversely affect our business. The occurrence of any of these events or circumstances could individually or in the aggregate have a material adverse effect on our business, results of operations, financial condition and/or liquidity.

Defects, failures or quality issues associated with our products could lead to recalls or safety alerts, negative publicity regarding the company and litigation, including product liability claims, that could adversely affect our business and reputation and result in loss of customers. Loss reserves are difficult to estimate.

The design, manufacture and marketing of medical devices of the types we produce entail inherent risks. Quality is extremely important to us and to our customers because our products are often used in clinically demanding circumstances with seriously ill patients, and many of the medical devices we manufacture and sell are implanted in the human body for long periods of time or indefinitely. Given the circumstances in which our products are often used, defects, failures or quality issues can result in serious and costly consequences. Quality management is essential to prevent defects or failures associated with our products, as well as to improve our products and maintain the integrity of the data that supports the safety and efficacy of our products.

There are a number of factors that could result in an unsafe condition, injury or death of a patient with respect to products that we manufacture or sell, including quality issues, component failures, manufacturing flaws, unanticipated, unapproved or improper uses of our products, design defects or inadequate disclosure of product-related risks or product-related information.

Any of these issues could lead to an investigation by the FDA or other governmental authorities, recall of, or safety alert relating to, one or more of our products and could ultimately result in the removal of these products from the body and claims against us for costs associated with the removal. Any recall, whether voluntary or required by the FDA or similar governmental authorities in other countries, could result in lost sales, other significant costs and significant negative publicity. Negative publicity including regarding a quality or safety issue, whether accurate or inaccurate, could reduce market acceptance of our products, harm our reputation, decrease demand for our products, result in the loss of customers, lead to product withdrawals and/or harm our ability to successfully launch and market our products in the future. The foregoing problems could also result in

enforcement actions by state and federal governments or other enforcement bodies, or product liability claims or lawsuits including those being brought by individuals or by groups seeking to represent a class or establish multi-district litigation proceedings. We believe that some settlements and judgments, as well as legal defense costs, may be covered in whole or in part under our product liability insurance policies with a limited number of insurance companies, or, in some circumstances, indemnification obligations to us from other parties. However, amounts recovered under these arrangements may be less than the stated coverage limits or less than otherwise expected and may not be adequate to cover damages and/or costs. In addition, there is no guarantee that insurers or other parties will pay claims or that coverage or indemnity will be otherwise available. See Item 3. "Legal Proceedings" below for a description of lawsuits filed or asserted against us, including the Hernia Product Claims, Women's Health Product Claims and Filter Product Claims (each, as defined below). Moreover, in some circumstances adverse events arising from or associated with the design, manufacture, quality or marketing of our products could result in the FDA suspending or delaying its review of our applications for new product approvals, or imposing post market approval requirements. Any of the foregoing problems could have a material adverse effect on our business, results of operations, financial condition and/or liquidity.

Reserves established for estimated losses, including with respect to legal proceedings, do not represent an exact calculation of our actual liability but instead represent our estimate of the probable loss at the time the reserve is established. Due to the inherent uncertainty underlying loss reserve estimates, additional reserves may be established from time-to-time, and actual losses may be materially higher or lower than the related reserve. Liabilities in excess of our reserves could have a material adverse effect on our business, results of operations, financial condition and/or liquidity.

We face intense competition from other companies, and our inability to continue to effectively develop, acquire and/or market new products and technologies could have a material adverse effect on our business, results of operations and/or financial condition.

The medical device business is intensely competitive and is characterized by rapid technological change. Our customers consider many factors when choosing among products, including features and reliability, quality, technology, clinical outcomes, availability, price and services provided by the manufacturer. We face competition from a wide range of companies, some of which may have greater resources than us, which may enable them to adapt faster than us to customer needs or changes in customer requirements. Product introductions, alternative therapies or enhancements by competitors that provide better features, clinical outcomes or economic value and/or offer lower pricing may make our products or proposed products obsolete or less competitive. In addition, the trend of consolidation in the medical device industry and among our customers could result in greater competition and pricing pressures.

As a result, we engage in product development and improvement programs to maintain and improve our competitive position. These development and improvement programs involve significant investment in research and development, clinical trials and regulatory approvals and may require more time than anticipated to bring such products to market. We may not, however, be successful in enhancing existing products or developing new products or technologies that will achieve regulatory approval, be developed or manufactured in a cost effective manner, obtain appropriate intellectual property protection or receive market acceptance and we may be unable to recover all or a meaningful part of our investment in such products or technologies.

As part of our business strategy, we also pursue the acquisition of complementary businesses, technologies and products. We may not be able to identify appropriate acquisition candidates, consummate transactions or obtain agreements with favorable terms. Further, once a business is acquired, any inability to successfully integrate the business, decreases in customer loyalty or product orders, failure to retain and develop its workforce, failure to establish and maintain appropriate controls or unknown or contingent liabilities could adversely affect our ability to realize the anticipated benefits of any acquisition. The integration of an acquired business, whether or not successful, requires significant efforts which may result in additional expenses and

divert the attention of our management and technical personnel from other projects. These transactions are inherently risky, and there can be no assurance that any past or future transaction will be successful. If we fail to develop and successfully manufacture and launch new products, generate satisfactory clinical results, provide sufficient economic value, enhance existing products, or identify, acquire and integrate complementary businesses, technologies and products, or otherwise compete effectively, our business, results of operations and/or financial condition could be adversely affected.

Domestic and foreign legislative or administrative reforms resulting in restrictive reimbursement practices of third-party payors and cost containment measures could decrease the demand for products purchased by our customers, the prices that our customers are willing to pay for those products and the number of procedures using our devices.

Our products are purchased principally by hospitals or physicians which typically bill various third-party payors, such as governmental programs (e.g., Medicare, Medicaid and comparable foreign programs), private insurance plans and managed care plans, for the healthcare services provided to their patients. The ability of our customers to obtain appropriate reimbursement for products and services from third-party payors is critical to the success of medical device companies because it affects which products customers purchase and the prices they are willing to pay. Reimbursement varies by country and can significantly impact the acceptance of new products and technologies. In addition, with respect to a limited portion of our business, acquired in January 2016, we also directly bill patients, insurance companies, Medicare and Medicaid. Implementation of healthcare reforms or other governmental actions in the United States (such as cuts to Medicare reimbursement) and other countries may limit, reduce or eliminate reimbursement for our products and adversely affect both our pricing flexibility and the demand for our products. Even when we develop or acquire a promising new product or technology (such as our Lutonix® drug-coated PTA balloon), we may find limited demand for the product unless reimbursement approval is obtained from private and governmental third-party payors.

Major third-party payors for hospital services in the United States and abroad continue to work to contain healthcare costs through, among other things, the introduction of cost containment incentives and closer scrutiny of healthcare expenditures by both private health insurers and employers, which has resulted in increased discounts and contractual changes impacting healthcare provider charges for services performed. For example, in an effort to decrease costs, certain hospitals and other customers resterilize our products intended for a single use, purchase reprocessed products from third-party reprocessors in lieu of purchasing new products from us or may substitute lower cost products for ours.

Further legislative or administrative reforms to the reimbursement systems (whether governmental or private) in the United States and abroad, or adverse decisions by administrators of these systems in coverage or reimbursement relating to our products, could significantly reduce reimbursement for procedures using our medical devices or result in the denial of coverage for those procedures. Examples of these reforms or adverse decisions include price regulation, competitive pricing, changes to coverage and payment policies, comparative effectiveness of therapies, technology assessments, managed-care arrangements and accountable care organizations. Any of such reforms or adverse decisions resulting in restrictive reimbursement practices or denials of coverage could have an adverse impact on the acceptance of our products and the prices that our customers are willing to pay for them. These outcomes, along with other cost containment measures, could have a material adverse effect on our business and/or results of operations.

An interruption in our ability to manufacture or distribute our products or an inability to obtain key components or raw materials or other interruptions of our supply chain may adversely affect our business and/or results of operations.

We manufacture our products at, and distribute our products from, facilities located throughout the world, some of which are in areas that are prone to hurricanes and other natural disasters. In addition, our operations (including these facilities or any part of our supply chain) could be adversely affected by pandemics, terrorism or other political or social unrest, environmental factors, strikes, work stoppages or slowdowns, or other disasters or

factors beyond our control. In some cases, certain of our key products are manufactured at one facility. If an event occurred that resulted in damage to one or more of our facilities or we experience an interruption or disruption of our supply chain, we may be unable to manufacture or distribute the relevant products at previous levels or at all. In addition, we purchase many of the components and raw materials used in manufacturing our products from numerous suppliers located in various countries. For reasons of quality assurance, cost effectiveness or availability, most components and raw materials are only available and/or purchased from sole suppliers. While we work with suppliers to ensure continuity of supply, the price and availability of components and raw materials are subject to numerous factors beyond our control, and no assurance can be given that our efforts will be effective. Due to the stringent regulations and requirements of the FDA and other regulatory authorities regarding the manufacture of our products, we may not be able to quickly establish additional or replacement sources for these components or materials or do so without excessive cost. As a result, a reduction or interruption in manufacturing or distribution or of our supply chain, or an inability to secure alternative sources of raw materials or components, could have a material adverse effect on our business, results of operations and/or financial condition.

We are subject to a comprehensive system of federal, state and international laws and regulations, and we could be the subject of an enforcement action or face lawsuits and monetary or equitable judgments.

We operate in many parts of the world, and our operations are affected by various state, federal and international healthcare, environmental, antitrust, anti-corruption, anti-bribery, fraud and abuse, employment laws and laws regarding privacy or personally identifiable information, including, for example, the Food, Drug and Cosmetic Act ("FDCA"), various FDA and international regulations relating to, among other things, the development, quality assurance, manufacturing, importation, distribution, marketing and sale of, and billing for, our products, the federal Anti-Kickback Statute and Federal False Claims Act, the U.S. Foreign Corrupt Practices Act ("FCPA"), the UK Bribery Act of 2010 and laws and regulations relating to sanctions and money laundering. We are subject to periodic inspections to determine compliance with the FDA's Quality System Regulation requirements, current medical device adverse event reporting regulations, and similar foreign rules and regulations. Despite our training and compliance programs, our internal control policies and procedures may not always protect us from reckless or criminal acts committed by our employees or agents. The failure to comply with these laws and regulatory standards, allegations of such non-compliance or the discovery of previously unknown problems with a product or manufacturer: (i) could result in FDA Form-483 notices and/or warning letters or the foreign equivalent, fines, delays or suspensions of regulatory clearances, detainment, seizures or recalls of products (with the attendant expenses), the banning of a particular device, an order to replace or refund the cost of any device previously manufactured or distributed, operating restrictions and/or civil or criminal prosecution, and/or penalties, as well as decreased sales as a result of negative publicity and product liability claims; and (ii) could disrupt our business and could have a material adverse effect on our business, results of operations, financial condition and/or liquidity.

Most of our products must receive clearance or approval from the FDA or comparable regulatory agencies abroad before they can be marketed or sold. State, federal and foreign registration regulations are both evolving and subject to varied levels of interpretation and enforcement. It can be costly and time-consuming to obtain and maintain regulatory approvals to market a medical device. Approvals might not be granted on a timely basis, if at all, for new devices, new indications for use or certain modifications or enhancements to previously approved products. Even after a device receives regulatory approval it remains subject to significant regulatory and quality requirements, such as manufacturing, recordkeeping, renewal, recertification or reporting and other post market approval requirements, which may include clinical, laboratory or other studies. Product approvals by the FDA and other foreign regulators can be withdrawn due to failure to comply with regulatory standards or the occurrence of unforeseen problems following initial approval or may be re-classified to a higher regulatory classification, such as requiring a Pre-Market Approval ("PMA") for a previously cleared 510(k) device. Regulations are also subject to change as a result of legislative, administrative or judicial action, which may further increase our costs or reduce sales. For example, the FDA adopted rules to establish a Unique Device Identification ("UDI") system, which will require that most medical devices distributed in the United States carry

a unique device identifier. The company expects that adoption of the UDI system will result in significant cost to implement and to maintain compliance. Our failure to maintain approvals, obtain approval for new products or comply with other applicable regulatory requirements could adversely affect our business, results of operations, financial condition and/or liquidity.

The healthcare industry is under continued scrutiny from state, federal and international governments with respect to industry practices in the area of sales and marketing, including provisions of the Physician Payment Sunshine Act. If our marketing, sales or other activities fail to comply with the FDA's or other comparable foreign regulatory agencies' regulations or guidelines, or other applicable laws, we may be subject to warnings from the FDA or enforcement actions from the FDA or other enforcement bodies. In the recent past, medical device manufacturers have been the subject of investigations from government agencies related to their relationships with doctors, product marketing and off-label promotion of products, among other activities or practices. If an enforcement action involving the company were to occur, it could result in penalties, fines, detainment, seizures, recalls, product bans, operating restrictions (which may include loss of a license or authorization), the exclusion of our products from reimbursement under government-funded programs and/or prohibitions on our ability to sell our products, and could have a material adverse effect on our business, results of operations, financial condition and/or liquidity. In addition, remediation of any issues identified by the FDA or other regulators could require facility upgrades, process changes, additional labeling requirements or other measures, any of which could have a material adverse effect on our business and/or results of operations. See Item 3. "Legal Proceedings" below for a description of the subpoenas and Civil Investigation Demands from a number of State Attorneys General and investigative subpoena from the Department of Defense, in each case, seeking information related to certain of the company's products.

In addition, lawsuits by or otherwise involving employees, customers, licensors, licensees, suppliers, business partners, distributors, shareholders or competitors with respect to how we conduct our business could be very costly and could substantially disrupt our business. Disputes from time-to-time with companies or individuals are not uncommon, and we cannot assure you that we will be able to resolve these disputes on terms favorable to us. See Item 3. "Legal Proceedings" below for a description of lawsuits against the company. The occurrence of an adverse monetary or equitable judgment or a large expenditure in connection with a settlement of any of these matters could have a material adverse effect on our business, results of operations, financial condition and/or liquidity.

We are substantially dependent on patent and proprietary rights and incur significant costs maintaining, defending and protecting these rights. We also may face restrictions or additional costs in connection with the sale of our products.

We operate in an industry characterized by extensive patent litigation. Patent litigation is generally expensive, complex and can result in significant damage awards (treble damages under certain circumstances), injunctions that could prevent the manufacture and sale of affected products, settlement payments or royalty payments to enable us to continue selling the products and may significantly divert the attention of our technical and management personnel. At any given time, we are generally involved as either a plaintiff or a defendant in a number of patent infringement actions, the outcomes of which may not be known for prolonged periods of time. While it is not possible to predict the outcome of patent litigation incident to our business, we believe that an adverse outcome associated with any pending litigation could generally have a material adverse effect on our business and/or results of operations.

We rely on a combination of patents, trade secrets, nondisclosure agreements and other intellectual property rights to protect our proprietary intellectual property and will continue to do so. Although these patents, trade secrets, nondisclosure agreements and other intellectual property rights may not successfully protect our intellectual property, we intend to defend against threats to our intellectual property. Our pending patent applications may not result in patents issuing to us, and patents issued to or licensed by us in the past or in the future may be challenged, invalidated or circumvented. Furthermore, legal standards with respect to the validity

and scope of patents continues to evolve and therefore these patents may not be sufficiently broad to provide us with a competitive advantage. In addition, we operate in foreign markets where protection or enforcement of intellectual property rights may be weaker than in the United States, and inadequate patent protection in those markets may adversely affect our competitive position. Third parties could also obtain patents or other intellectual property rights that may require us to negotiate licenses with them to conduct our business, and we cannot assure you that the required licenses would be available on reasonable terms or at all.

We also attempt to protect our trade secrets, proprietary information and know-how and continuing technological innovation with security measures, including the use of non-disclosure and other agreements with our employees, consultants and collaborators. We cannot be certain that these agreements will not be breached, that we will have adequate remedies for any breach, that others will not independently develop substantially equivalent proprietary information, or that third parties will not otherwise gain access to our trade secrets or proprietary know how.

Any inability to protect our intellectual property or obtain necessary licenses could have a material adverse effect on our business, results of operations and/or liquidity. For more information, see Item 3. “Legal Proceedings.”

Our international sales and operations are subject to risks and uncertainties that vary by country and which could have a material adverse effect on our business and/or results of operations.

Sales outside the United States accounted for approximately 30% of our net sales in 2015. We anticipate that sales from international operations will continue to represent a significant portion of our total sales, and we intend to continue our expansion into emerging and/or faster-growing markets outside the United States. In addition, many of our manufacturing facilities and suppliers are located outside the United States. As a result, our sales and profitability from our international operations and our ability to implement our overall business strategy (including our plan to continue expanding into emerging and/or faster-growing markets outside the United States) are subject to risks and uncertainties that can vary by country, and include those related to political and economic conditions (such as those affecting certain countries in Europe), foreign currency exchange rate fluctuations, enforcement of contractual obligations, ensuring appropriate quality assurance standards, local product preference and manufacturing requirements or other trade restrictions, changes in tax laws, regulatory and reimbursement programs and policies, import or export licensing requirements and regulations, and the protection of intellectual property rights. These risks and uncertainties could have a material adverse effect on our business and/or results of operations.

The adoption of healthcare reform in the United States may adversely affect our business and/or results of operations.

In March 2010, significant reforms to the U.S. healthcare system were adopted in the form of the Patient Protection and Affordable Care Act (the “PPACA”). The PPACA includes provisions that, among other things, reduce and/or limit Medicare reimbursement, require all individuals to have health insurance (with limited exceptions) and impose new and/or increased taxes. Specifically, beginning in 2013, the medical device industry is required to subsidize healthcare reform in the form of a 2.3% excise tax on United States sales of most medical devices. This excise tax had a negative impact on our results of operations in 2013, 2014 and 2015. In December 2015, as part of the Omnibus Appropriations Act, collection of the medical device excise tax was suspended for 2016 and 2017. We are unable to predict whether the postponement will be continued beyond 2017. The PPACA also reduces Medicare and Medicaid payments to hospitals and clinical laboratories, which could reduce medical procedure volumes and impact the demand for our products or the prices at which the company sells its products. While the PPACA is intended to expand health insurance coverage to uninsured persons in the United States, other elements of this legislation, such as Medicare provisions aimed at improving quality and decreasing costs, comparative effectiveness research, an independent payment advisory board, and pilot programs to evaluate alternative payment methodologies, make it difficult to determine the overall impact on sales of our products.

Various healthcare reform proposals have also emerged at the state level and in other jurisdictions where we sell our products. The impact of the PPACA and these proposals could have a material adverse effect on our business and/or results of operations.

Failure to successfully implement, manage and/or integrate critical information systems, disruption of these systems or material breaches of the security of systems involved in our operations may adversely affect our business and customer relationships.

We rely on information technology systems and network infrastructure to process, transmit, and store electronic information in our day-to-day operations. We also rely on our and others' technology infrastructure to, among other functions, interact with suppliers, sell our products, fulfill orders and bill, collect and make payments, ship products and provide support to customers, track customer purchases, fulfill contractual obligations, store data and otherwise conduct business. We have initiated a plan to outsource significant information technology functions to third parties during 2016, including significant elements of our information technology infrastructure, and as a result we are managing relationships with third parties who will have access to our confidential information. The size and complexity of our information technology systems and those of our third party vendors may make such systems potentially vulnerable to service interruptions. Our internal information technology systems, as well as those systems maintained by third-party providers, may be subjected to computer viruses or other malicious codes, unauthorized access attempts, service interruptions, and cyber-attacks, including infiltration of data centers, any of which, if successful, could result in data leaks or otherwise compromise our confidential or proprietary information and disrupt our operations. Our business also generates and/or maintains sensitive information, such as patient data and other personal information. The size and complexity of our third party vendors' systems and the large amounts of confidential information that is present at their sites also makes them potentially vulnerable to security breaches from inadvertent or intentional actions by our employees, partners or vendors, or from attacks by malicious third parties. Cyber-attacks continue to increase in sophistication and frequency. Additionally our systems and network infrastructure are vulnerable to interruption due to fire, power loss, system malfunctions and the level of protection and disaster recover capability varies from site to site and across facilities maintained by third-party vendors. While we have invested in our systems and the protection of our data (including through network monitoring, preventive security controls, employee training and security policies) to reduce the risk of an intrusion or interruption and monitor our systems on an ongoing basis for any current or potential threats, there can be no assurances that our protective measures will prevent future security breaches that could have a significant impact on our business, reputation, results of operations, financial condition and/or liquidity.

In addition, our information systems require an ongoing commitment of significant resources to maintain, protect and enhance existing systems, and to develop new systems to keep pace with continuing changes in information technology, the evolving needs of our business, regulatory standards and the need to protect our and our customers' proprietary information. If we fail to maintain or protect our information technology systems and data integrity effectively, fail to implement new systems and/or update or expand existing systems (such as the company's ongoing effort to expand its Enterprise Resource Planning, or ERP, platform more broadly through the company) or fail to anticipate, plan for or manage significant disruptions to systems involved in our operations, we could lose existing customers, have difficulty preventing, detecting, and controlling fraud, have disputes with customers, physicians, and other health care professionals, have regulatory sanctions or penalties imposed, have increases in operating expenses, have difficulty manufacturing and distributing our products, incur expenses or lose revenues as a result of a data privacy breach, have negative publicity or suffer other adverse consequences, any of which could have a material adverse effect on our business, results of operations, financial condition and/or liquidity.

Regulations related to "conflict minerals" may impact our supply chain, increase the cost of certain metals used in manufacturing our products and/or cause us to incur additional expenses.

Pursuant to Dodd-Frank Wall Street Reform and Consumer Protection Act, in August 2012, the SEC issued final rules regarding disclosure of the use of tantalum, tin, and tungsten (or their ores) and gold (referred to as

"conflict minerals"); which are mined from the Democratic Republic of the Congo and adjoining countries ("Covered Countries"). Under the rules, companies registered with the SEC are required to determine the sources of any conflict minerals used in products and to disclose whether or not the specified minerals originated from a Covered Country and the procedures employed to make such determinations. We have determined that certain of our products contain conflict minerals and we have developed a process to identify where such mineral originated. As of the date of our conflict minerals report for the 2014 calendar year, we were unable to determine whether or not such minerals contained in our products originate from a Covered Country. We have incurred and will continue to incur additional costs associated with complying with the diligence and disclosure requirements, and there may be costs associated with remediation and other changes to our products, processes, or sources of supply as a consequence of such verification activities. The implementation of these rules could adversely affect the sourcing, supply, and pricing of materials used in our products. We cannot be sure that we will be able to obtain the necessary information on conflict minerals from our suppliers or that we will be able to determine that all of our products are conflict free. As a result, we may face reputational challenges if we determine that certain of our products contain minerals not determined to be conflict free or if we are unable to sufficiently verify the origins for all conflict minerals used in our products through the procedures we implement. In addition, we may encounter challenges satisfying customers who require that all of the components of our products be certified as conflict free.

Economic conditions and/or instability could adversely affect the company.

Financial markets and the economies in the United States and internationally may experience disruption and volatility, including the economic impacts resulting from foreign exchange movements. In addition, conditions could worsen in countries that have experienced or are currently experiencing such disruptions or volatility. As a result, the economic environment may, among other things:

- create downward pressure on the pricing of our products;
- affect the collection of accounts receivable in countries such as Greece, Italy, Spain, Portugal and certain other countries;
- increase the sales cycle for certain of our products;
- slow the adoption of new technology;
- adversely affect the company's effective income tax rate;
- adversely affect our customers, causing them to reduce spending and/or decrease utilization of our products; and
- adversely affect our suppliers, which could disrupt our ability to produce our products.

These conditions may develop or continue in the future. Any of these conditions could have a material adverse effect on our business, results of operations, financial condition and/or liquidity. See Note 6 of the notes to consolidated financial statements.

We need to attract and retain key employees to be competitive.

Our ability to compete effectively depends upon our ability to attract and retain executives and other key employees, including people in technical, information technology, marketing, sales and research positions. Competition for experienced employees, particularly for persons with specialized skills, can be intense. Our ability to recruit such talent will depend on a number of factors, including compensation and benefits, work location and work environment. If we cannot effectively recruit and retain qualified executives and employees, our business could be adversely affected.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The executive offices of the company are located in Murray Hill, New Jersey. Domestic manufacturing and development units are located in Arizona, California, Colorado, Georgia, Illinois, Massachusetts, Minnesota, Montana, New Jersey, New York, Ohio, Pennsylvania, Puerto Rico, Rhode Island, South Carolina and Utah. Sales offices are in many of these locations as well as others. Outside the United States, the company has plants or offices in Austria, Australia, Belgium, Brazil, Canada, Chile, China, Colombia, the Czech Republic, Finland, France, Germany, Greece, India, Ireland, Italy, Japan, Korea, Malaysia, Mexico, the Netherlands, Poland, Russia, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Turkey, the United Arab Emirates and the United Kingdom.

The company owns approximately 2.9 million square feet of space in 24 locations and leases approximately 1.6 million square feet of space in 91 locations. All of these facilities are well-maintained and suitable for the operations conducted in them.

Item 3. Legal Proceedings

In the ordinary course of business, the company is subject to various legal proceedings, investigations and claims, including, for example, environmental matters, employment disputes, disputes on agreements and other commercial disputes. In addition, the company operates in an industry susceptible to significant product liability and 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 is found to be invalid or unenforceable, the company might be required to reduce the value of certain intangible assets on the company's balance sheet and to record a corresponding charge, which could be significant in amount. Many of the company's legal proceedings and claims could have a material adverse effect on its business, results of operations, financial condition and/or liquidity.

Product Liability Matters

Hernia Product Claims

As of December 31, 2015, approximately 35 federal and 60 state lawsuits involving individual claims by approximately 95 plaintiffs, as well as one putative class action in the United States, are currently pending against the company with respect to its Composix® Kugel® and certain other hernia repair implant products (collectively, the "Hernia Product Claims"). The company voluntarily recalled certain sizes and lots of the Composix® Kugel® products beginning in December 2005. In June 2007, the Composix® Kugel® lawsuits and, subsequently, other hernia repair product lawsuits, pending in federal courts nationwide were transferred into one Multidistrict Litigation ("MDL") for coordinated pre-trial proceedings in the United States District Court for the District of Rhode Island. The MDL stopped accepting new cases in the second quarter of 2014. As of December 31, 2015, all but one of the putative class actions pending against the company were dismissed. The remaining putative class action pending against the company has not been certified and seeks: (i) medical monitoring; (ii) compensatory damages; (iii) punitive damages; (iv) a judicial finding of defect and causation; and/or (v) attorneys' fees. In April 2014, a settlement was reached with respect to the three putative Canadian class actions within amounts previously recorded by the company. Approximately 25 of the state lawsuits, involving individual claims by approximately 25 plaintiffs, are pending in the Superior Court of the State of Rhode Island, with the remainder in various other jurisdictions. The Hernia Product Claims also generally seek damages for personal injury resulting from use of the products.

The company has resolved the majority of its historical Hernia Product Claims, including through agreements or agreements in principle with various plaintiffs' law firms to settle their respective inventories of cases. Each agreement involving the settlement of a firm's inventory of claims was subject to certain conditions,

including requirements for participation in the proposed settlements by a certain minimum number of plaintiffs. In addition, the company continues to engage in discussions with other plaintiffs' law firms regarding potential resolution of unsettled Hernia Product Claims, and intends to vigorously defend Hernia Product Claims that do not settle, including through litigation. The company expects additional trials of Hernia Product Claims to take place over the next 12 months. The company cannot give any assurances that the resolution of the Hernia Product Claims that have not settled, including asserted and unasserted claims and the putative class action lawsuit, will not have a material adverse effect on the company's business, results of operations, financial condition and/or liquidity.

Women's Health Product Claims

As of December 31, 2015, product liability lawsuits involving individual claims by approximately 12,605 plaintiffs are currently pending against the company in various federal and state jurisdictions alleging personal injuries associated with the use of certain of the company's surgical continence products for women. With respect to a majority of these lawsuits, the company believes that two subsidiaries of Medtronic plc (as successor in interest to Covidien plc) ("Medtronic"), each a supplier of the company, have an obligation to defend and indemnify the company with respect to any product defect liability. As described below, in July 2015 the company reached an agreement with Medtronic regarding certain aspects of Medtronic's indemnification obligation. In addition, five putative class actions in the United States and five putative class actions in Canada have been filed against the company, and a limited number of other claims have been filed or asserted in various non-U.S. jurisdictions. The foregoing lawsuits, unfiled or unknown claims, putative class actions and other claims, together with claims that have settled or are the subject of agreements or agreements in principle to settle, are referred to collectively as the "Women's Health Product Claims". The Women's Health Product Claims generally seek damages for personal injury resulting from use of the products. The putative class actions, none of which has been certified, seek: (i) medical monitoring; (ii) compensatory damages; (iii) punitive damages; (iv) a judicial finding of defect and causation; and/or (v) attorneys' fees. In April 2015, the Ontario Superior Court of Justice dismissed the plaintiffs' motion for class certification in one Canadian putative class action. These plaintiffs may appeal this decision or may file an alternatives motion with the Ontario Superior Court to redefine the class.

In October 2010, the Women's Health Product Claims involving solely Avaulta® products pending in federal courts nationwide were transferred into an MDL in the United States District Court for the Southern District of West Virginia (the "WV District Court"), the scope of which was later expanded to include lawsuits involving all women's surgical continence products that are manufactured or distributed by the company. The first trial in a state court was completed in California in July 2012 and resulted in a judgment against the company of approximately $3.6 million. On appeal the decision was affirmed by the appellate court in November 2014. The company filed a petition for review to the California Supreme Court on December 24, 2014, which was denied on February 18, 2015. The judgment in this matter, including interest and costs, was paid on March 20, 2015 within the amounts previously recorded by the company. The first trial in the MDL commenced in July 2013 and resulted in a judgment against the company of approximately $2 million, which was upheld by the Fourth Circuit on January 14, 2016. The company does not believe that any verdicts entered to date are representative of potential outcomes of all Women's Health Product Claims. On January 16, 2014 and July 31, 2014, the WV District Court ordered that the company prepare 200 and then an additional 300 individual cases, respectively, for trial (the "WHP Pre-Trial Orders") (the timing for which is currently unknown). The WHP Pre-Trial Orders resulted in significant additional litigation-related defense costs beginning in the second quarter of 2014 and continuing through the second quarter of 2015. In February 2015, the WV District Court appointed a Special Master to assist with settlement resolution. In June 2015, the WV District Court issued an order staying the requirement to prepare a significant portion of the cases covered by the WHP Pre-Trial Orders, which stay could be modified at the court's discretion. The WHP Pre-Trial Orders may result in material additional cost in future periods in defending Women's Health Product Claims. The WV District Court may also order that the company prepare additional cases for trial, which could result in material additional costs in future periods.

As of December 31, 2015, the company has reached agreements or agreements in principle with various plaintiffs' law firms to settle their respective inventories of cases totaling approximately 6,845 Women's Health Product Claims, including approximately: 560 during 2014 and 6,285 during 2015. The company believes that these Women's Health Product Claims are not the subject of Medtronic's indemnification obligation. These settlement agreements and agreements in principle include unfiled and previously unknown claims held by various plaintiffs' law firms, which have not been included in the approximate number of lawsuits set forth in the first paragraph of this section. Each agreement is subject to certain conditions, including requirements for participation in the proposed settlements by a certain minimum number of plaintiffs. The company continues to engage in discussions with other plaintiffs' law firms regarding potential resolution of unsettled Women's Health Product Claims, which may include additional inventory settlements. Notwithstanding these settlement efforts, the company anticipates additional trials over the next 12 months, including one currently scheduled during the first quarter of 2016. In addition, one or more possible consolidated trials may occur in the future.

In July 2015, as part of the agreement noted above, Medtronic agreed to take responsibility for pursuing settlement of certain of the Women's Health Product Claims that relate to products distributed by the company under supply agreements with Medtronic and the company agreed to pay Medtronic $121 million towards these potential settlements, of which approximately $81 million has been paid as of December 31, 2015. The company also may, in its sole discretion, transfer responsibility for settlement of additional Women's Health Product Claims to Medtronic on similar terms. The agreement does not resolve the dispute between the company and Medtronic with respect to Women's Health Product Claims that do not settle, if any. As part of the agreement, Medtronic and the company agreed to dismiss without prejudice their previously filed litigation with respect to Medtronic's obligation to defend and indemnify the company.

The approximate number of lawsuits set forth in the first paragraph of this section does not include approximately 670 generic complaints involving women's health products where the company cannot, based on the allegations in the complaints, determine whether any of those cases involve the company's women's health products. In addition, the approximate number of lawsuits set forth in the first paragraph of this section does not include approximately 1,060 claims that have been threatened against the company but for which complaints have not yet been filed. In addition, the company has limited information regarding the nature and quantity of these and other unfiled or unknown claims. During the course of engaging in settlement discussions with plaintiffs' law firms, the company has learned, and may in future periods learn, additional information regarding these and other unfiled or unknown claims, or other lawsuits, which could materially impact the company's estimate of the number of claims or lawsuits against the company. While the company continues to engage in discussions with other plaintiffs' law firms regarding potential resolution of unsettled Women's Health Product Claims and intends to vigorously defend the Women's Health Product Claims that do not settle, including through litigation, it cannot give any assurances that the resolution of these claims will not have a material adverse effect on the company's business, results of operations, financial condition and/or liquidity.

Filter Product Claims

As of December 31, 2015, product liability lawsuits involving individual claims by approximately 95 plaintiffs are currently pending against the company in various federal and state jurisdictions alleging personal injuries associated with the use of the company's vena cava filter products (all lawsuits, collectively, the "Filter Product Claims"). In August 2015, the Judicial Panel for Multi-District Litigation ("JPML") ordered the creation of a Multi-District Litigation for all federal Filter Product Claims (the "IVC Filter MDL") in the District of Arizona. There are approximately 80 lawsuits that have been, or shortly will be, transferred to the IVC Filter MDL. The remaining approximately 15 lawsuits are pending in various state courts across the country. The first Filter Product Claim trial was completed in June 2012 and resulted in a judgment for the company. During the second quarter of 2013, the company finalized settlement agreements with respect to more than 30 Filter Product Claims and made payments with respect to such claims within the amounts previously recorded by the company. The approximate number of lawsuits set forth above do not include approximately 130 claims that have been threatened against the company but for which complaints have not yet been filed. In addition, the company has

limited information regarding the nature and quantity of these and other unfiled or unknown claims. The company continues to receive claims and lawsuits and may in future periods learn additional information regarding other unfiled or unknown claims, or other lawsuits, which could materially impact the company's estimate of the number of claims or lawsuits against the company. The company expects additional trials of Filter Product Claims may take place over the next 12 months. While the company intends to vigorously defend Filter Product Claims that do not settle, including through litigation, it cannot give any assurances that the resolution of these claims will not have a material adverse effect on the company's business, results of operations, financial condition and/or liquidity.

General

In most product liability litigations (like those described above), plaintiffs allege 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. In many of these cases, the company has not yet received and reviewed complete information regarding the plaintiffs and their medical conditions and, consequently, is unable to fully evaluate the claims. The company expects that it will receive and review additional information regarding any remaining unsettled product liability matters.

The company believes that some settlements and judgments, as well as some legal defense costs, relating to product liability matters are or may be covered in whole or in part under its product liability insurance policies with a limited number of insurance carriers, or, in some circumstances, indemnification obligations to the company from other parties. In certain circumstances, insurance carriers reserve their rights with respect to coverage, or contest or deny coverage, as has occurred with respect to certain claims. In addition, other parties may dispute their indemnification obligations to the company with respect to certain claims. When either of these occur, the company intends to vigorously contest disputes with respect to its insurance coverage or indemnification and to enforce its rights, and accordingly, will record expected recoveries with respect to amounts due under these policies or arrangements, when recovery is probable. Amounts recovered under the company's product liability insurance policies or indemnification arrangements may be less than the stated coverage limits or less than otherwise expected and may not be adequate to cover damages and/or costs relating to claims. In addition, there is no guarantee that insurers or other parties will pay claims or that coverage or indemnity will be otherwise available.

The company's insurance coverage with respect to the Hernia Product Claims has been exhausted. The company continues to evaluate its available insurance coverage as it relates to Women's Health Product Claims and Filter Product Claims.

Other Legal Matters

Since early 2013, the company has received subpoenas or Civil Investigative Demands from a number of State Attorneys General seeking information related to the sales and marketing of certain of the company's products that are the subject of the Hernia Product Claims and the Women's Health Product Claims. The company is cooperating with these requests. Since it is not feasible to predict the outcome of these proceedings, the company cannot give any assurances that the resolution of these proceedings will not have a material adverse effect on the company's business, results of operations, financial condition and/or liquidity.

In November 2015, the Department of Defense Inspector General issued an investigative subpoena to the company. The Department of Health and Human Services is also participating in this investigation. The subpoena seeks documents related to the company's sales and marketing of certain filter products, drug coated balloon catheters, and peripheral arterial disease detection products. The company is cooperating with these requests. Since it is not feasible to predict the outcome of these proceedings, the company cannot give any assurances that the resolution of these proceedings will not have a material adverse effect on the company's business, results of operations, financial condition and/or liquidity.

In December 2007, a U.S. District Court (the "AZ District Court") jury in Arizona found that certain of Gore's ePTFE vascular grafts and stent-grafts infringe the company's patent number 6,436,135 (the "135 patent"). The jury upheld the validity of the company's patent and awarded the company $185 million in past damages. The jury also found that Gore willfully infringed the patent. In March 2009, the AZ District Court doubled the jury award to approximately $371 million for damages through June 2007. The AZ District Court also awarded the company attorneys' fees of $19 million and prejudgment interest of approximately $20 million. In July 2010, the AZ District Court awarded the company approximately $109 million in additional damages for the period from July 2007 through March 2009. The AZ District Court also assessed a royalty rate of between 12.5% and 20%, depending on the product, that is being used to calculate damages for Gore's infringing sales from April 2009 through the expiration of the patent.

Gore appealed this matter to the Court of Appeals for the Federal Circuit (the "Court of Appeals"), which on February 10, 2012 affirmed the decision of the AZ District Court. Gore filed a petition with the Court of Appeals for a rehearing of its appeal, which reaffirmed its February 10, 2012 decision on June 14, 2012, with the exception of the issue of willfulness with respect to Gore's infringement of the 135 patent, which was remanded to the AZ District Court for further consideration. On October 12, 2012, Gore filed a petition for a writ of certiorari to the U.S. Supreme Court requesting a review of the portion of the decision that the Court of Appeals reaffirmed. The U.S. Supreme Court denied Gore's petition on January 14, 2013.

On October 16, 2013, the AZ District Court, in connection with the remand by the Court of Appeals, denied Gore's motion for entry of a judgment holding that Gore's infringement was not willful and Gore's motion for a new trial. The AZ District Court granted the company's motion to execute on the judgment, holding that all aspects of the judgment relating to infringement were "final and non-appealable." The AZ District Court continued its stay on the execution of the judgment with respect to willfulness and the related enhanced damages.

On November 1, 2013, Gore paid to the company $894.3 million in cash, the total amount of the compensatory damages for infringement, including pre- and post-judgment interest, and the royalties accrued through September 30, 2013. On December 5, 2013, Gore filed an appeal in the Court of Appeals on all of the AZ District Court's rulings. On January 13, 2015, the Court of Appeals affirmed the decision of the AZ District Court regarding its determination that the company established standing and that the 135 patent was willfully infringed. On February 12, 2015, Gore filed a petition for rehearing en banc at the Court of Appeals on the issue of willfulness, which was denied by the Court of Appeals on April 8, 2015. On May 1, 2015, Gore paid to the company $210.5 million in cash, representing the total amount of the enhanced damages awarded by the AZ District Court due to Gore's willfulness and an audit adjustment related to Gore's infringing sales and the payment of royalties through September 30, 2013. Amounts received from Gore in May 2015 and previously in November 2013 are collectively referred to as the "Gore Proceeds". On July 7, 2015, Gore filed a petition for a writ of certiorari to the U.S. Supreme Court requesting a review of the decision that the 135 patent was infringed. On October 5, 2015, the U.S. Supreme Court denied Gore's petition and their decision is final and non-appealable.

As of the third quarter of 2013, the company considered both the compensatory damages and the enhanced damages and the royalty awards to be contingent gains. In the fourth quarter of 2013, the company recorded a gain of $894.3 million ($557.4 million after tax) to other (income) expense, net, based on the AZ District Court's October 2013 rulings and the company's receipt of the 2013 portion of the Gore Proceeds. In the second quarter of 2015, the company recorded a gain of $210.5 million ($131.7 million after tax) to other (income) expense, net, based on the AZ District Court's April 2015 ruling and the company's receipt of the 2015 portion of the Gore Proceeds and an adjustment related to an audit of Gore's infringing sales and the payment of royalties through September 30, 2013. In 2015, the company received $150.1 million of royalty payments from Gore representing Gore's calculation of royalties for its infringing sales for the quarters ended December 31, 2014 through September 30, 2015. These royalty payments and an adjustment of $1.3 million related to an audit of Gore's infringing sales and the payment of royalties from October 1, 2014 to March 31, 2015 were recorded to revenue during 2015. In addition, in January 2016, the company received $38.4 million from Gore, representing Gore's

calculation of royalties for its infringing sales for the quarter ended December 31, 2015. This royalty payment will be recorded to revenue in the first quarter of 2016. The company has received cumulative proceeds from Gore of $1,446.4 million.

The company cannot give any assurances that royalties for Gore's future infringing sales will remain at or near historical levels.

In an unrelated matter, Gore filed suit in June 2011 in the U.S. District Court in Delaware alleging the company had infringed on several of Gore's patents. Fact and expert discovery have been completed and in the fourth quarter of 2014, the parties both filed a number of motions, including motions for summary judgment. Oral arguments on the motions occurred on January 30, 2015. In December 2015, the Delaware District Court granted the company's motion of no willful infringement, thereby eliminating Gore's request for enhanced damages. The Company's summary judgment motion of laches (undue delay) remains pending, which could impact the total potential damages period. In the third quarter of 2015 the company filed a motion to dismiss a significant portion of Gore's damages claim because Gore lacks proper standing. The trial on this matter has been continued until the middle of 2016. The company intends to vigorously defend the allegations asserted by Gore. The company cannot give any assurances that an adverse resolution of this matter will not have a material adverse effect on the company's business, results of operations, financial condition and/or liquidity.

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 various federal laws including 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 or foreign 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 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. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study and are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable. 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 condition and/or liquidity. However, one or more of the proceedings could be material to the company's business and/or results of operations.

The company regularly monitors and evaluates the status of product liability and other legal matters, and may, from time-to-time, engage in settlement and mediation discussions taking into consideration developments in the matters and the risks and uncertainties surrounding litigation. These discussions could result in settlements of one or more of these claims at any time.

Item 4. Mine Safety Disclosures

Not applicable.

Executive Officers of the Registrant

Set forth below is the name, age, position, five-year business history and other information with respect to each executive officer of the company as of February 12, 2016. No family relationships exist among the officers or Board of Directors of the company. The Board of Directors elects all officers of the company annually.

Name	Age	Position
Timothy M. Ring	58	Chairman and Chief Executive Officer and Director
John H. Weiland	60	President and Chief Operating Officer and Director
Christopher S. Holland	49	Senior Vice President and Chief Financial Officer
Jim C. Beasley	52	Group President
Timothy P. Collins	55	Group President
John P. Groetelaars	49	Group President
Sharon M. Luboff	53	Group Vice President
John A. DeFord	54	Senior Vice President-Science, Technology and Clinical Affairs
Samrat S. Khichi	48	Senior Vice President, General Counsel and Secretary
Patricia G. Christian	55	Vice President-Quality, Regulatory and Medical Affairs
Betty D. Larson	40	Vice President-Human Resources
Frank Lupisella Jr.	55	Vice President and Controller

Timothy M. Ring joined Bard in 1992 as Vice President, Human Resources after 10 years with Abbott Laboratories, Inc. In 1993, Mr. Ring was promoted to Group Vice President, International Operations. He later assumed responsibility for Bard's Interventional Cardiology and Electrophysiology Divisions, as well as Bard's Cardiac Assist and Cardiopulmonary Divisions. In 1997, Mr. Ring was promoted to Group President for Coronary Vascular Products. In 1999, he was named Group President with oversight for Bard's Corporate Healthcare Services, Peripheral Vascular, Access Systems and Electrophysiology Divisions, as well as Bard's businesses in Europe, the Middle East and Africa. Mr. Ring was elected Chairman and Chief Executive Officer in 2003.

John H. Weiland joined Bard in 1996 as Group Vice President. He was promoted to Group President in 1997. From 1997 until 2003, Mr. Weiland had numerous responsibilities including for Bard's Davol, Urological, Medical and Endoscopic Technologies Divisions, as well as responsibility for Bard's businesses in Japan, Latin and Central America, Canada and Asia Pacific, and for Bard's worldwide manufacturing operations. Mr. Weiland previously served as Senior Vice President of North American Operations for Dentsply International, President and Chief Executive Officer of Pharmacia Diagnostics, Inc. and was with American Hospital Supply and Baxter Healthcare. He served one year as a White House Fellow in the role of Special Assistant to the Director of the Office of Management and Budget as well as Special Assistant to the Secretary of Interior. Mr. Weiland was elected to the position of President and Chief Operating Officer in 2003 and to the Board of Directors in 2005.

Christopher S. Holland joined Bard in 2012 as Senior Vice President and Chief Financial Officer. From July 2013 through June 2015, Mr. Holland had responsibility for Bard Medical Division. In July 2015, Mr. Holland assumed responsibilities for Business Development, Corporate Marketing, Reimbursement, Healthcare Economics and Strategy. Prior to joining Bard, he held executive positions at ARAMARK Corporation since 2003 and was most recently Senior Vice President, Finance and Treasurer. Previously, Mr. Holland held various positions at J.P. Morgan and Company, Inc., including Vice President, with responsibility for the medical device sector.

Jim C. Beasley joined Bard in 1989 as a territory sales manager for Bard Interventional Products. He has held a succession of management positions including President of Bard Access Systems division from 2003 to 2007 and President of Bard Peripheral Vascular division since 2007. In 2009, Mr. Beasley was promoted to Group Vice President and assumed responsibility for both divisions. In January 2012, Mr. Beasley assumed additional responsibilities for Bard's businesses in Japan, Asia (excluding China) and Australia. In July 2013,

Mr. Beasley was promoted to Group President and assumed responsibilities for Bard's businesses in Latin America while continuing to be responsible for the Bard Access Systems (through June 2015) and Bard Peripheral Vascular divisions. In July 2015, Mr. Beasley assumed additional responsibilities for driving new market development process across Bard to enable and accelerate the company's growth in new and developing markets.

Timothy P. Collins joined Bard in 1986 as a facilities planner with the USCI Division. Over the next 12 years, he held positions of increasing responsibility including Director of Operations for Diagnostic Cardiology. Concurrent with the sale of Bard's cardiology business, Mr. Collins joined Medtronic Vascular in 1998 as Vice President/Business Unit Manager in Medtronic/AVE and was later appointed Vice President, Global Operations, Vascular. In 2003, Mr. Collins returned to Bard as President of the Bard Electrophysiology Division. In 2008, Mr. Collins was promoted to Group Vice President responsible for worldwide manufacturing operations and also assumed responsibility for the Electrophysiology Division, until its sale in November 2013. In January 2012, Mr. Collins assumed additional responsibility for Bard's businesses in Canada. In July 2013, Mr. Collins was promoted to Group President and assumed additional responsibility for Bard's businesses in Europe. In July 2015, Mr. Collins assumed additional responsibilities for Bard Medical Division.

John P. Groetelaars joined Bard in 2008 as Vice President and General Manager of the Davol division. In 2009, Mr. Groetelaars was promoted to President of the Davol division. In July 2013, Mr. Groetelaars was promoted to Group Vice President and assumed additional responsibilities for Bard's businesses in China, Asia and Australia while continuing to be responsible for Bard's Davol division. In July 2015, Mr. Groetelaars was promoted to Group President and added Bard Access Systems to his current responsibilities. Prior to joining Bard, he held positions of increasing responsibility with Boston Scientific Corporation from 2001 until joining Bard and having most recently served as General Manager and Vice President for UK, Ireland and Nordic Regions.

Sharon M. Luboff joined Bard in 2004 as President of Bard Medical Division. In 2009, Ms. Luboff was promoted to Group Vice President with responsibility for Bard's international businesses and in 2012 she assumed additional responsibility for Bard Medical Division. In July 2013, Ms. Luboff assumed responsibility for Corporate Marketing, Reimbursement, Healthcare Economics and Business Development and Strategy. Prior to joining Bard, Ms. Luboff held positions at Baxter Healthcare including Vice President, Global Therapeutic Marketing for its Renal Division.

John A. DeFord, Ph.D., joined Bard in 2004 as Vice President, Science & Technology after serving as Managing Director with Early Stage Partners, LLP (ESP), a venture capital fund, from 2002 until 2004. Before joining ESP he was President and CEO of Cook Incorporated, a privately-held medical device company. He was promoted to Senior Vice President-Science, Technology & Clinical Affairs in 2007.

Samrat S. Khichi joined Bard in July 2014 as Senior Vice President, General Counsel and Secretary. Prior to joining Bard, Mr. Khichi was Chief Administrative Officer, Senior Vice President, General Counsel and Secretary at Catalent Pharma Solutions, Inc, a portfolio company of The Blackstone Group, since 2007. Previously, Mr. Khichi served as Counsel, Mergers and Acquisition and Private Equity for O'Melveny & Myers LLP.

Patricia G. Christian joined Bard in 2008 as Vice President, Regulatory Affairs and in 2011 became Vice President, Quality Assurance. In January 2014, Ms. Christian was promoted to Vice President-Quality, Regulatory and Medical Affairs. Prior to joining Bard, Ms. Christian held positions of increasing responsibility with Johnson & Johnson from 1997 until joining Bard and having most recently served as Vice President, Worldwide Regulatory Affairs for LifeScan, Inc., a Johnson & Johnson subsidiary.

Betty D. Larson joined Bard in September 2014 as Vice President, Human Resources. Prior to joining Bard, Ms. Larson held positions of increasing responsibility with Baxter Healthcare Corporation from 1999 until joining Bard and having most recently served as Vice President, Human Resources – Global Medical Products Business.

Frank Lupisella Jr. joined Bard in 1987 and has served in various capacities in the finance organization of the company. Mr. Lupisella served as Vice President and Controller of the Davol division from 1999 until 2005 when he was promoted to Assistant Corporate Controller, Manufacturing Operations. In 2006, he was promoted to his present position of Vice President and Controller of the company.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market and Market Prices of Common Stock

The company's common stock is listed on the New York Stock Exchange under the symbol BCR. The following table illustrates the high and low composite sale prices as reported on the New York Stock Exchange for each quarter during the last two years.

2015	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
High	$180.35	$180.94	$202.47	$196.98
Low	$163.08	$163.81	$169.09	$177.13

2014	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
High	$147.98	$149.25	$153.13	$172.68
Low	$125.42	$136.23	$142.30	$142.23

Title of Class	Number of record holders of the company's common stock as of January 31, 2016
Common Stock - $.25 par value	3,031

Dividends

The company paid cash dividends of $69.4 million, or $0.92 per share, in 2015 and $66.2 million, or $0.86 per share, in 2014. The following table illustrates the dividends paid per share in each of the indicated quarters.

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
2015	$0.22	$ 0.22	$ 0.24	$ 0.24	$0.92
2014	$0.21	$ 0.21	$ 0.22	$ 0.22	$0.86

The first quarter 2016 dividend of $0.24 per share was declared on December 9, 2015 and was paid on February 5, 2016 to shareholders of record on January 25, 2016.

Issuer Purchases of Equity Securities

The following table provides information with respect to the shares of the company's common stock repurchased during the quarter ended December 31, 2015.

	Issuer Purchases of Equity Securities			
	Total Number of Shares Purchased[1][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]
October 1 - October 31, 2015	938	$192.99	—	$508,817,228
November 1 - November 30, 2015	784	187.23	—	508,817,228
December 1 - December 31, 2015	688,779	186.94	600,000	396,431,194
Total	690,501	$186.95	600,000	$396,431,194

(1) Includes 90,501 shares that the company repurchased during the three-month period ended December 31, 2015 that were not part of the publicly announced share repurchase authorization. These shares were purchased from employees to satisfy tax withholding requirements on the vesting of restricted shares/units from equity-based awards.

(2) On June 11, 2014, the company announced that its Board of Directors had authorized the repurchase of up to an additional $500 million of common stock of the company. On June 10, 2015, the company announced that its Board of Directors had authorized the repurchase of up to an additional $500 million of common stock.

Item 6. Selected Financial Data

Set forth below is selected financial data as of the end of and for each of the years ended December 31.

(dollars and shares in thousands except per share amounts)	2015	2014	2013	2012	2011
Income Statement Data					
Net sales[A]	$3,416,000	$3,323,600	$3,049,500	$2,958,100	$2,896,400
Net income[A][B][C][D][E]	135,400	294,500	689,800	530,100	328,000
Balance Sheet Data					
Total assets	$4,942,900	$5,092,600	$5,041,100	$4,151,300	$3,931,400
Working capital[B][C][E]	831,400	1,432,500	1,503,900	1,399,600	773,500
Long-term debt[F]	1,147,800	1,401,900	1,405,700	1,409,600	908,700
Total debt[F]	1,398,000	1,479,900	1,405,700	1,409,600	1,213,200
Shareholders' investment[A][B][C][D][E]	1,455,300	1,804,900	2,088,200	1,925,700	1,771,200
Common Stock Data					
Basic earnings per share available to common shareholders[A][B][C][D][E]	$ 1.80	$ 3.83	$ 8.54	$ 6.24	$ 3.75
Diluted earnings per share available to common shareholders[A][B][C][D][E]	1.77	3.76	8.39	6.16	3.69
Cash dividends paid per share	0.92	0.86	0.82	0.78	0.74
Shareholders' investment per share[A][B][C][D][E]	19.64	23.87	26.33	23.12	20.64
Weighted average common shares outstanding	74,100	75,600	79,300	83,300	85,800
Shareholders of record	3,044	3,266	3,393	3,596	3,869
Supplementary Data					
Return on shareholders' investment[A][B][C][D][E]	8.3%	15.1%	34.4%	28.7%	19.3%
Net income/net sales[A][B][C][D][E]	4.0%	8.9%	22.6%	17.9%	11.3%
Days – accounts receivable	46.0	47.2	54.5	56.8	58.5
Days – inventory	114.5	107.6	107.4	105.1	104.7
Total debt/total capitalization[A][B][C][D][E][F]	49.0%	45.1%	40.2%	42.3%	40.7%
Interest expense[F]	$ 44,900	$ 44,800	$ 45,000	$ 39,600	$ 36,400
Research and development expense	259,200	302,000	295,700	203,200	185,400
Number of employees	14,900	13,900	13,000	12,200	12,100
Net sales per employee	$ 229.3	$ 239.1	$ 234.6	$ 242.5	$ 239.4
Net income per employee[A][B][C][D][E]	9.1	21.2	53.1	43.5	27.1

(A) Amounts for 2015 and 2014 include the impact of revenue related to royalty payments received from Gore. See Note 10 of the notes to consolidated financial statements.
(B) Amounts for 2015 and 2013 include the impact of estimated costs for product liability matters, net of recoveries, other litigation matters, and the Gore Proceeds. See Note 10 of the notes to consolidated financial statements.
(C) Amounts for 2014 include the impact of estimated costs for product liability matters, net of recoveries. See Note 10 of the notes to consolidated financial statements.
(D) Amounts for 2013 reflect the gain on sale of the company's electrophysiology division. See Note 2 of the notes to consolidated financial statements.
(E) Amounts for 2011 include the impact of certain legal settlements.
(F) Amounts for 2012 through 2015 include the impact of a 2012 debt offering.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This management's discussion and analysis provides a review of the results of operations, financial condition and the liquidity and capital resources of the company and its subsidiaries. The following discussion should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this Form 10-K. Certain statements contained herein may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995; see "Risks and Uncertainties; Cautionary Statement Regarding Forward-Looking Information" below.

Overview

The company designs, develops, manufactures, packages, distributes and sells medical, surgical, diagnostic and patient care devices. The company sells a broad range of products to hospitals, individual healthcare professionals, extended care facilities and alternate site facilities on a global basis. Outside the United States, Europe, Japan and China are the company's largest markets, while certain emerging markets in Asia, Latin America and Eastern Europe are the company's fastest growing markets. In general, the company's products are intended to be used once and then discarded or either temporarily or permanently implanted. The company reports sales in four major product group categories: vascular, urology, oncology and surgical specialties. The company also has a product group category 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 differentiated products that meet the needs of clinicians and their patients. In 2015, the company's research and development ("R&D") expense as a percentage of net sales was 7.6%. 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. The company may also periodically divest lines of business in which it is not able to reasonably attain or maintain a leadership position in the market or for other strategic reasons. The company spent $98.3 million in 2015, including acquired in-process R&D ("IPR&D"), for the acquisition of businesses, products and technologies.

Acquisitions, Legal and Other Developments

Acquisitions

On January 21, 2016, the company acquired all of the outstanding shares of Liberator Medical Holdings, Inc. ("Liberator"), a publicly-held direct-to-consumer distributor of urological catheters, ostomy supplies, mastectomy fashions and diabetic medical supplies for approximately $181 million. This acquisition is expected to enhance the company's position in the home healthcare market in the United States. The purchase of Liberator was funded primarily with short-term borrowings.

On December 3, 2015, the company, through a wholly-owned foreign subsidiary, acquired all of the outstanding shares of Embo Medical Limited ("Embo"), a privately-held company headquartered in Galway, Ireland, specializing in the development of peripheral embolization devices. The total purchase consideration included an up-front cash payment of $21.0 million and the fair value of future contingent consideration of up to $22.5 million. The acquisition will be recognized in the first quarter of 2016 for this foreign subsidiary. The purchase of Embo was funded by available cash on hand.

On November 2, 2015, the company acquired Kobayashi Pharmaceutical Co., Ltd.'s ("Kobayashi") 50% ownership share in Medicon, Inc. ("Medicon"), through a share redemption (the "Medicon Acquisition"). Medicon was a joint venture company equally-owned by the company and Kobayashi and was a distributor of Bard's products in Japan. As a result of the Medicon Acquisition, the company now owns 100% of the outstanding shares of Medicon. The acquisition provides the company with greater control over its operations in

Japan. The total consideration of $138.0 million, denominated in Japanese Yen, included an up-front cash payment of approximately $24.9 million at closing; the present value of future payments totaling approximately $65.8 million; as well as the settlement of an accounts receivable balance due from Medicon of $42.0 million; and the fair value of an off-market supply contract of $5.3 million. The future payments will be paid in Japanese Yen over a 10 year period, subject to exchange rate fluctuations. In addition, the company recorded an expense of $49.6 million ($33.5 million after tax) to other (income) expense, net, related to the settlement of a pre-existing contractual relationship, which included a management fee provision. In connection with the fair value measurement of the company's existing 50% ownership share in Medicon, the company also recorded a gain of $25.5 million to other (income) expense, net.

On July 1, 2015, the company acquired all of the outstanding shares of Vascular Pathways, Inc. ("VPI"), a privately-held developer and supplier of vascular access devices. The total purchase consideration of $81.5 million included the fair value of future contingent consideration of up to $15 million based on specific revenue-based and manufacturing-related milestones.

For more information on acquisitions, see Note 2 of the notes to consolidated financial statements.

Legal Developments

In connection with the company's ongoing suit against W. L. Gore & Associates, Inc. ("Gore") for infringing Bard's patent number 6,436,135 (the "135 patent"), the company filed a motion to execute on the judgment on the issue of willfulness, which was granted by the U.S. District Court for the District of Arizona on April 23, 2015. On May 1, 2015, Gore paid the company $210.5 million in cash, representing the total amount of the enhanced damages awarded by this District Court due to Gore's willfulness and an audit adjustment related to the payment of royalties through September 30, 2013. Amounts received from Gore in May 2015 and previously in November 2013 are referred to as the "Gore Proceeds". In the second quarter of 2015, the company recorded a gain of $210.5 million ($131.7 million after tax) to other (income) expense, net, based on this District Court's April 23, 2015 ruling and the company's receipt of the May 2015 portion of the Gore Proceeds. On October 5, 2015, the U.S. Supreme Court denied Gore's petition for a writ of certiorari for review of the decision that the 135 patent was infringed and their decision is final and non-appealable.

During 2015, the company recorded additional charges related to product liability matters, net of estimated recoveries to other (income) expense, net, of approximately $578.0 million ($553.0 million after tax).

For more information on legal matters, see Note 10 of the notes to consolidated financial statements.

Medical Device Excise Tax

Beginning in 2013, the medical device industry was required to subsidize healthcare reform in the form of a 2.3% excise tax on United States sales of most medical devices. In December 2015, as part of the Omnibus Appropriations Act, collection of the medical device excise tax was suspended for 2016 and 2017. During 2015, the company recorded to marketing, selling and administrative expense an excise tax of $26.9 million.

Results of Operations

Net Sales

Bard's 2015 consolidated net sales increased 3% on a reported basis (6% on a constant currency basis) over 2014 consolidated net sales. Bard's 2014 consolidated net sales increased 9% on both a reported basis and constant currency basis over 2013 consolidated net sales. Net sales "on a constant currency basis" is a non-GAAP 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 decreasing consolidated net sales by approximately 110 basis points for both 2015 and 2014 compared to the prior years. The strengthening of the U.S. dollar, a trend that may continue, had the effect of decreasing consolidated net sales for 2015 by approximately three percentage points compared to the prior year. Exchange rate fluctuations had a nominal impact on consolidated net sales for 2014 compared to 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.

Bard's 2015 United States net sales of $2,378.4 million increased 5% compared to $2,263.5 million in 2014. Bard's 2015 international net sales of $1,037.6 million decreased 2% on a reported basis (increased 8% on a constant currency basis) compared to $1,060.1 million in 2014. Bard's 2014 United States net sales increased 12% compared to $2,014.1 million in 2013. Bard's 2014 international net sales increased 2% on a reported basis (3% on a constant currency basis) compared to $1,035.4 million in 2013.

Presented below is a summary of consolidated net sales by product group category.

Product Group Summary of Net Sales

	For the Years Ended December 31,						
(dollars in millions)	2015	2014	Change	Constant Currency	2013	Change	Constant Currency
Vascular	$ 970.3	$ 928.3	5%	9%	$ 830.0	12%	12%
Urology	845.0	835.9	1%	4%	776.6	8%	8%
Oncology	936.9	910.9	3%	6%	857.1	6%	7%
Surgical Specialties	572.3	555.1	3%	6%	499.0	11%	12%
Other	91.5	93.4	(2)%	—	86.8	8%	7%
Total net sales	$3,416.0	$3,323.6	3%	6%	$3,049.5	9%	9%

Vascular Products - Bard markets a wide range of products for the peripheral vascular market, including endovascular products, and vascular graft products. Also included within vascular products are royalty payments from Gore. In November 2013, Bard sold certain assets and liabilities of its electrophysiology division (the "EP Sale") to Boston Scientific Corporation, retaining only the guidewire and temporary pacing electrode product lines. Consolidated net sales of vascular products in 2015 increased 5% on a reported basis (9% on a constant currency basis) compared to the prior year. This increase was primarily due to growth in sales of endovascular products. United States net sales of vascular products in 2015 increased 7% compared to the prior year. International net sales of vascular products in 2015 were flat on a reported basis (increased 13% on a constant currency basis) compared to the prior year. Consolidated net sales of vascular products in 2014 increased 12% on both a reported basis and constant currency basis compared to the prior year. This increase includes growth of 18 percentage points on a reported basis (19 percentage points on a constant currency basis) due to royalty payments from Gore, and a decrease of 12 percentage points on both a reported basis and constant currency basis related to the divested electrophysiology products as a result of the EP Sale. United States net sales of vascular products in 2014 increased 34% compared to the prior year primarily due to royalty payments from Gore. International net sales in 2014 decreased 13% on a reported basis (14% on a constant currency basis) compared to the prior year. The decrease in international net sales in 2014 was primarily due to divested electrophysiology products as a result of the EP Sale and was partially offset by an increase in sales of endovascular products.

Consolidated net sales of endovascular products in 2015 increased 6% on a reported basis (10% on a constant currency basis) compared to the prior year. Net sales in this product line were favorably impacted by growth in sales of percutaneous transluminal angioplasty ("PTA") balloon catheters, including drug-coated PTA balloon catheters, and biopsy products, and were partially offset by a decline in sales of stents, a trend that may continue. Consolidated net sales of endovascular products in 2014 increased 28% on both a reported basis and constant currency basis compared to the prior year. This increase includes growth of 24 percentage points on both a reported basis and constant currency basis due to royalty payments from Gore. Net sales in 2014 were also favorably impacted by growth in sales of PTA balloon catheters, including drug-coated PTA balloon catheters, and biopsy products, and were partially offset by a decline in sales of stents.

Consolidated net sales of vascular graft products in 2015 decreased 6% on a reported basis (flat on a constant currency basis) compared to the prior year. Declining sales of peripheral vascular grafts contributed to the decrease in 2015. Consolidated net sales of vascular graft products in 2014 decreased 3% on both a reported basis and constant currency basis compared to the prior year. Declining sales of peripheral vascular grafts and dialysis access grafts were the primary contributors to the decrease in 2014.

Urology Products - Bard markets a wide range of products for the urology market, including basic urology drainage products, fecal and urinary continence products and urological specialty products. Bard also markets StatLock® catheter stabilization products, which are used to secure many types of catheters sold by Bard and other companies, as well as Targeted Temperature Management™ products, which are used for therapeutic hypothermia. In 2015, consolidated net sales of urology products increased 1% on a reported basis (4% on a constant currency basis) compared to the prior year. This increase was primarily due to growth in sales of basic drainage products and Targeted Temperature Management™ products and was partially offset by declines in sales of surgical continence products, a trend that may continue, and urological specialty products. United States net sales of urology products in 2015 increased 4% compared to the prior year. International net sales in 2015 decreased 5% on a reported basis (increased 3% on a constant currency basis) compared to the prior year. International net sales for 2015 reflected declines in sales of basic drainage products, continence products and urological specialty products. Consolidated net sales of urology products in 2014 increased 8% on both a reported basis and constant currency basis compared to the prior year. This includes 7 percentage points of growth on both a reported basis and constant currency basis from the addition of the Rochester Medical Corporation ("Rochester Medical") products acquired in November 2013 and growth in sales of basic drainage products and Targeted Temperature Management™ products. These increases were partially offset by declines in sales of surgical continence products and StatLock® catheter stabilization products. United States net sales of urology products in 2014 increased 5% compared to the prior year. International net sales in 2014 increased 12% on both a reported basis and constant currency basis compared to the prior year.

Consolidated net sales of basic drainage products in 2015 increased 2% on a reported basis (4% on a constant currency basis) compared to the prior year. Consolidated net sales of basic drainage products in 2014 increased 7% on both a reported basis and constant currency basis compared to the prior year primarily due to sales of the Rochester Medical products.

Consolidated net sales of urological specialty products in 2015 decreased 4% on a reported basis (increased 1% on a constant currency basis) compared to the prior year primarily due to declines in sales of brachytherapy products. Consolidated net sales of urological specialty products in 2014 increased 5% on both a reported basis and constant currency basis compared to the prior year. This increase was primarily due to sales of the Rochester Medical products and was partially offset by a decline in sales of brachytherapy products. The brachytherapy market has been losing procedural share to alternative therapies, a trend that may continue.

Consolidated net sales of continence products in 2015 decreased 4% on a reported basis (increased 2% on a constant currency basis) compared to the prior year. This decrease was primarily due to declines in sales of surgical continence products, a trend that may continue, and was partially offset by an increase in sales of continence care products. Consolidated net sales of continence products in 2014 increased 33% on both a reported basis and constant currency basis compared to the prior year primarily due to sales of the Rochester Medical products. Net sales in 2014 were also impacted by a decline in sales of surgical continence products.

Consolidated net sales of the StatLock® catheter stabilization product line in 2015 decreased 2% on a reported basis (flat on a constant currency basis) compared to the prior year. Consolidated net sales of the StatLock® catheter stabilization product line in 2014 decreased 2% on both a reported basis and constant currency basis compared to the prior year.

Oncology Products - Bard's oncology business includes specialty vascular access products and enteral feeding devices. Specialty vascular access products include peripherally inserted central catheters ("PICCs") used

for intermediate to long-term central venous access, specialty access ports and accessories ("Ports") used most commonly for chemotherapy, dialysis access catheters and vascular access ultrasound devices which help facilitate the placement of PICCs. In 2015, consolidated net sales of oncology products increased 3% on a reported basis (6% on a constant currency basis) compared to the prior year. The increase in consolidated net sales for 2015 was primarily due to growth in sales of PICCs and was partially offset by declines in sales of Ports. United States net sales of oncology products in 2015 increased 3% compared to the prior year. International net sales in 2015 increased 2% on a reported basis (13% on a constant currency basis) compared to the prior year. Consolidated net sales of oncology products in 2014 increased 6% on a reported basis (7% on a constant currency basis) compared to the prior year. The increase in consolidated net sales for 2014 was primarily due to growth in sales of PICCs, dialysis access catheters and Ports. United States net sales of oncology products in 2014 increased 5% compared to the prior year. International net sales in 2014 increased 9% on a reported basis (10% on a constant currency basis) compared to the prior year.

Consolidated net sales of PICCs in 2015 increased 8% on a reported basis (11% on a constant currency basis) compared to the prior year. Consolidated net sales of PICCs in 2014 increased 10% on both a reported basis and constant currency basis compared to the prior year.

Consolidated net sales of Ports in 2015 decreased 6% on a reported basis (3% on a constant currency basis) compared to the prior year. Consolidated net sales of Ports in 2014 increased 3% on both a reported basis and constant currency basis.

Consolidated net sales of dialysis access catheters in 2015 increased 5% on a reported basis (9% on a constant currency basis) compared to the prior year. Consolidated net sales of vascular access ultrasound devices in 2015 increased 5% on a reported basis (8% on a constant currency basis) compared to the prior year. Consolidated net sales of dialysis access catheters in 2014 increased 8% on a reported basis (9% on a constant currency basis) compared to the prior year. Consolidated net sales of vascular access ultrasound devices in 2014 increased 2% on a reported basis (3% on a constant currency basis) compared to the prior year.

Surgical Specialty Products - Surgical specialty products include soft tissue repair products, performance irrigation devices and biosurgery products, including hemostats and sealants. In 2015, consolidated net sales of surgical specialty products increased 3% on a reported basis (6% on a constant currency basis) compared to the prior year. This increase is primarily due to growth in sales of biosurgery products and synthetic hernia repair products and was partially offset by a decline in sales of performance irrigation products, a trend that may continue. United States net sales of surgical specialty products in 2015 increased 7% compared to the prior year. International net sales in 2015 decreased 8% on a reported basis (increased 2% on a constant currency basis) compared to the prior year. International net sales for 2015 reflected declines in sales of synthetic hernia repair products and performance irrigation products and was partially offset by an increase in sales of biosurgery products. In 2014, consolidated net sales of surgical specialty products increased 11% on a reported basis (12% on a constant currency basis) compared to the prior year. This increase included 8 percentage points of growth on a reported basis (9 percentage points on a constant currency basis) from the addition of the Arista® MHP hemostat ("Arista") from the acquisition of Medafor, Inc. in October 2013. Net sales in 2014 were also favorably impacted by growth in sales of synthetic hernia repair products and were partially offset by declines in sales of natural tissue hernia repair products, performance irrigation products and hernia fixation products. United States net sales of surgical specialty products in 2014 increased 11% compared to the prior year. This increase was primarily due to sales of Arista and growth in sales of synthetic hernia repair products and was partially offset by declines in sales of natural tissue hernia repair products, performance irrigation products and hernia fixation products. International net sales in 2014 increased 11% on a reported basis (12% on a constant currency basis) compared to the prior year primarily due to growth in sales of synthetic hernia repair products and sales of Arista.

The soft tissue repair product line includes synthetic and natural tissue hernia repair implants, natural tissue breast reconstruction implants, and hernia fixation products. Consolidated net sales of soft tissue repair products in 2015 increased 4% on a reported basis (7% on a constant currency basis) compared to the prior year. Net sales

in 2015 were favorably impacted by growth in sales of synthetic hernia repair products and natural tissue hernia repair products. Consolidated net sales of soft tissue repair products in 2014 increased 5% on both a reported basis and constant currency basis compared to the prior year. Net sales in 2014 were favorably impacted by growth in sales of synthetic hernia repair products and were partially offset by declines in sales of natural tissue hernia repair products and hernia fixation products.

Consolidated net sales of biosurgery products in 2015 increased 14% on both a reported basis and constant currency basis compared to the prior year primarily due to growth in sales of hemostats and surgical sealant products. Consolidated net sales of biosurgery products in 2014 increased compared to the prior year primarily due to sales of Arista.

Other Products - The other product group includes irrigation, wound drainage and certain original equipment manufacturers' products. Consolidated net sales of other products for 2015 decreased 2% on a reported basis (flat on a constant currency basis) compared to the prior year. Consolidated net sales of other products for 2014 increased 8% on a reported basis (7% on a constant currency basis) compared to the prior year. This increase includes 10 percentage points of growth on both a reported basis and constant currency basis from certain Rochester Medical products.

Costs and Expenses

The following is a summary of costs and expenses as a percentage of net sales for the following years ended December 31:

	2015[A]	2014	2013[A]
Cost of goods sold	38.1%	37.9%	39.2%
Marketing, selling and administrative expense	29.6%	29.5%	30.2%
Research and development expense	7.6%	9.1%	9.7%
Interest expense	1.3%	1.3%	1.5%
Other (income) expense, net	13.1%	8.8%	(20.3)%
Total costs and expenses	89.8%	86.6%	60.2%

[A] Amounts do not add due to rounding.

Cost of goods sold - Cost of goods sold consists principally of the manufacturing and distribution costs of the company's products. The category also includes royalties paid by the company, amortization of intangible assets and the impact of certain hedging activities. Cost of goods sold as a percentage of net sales for 2015 increased 20 basis points compared to the prior year due to the impact of lower selling prices and exchange rate fluctuations. In addition, incremental amortization of intangible assets primarily related to the Lutonix® drug-coated PTA balloon and intangible assets acquired in 2015 increased cost of goods sold as a percentage of net sales by approximately 40 basis points over the prior year. These increases were partially offset by the reversal of a liability with respect to a certain revenue-based milestone and cost improvements. Cost of goods sold as a percentage of net sales for 2014 decreased 130 basis points compared to the prior year primarily due to the impact of royalty payments received from Gore. Incremental amortization of intangible assets acquired in 2013 and 2014 and amortization of intangible assets related to the Lutonix® drug-coated PTA balloon increased cost of goods sold as a percentage of net sales by approximately 70 basis points over the prior year.

Marketing, selling and administrative expense - Marketing, selling and administrative expense consists principally of the costs associated with the company's sales and administrative organizations. These costs as a percentage of net sales for 2015 increased 10 basis points compared to the prior year primarily due to related costs from operations acquired in 2015. These costs as a percentage of net sales for 2014 decreased 70 basis points from the prior year primarily due to the impact of royalty payments received from Gore, partially offset by continuing targeted investment spending in this area including in emerging markets, a trend that may continue. In

addition, these costs for 2014 included a credit of $3.5 million associated with an agreement reached with the U.S. Internal Revenue Service ("IRS") during 2014 related to the excise tax paid on U.S. medical device sales in 2013.

Research and development expense - Research and development expense consists principally of the costs related to internal research and development activities, milestone payments for third-party research and development activities, and IPR&D costs arising from the company's business development activities. IPR&D payments may impact the comparability of the company's results of operations between periods. The following table presents a summary of research and development expense for the following years ended December 31:

(dollars in millions)	2015	2014	2013
Research and development	$254.7	$265.9	$262.3
In-process research and development	4.5	36.1	33.4
Total research and development expense	$259.2	$302.0	$295.7

Research and development expense in 2015 decreased approximately 4% compared to the prior year period. Research and development expense in 2014 increased approximately 1% compared to the prior year period. IPR&D in 2015 and 2014 included charges of $4.5 million and $6.8 million, respectively, related to the impairment of IPR&D projects, primarily due to changes in cash flow assumptions. In addition, IPR&D in 2014 included charges of $26.7 million primarily related to the change in the fair value of the liability for contingent consideration related to the Lutonix, Inc. ("Lutonix") acquisition, and $2.6 million related to the acquisition of early-stage technology. IPR&D in 2013 included charges of $30.0 million related to the acquisition of early-stage technology and $3.4 million for an impairment charge related to an IPR&D project.

Interest expense - Interest expense in 2015 was $44.9 million as compared with 2014 interest expense of $44.8 million and 2013 interest expense of $45.0 million.

Other (income) expense, net - Other (income) expense, net, was expense of $449.2 million and $290.9 million for 2015 and 2014, respectively, and income of $619.3 million for 2013. Other (income) expense, net, in 2015 included $595.1 million for litigation charges, net, a gain of $210.5 million related to the 2015 portion of the Gore Proceeds, $41.5 million for restructuring and productivity initiatives costs, and net charges of $24.7 million for acquisition-related items consisting of purchase accounting adjustments and integration-related costs. Other (income) expense, net, in 2014 included $288.6 million for litigation charges, net, $11.8 million for restructuring and productivity initiative costs, and a gain on sale of an equity investment of $7.1 million. Other (income) expense, net, in 2013 included income of $894.3 million related to the 2013 portion of the Gore Proceeds and $213.0 million resulting from the gain on the EP Sale, partially offset by expenses of $428.0 million for litigation charges, net, $25.0 million for a contribution to the C. R. Bard Foundation, Inc., $17.5 million for divestiture-related charges, $11.3 million for acquisition-related items consisting of integration-related costs and $6.4 million for asset impairments.

Income Tax Provision

The company's effective tax rate for 2015 was 61.2% compared to 33.9% in 2014 and 43.2% in 2013. The effective tax rate for 2015 reflected the tax effects of litigation charges, primarily related to product liability claims, which were substantially incurred in a low tax jurisdiction and a gain related to the 2015 portion of the Gore Proceeds, which was incurred in a high tax jurisdiction. See Note 10 of the notes to consolidated financial statements.

The effective tax rate for 2014 reflected the tax effects of litigation charges, primarily related to product liability claims, which were substantially incurred in a low tax jurisdiction and a benefit of $10.9 million related to the completion of IRS examinations for the tax years 2008 through 2010. See Note 10 of the notes to consolidated financial statements.

The effective tax rate for 2013 reflected the tax effects of litigation charges, primarily related to product liability claims, which were substantially incurred in a low tax jurisdiction, and the gains related to the 2013 portion of the Gore Proceeds and the EP Sale, which were incurred in high tax jurisdictions. See Notes 2 and 10 of the notes to consolidated financial statements. In addition, the income tax provision was reduced by approximately $3.7 million in 2013 to recognize the 2012 benefit of the American Taxpayer Relief Act of 2012 which was signed into law on January 2, 2013 and retroactively reinstated the research tax credit.

Net Income and Earnings per Share Available to Common Shareholders

The company reported 2015 net income of $135.4 million, a decrease of 54% from 2014 net income of $294.5 million. The company reported 2015 diluted earnings per share available to common shareholders of $1.77, a decrease of 53% from 2014 diluted earnings per share available to common shareholders of $3.76. Net income in 2015 reflects litigation charges, net, of $568.8 million, or $7.43 per diluted share, the 2015 portion of the Gore Proceeds of $131.7 million, or $1.72 per diluted share, amortization of intangible assets of $79.3 million, or $1.04 per diluted share, restructuring and productivity initiative costs of $29.4 million, or $0.39 per diluted share, net charges from acquisition-related items (primarily consisting of purchase accounting adjustments, integration costs and transaction costs) of $11.1 million, or $0.15 per diluted share, and an asset impairment of $2.8 million, or $0.04 per diluted share.

The company reported 2014 net income of $294.5 million, a decrease of 57% from 2013 net income of $689.8 million. The company reported 2014 diluted earnings per share available to common shareholders of $3.76, a decrease of 55% from 2013 diluted earnings per share available to common shareholders of $8.39. Net income in 2014 reflects litigation charges, net, of $267.2 million, or $3.41 per diluted share, amortization of intangible assets of $72.4 million, or $0.92 per diluted share, net charges from acquisition-related items (consisting of purchase accounting adjustments, integration costs, an IPR&D charge, and transaction costs) of $30.5 million, or $0.39 per diluted share, restructuring and productivity initiative costs of $8.0 million, or $0.10 per diluted share, a gain on sale of an equity investment of $4.9 million, or $0.06 per diluted share, and an asset impairment of $3.9 million, or $0.05 per diluted share. Net income for 2014 also reflects a credit of $2.3 million, or $0.03 per diluted share, associated with an agreement reached with the IRS during 2014 related to the excise tax paid on U.S. medical device sales in 2013 and a $10.9 million, or $0.14 per diluted share, benefit to the income tax provision as a result of the completion of IRS examinations for the tax years 2008 through 2010.

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 a primary source of funds. The company believes that it could borrow adequate funds at competitive terms should it be necessary. The company also believes that its overall financial strength gives it sufficient financial flexibility. The table below summarizes liquidity measures for Bard for the following years ended December 31:

(dollars in millions)	2015	2014	2013
Cash and cash equivalents	$ 950.5	$ 960.1	$1,066.9
Working capital	$ 831.4	$1,432.5	$1,503.9
Current ratio	1.66/1	3.33/1	3.56/1

Cash and cash equivalents held by the company's foreign subsidiaries were $881.6 million and $950.9 million at December 31, 2015 and 2014, respectively. It is the company's intention to permanently reinvest the majority of these funds outside the United States to finance foreign operations, and the company's plans do not demonstrate a need to repatriate these funds. If these funds are needed for U.S. operations for currently unforeseen circumstances or can no longer be permanently reinvested outside the United States, the company

would be required to accrue and pay U.S. taxes on the earnings associated with these funds. In the United States, ongoing operating cash flows and available borrowings under the company's committed syndicated bank credit facility provide it with sufficient liquidity.

For the years ended December 31, 2015, 2014 and 2013, net cash provided by operating activities was $798.1 million, $660.0 million and $1,123.3 million, respectively. The increase in net cash provided by operating activities in 2015 compared to 2014 is primarily due to the receipt of the 2015 portion of the Gore Proceeds, lower tax payments in 2015 compared to 2014, and higher operational cash flows. These increases were partially offset by settlement payments pursuant to an agreement with Medtronic (see Note 10 of the notes to consolidated financial statements) and higher payments to claimants for certain product liability matters in the current year period. The decrease in net cash provided by operating activities in 2014 compared to 2013 is primarily due to the receipt of the 2013 portion of the Gore Proceeds, partially offset by lower tax payments in 2014 compared to 2013, receipt of Gore royalty payments in 2014 and a settlement payment for a certain legal matter in 2013.

During 2015, the company used $211.4 million in cash for investing activities, $48.1 million more than in 2014. During 2014, the company used $163.3 million in cash for investing activities, $125.0 million less than in 2013. Capital expenditures amounted to $102.9 million, $126.6 million and $69.1 million for the years ended December 31, 2015, 2014 and 2013, respectively. The company spent $98.3 million in 2015, $13.3 million in 2014 and $498.5 million in 2013 for the acquisition of businesses, products and technologies to augment existing product lines. In addition, the company received net proceeds from the sale of financial instruments acquired in the Medicon Acquisition of $21.0 million in 2015. The company received net proceeds from the EP Sale of $267.4 million in 2013. Net cash used in investing activities in 2015 and 2014 reflects an increase of $31.2 million in both years in restricted cash related to payments to qualified settlement funds ("QSFs") for certain product liability matters. Net cash used in investing activities in 2013 reflects decreases of $8.7 million related to the release of restricted cash from QSFs to claimants pursuant to the settlement of certain product liability matters.

During 2015, 2014 and 2013, the company used $554.1 million, $584.4 million and $663.3 million in cash for financing activities, respectively. Total debt was $1.4 billion and $1.5 billion at December 31, 2015 and 2014, respectively. Total debt to total capitalization was 49%, 45.1% and 40.2% at December 31, 2015, 2014 and 2013, respectively. The company spent approximately $498.7 million to repurchase 2,745,289 shares of common stock in 2015 compared to $659.6 million to repurchase 4,497,427 shares of common stock in 2014 and $738.1 million to repurchase 6,559,195 shares of common stock in 2013. The company paid cash dividends of $69.4 million, $66.2 million and $66.5 million in 2015, 2014 and 2013, respectively. The company made a contingent milestone payment of $100.0 million in 2014 related to the acquisition of Lutonix, of which $70.0 million represented the fair value previously established at the acquisition date and was included in financing activities.

In November 2015, the company amended its $750 million five-year committed syndicated bank credit facility that was scheduled to expire in November 2019. The amendment includes an increase in the aggregate principal amount of credit available under the syndicated bank credit facility to $1.0 billion and extends the commitment termination date until November 2020. The amended 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 ratings and includes a financial covenant that limits the amount of total debt to total capitalization. At December 31, 2015, the company was in compliance with this covenant. There were no commercial paper borrowings outstanding at December 31, 2015. The company had commercial paper borrowings outstanding of $78.0 million at December 31, 2014.

In January 2016, the company redeemed its 2.875% notes due 2016, primarily through the issuance of commercial paper.

Contractual Obligations

Payments due under contractual obligations at December 31, 2015, are as follows:

(dollars in millions)	Total	1 Year	2-3 Years	4-5 Years	5+ Years
Forward contracts	$ 97.2	$ 97.2	$ —	$ —	$ —
Long-term debt, including current maturities	1,649.6	290.1	574.4	64.1	721.0
Operating lease obligations	152.7	33.1	46.8	28.1	44.7
Acquisition and related milestones	87.1	23.4	29.8	14.9	19.0
Purchase obligations	415.1	232.5	89.1	42.5	51.0
Legal settlements	516.5	516.5	—	—	—
Other long-term liabilities	145.8	7.8	26.8	17.2	94.0
	$3,064.0	$1,200.6	$766.9	$166.8	$929.7

The table above does not include $22.3 million of the total unrecognized tax benefits for uncertain tax positions and $2.8 million of associated accrued interest. Due to the high degree of uncertainty regarding the timing of potential future cash flows, the company is unable to make a reasonable estimate of the amount and period in which these liabilities might be paid.

Forward contracts - Forward contracts obligate the company for the forward purchase of currencies in which the company has known or anticipated sales or payments.

Long-term debt, including current maturities - Long-term debt, including current maturities, includes expected principal and interest payments, including the effect of an interest rate swap contract.

Operating lease obligations - The company is committed under noncancelable operating leases involving certain facilities and equipment.

Acquisition and related milestones - The company may make payments to third parties when milestones are achieved, such as the achievement of research and development targets, receipt of regulatory approvals or achievement of performance or operational targets under various acquisition and related arrangements. In addition, the company is also required to make annual future payments to Kobayashi, its former joint venture partner, as part of the Medicon Acquisition. The table above excludes amounts for these milestone payments unless the payments are deemed reasonably likely to occur.

Purchase obligations - The company's business creates a need to enter into commitments with suppliers. These inventory purchase commitments do not exceed the company's projected requirements over the related terms and are entered into in the normal course of business.

Legal settlements - Estimated amounts recorded to accrued expenses for product liability and other legal matters. The table above does not include non-current accruals for product liability and other legal matters of $657.8 million. Payments and final settlements for certain of these matters are subject to numerous factors and conditions (outside the company's control) that make timing and ultimate resolution uncertain.

Other long-term liabilities - The company estimates required funding obligations related to its pension and postretirement benefit plans and deferred compensation.

Certain Regulatory Matters

In October 2014 and November 2014, the United States Food and Drug Administration ("FDA") conducted directed inspections at two of the company's facilities after which the FDA issued Form-483's to the company in

connection with these inspections. The company responded to the FDA, is in the process of addressing the observations in the Form-483's and intends to fully implement corrective and preventive actions to address the FDA's concerns. On July 14, 2015, the company received a Warning Letter from the Los Angeles District office of the FDA. The Warning Letter specifically cites quality systems and medical device reporting observations relating to non-conformances previously identified in the Form-483 notices for Glens Falls, New York and Tempe, Arizona and appropriate market clearance or approval of two models of our Recovery Cone Removal Systems used to retrieve certain implanted filters. 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 two such submissions before the FDA, which the company does not believe are material to its business. 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 to the expected date of resolution of matters included in the Warning Letter. Although the company cannot give any assurances that the resolution of these matters will not have a material adverse effect on the company's business, results of operations, financial conditions and/or liquidity, the company does not at this time believe this will have a material impact on its financial statements.

Management's Use of Non-GAAP Measures

Net sales "on a constant currency basis" is a non-GAAP 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 these non-GAAP measures is that they do not reflect results on a standardized reporting basis. Non-GAAP measures are intended to supplement the applicable GAAP disclosures and should not be viewed as replacements of GAAP results.

Critical Accounting Policies and Estimates

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. The following is not intended to be a comprehensive list of all of the company's accounting policies. The company's significant accounting policies are more fully described in the company's notes to consolidated financial statements. See Note 1 of the notes to consolidated financial statements. The critical accounting policies described below are areas in which management's judgment in determining estimates and assumptions might produce a materially different result.

Revenue Recognition - Generally, sales to end-user customers and European distributors are recognized at the point of delivery, and sales to domestic distributors are recognized at the time of shipment. In certain circumstances, end-user customers may require the company to maintain consignment inventory at the customer's location. In the case of consignment inventories, revenues and associated costs are recognized upon the notification of usage by the customer.

Royalty revenue is recognized as earned in accordance with the contract terms when royalty revenue can be objectively determined. If royalty revenue cannot be objectively determined during the quarterly period in which it is earned, then royalty revenue is recognized in the following quarterly period when objective evidence is obtained and the revenue becomes fixed and determinable.

Share-Based Compensation - Share-based compensation cost is measured at the grant date based on the fair value of the award. Generally, compensation expense is recognized on a straight-line basis over the vesting period. In order to determine the fair value of stock options on the grant date, the company utilizes a binomial model. Inherent in the binomial model are assumptions related to expected stock-price volatility, option life, risk-free interest rate and dividend yield. The expected stock-price volatility is based upon weightings of the historical volatility of the company's stock and the implied volatility from publicly traded options. The company reviews the trading volumes and option life of its publicly traded options in order to determine the appropriate weighting of implied volatility. This approach is used as a predictor of future realized and implied volatilities and is directly related to stock option valuations. With respect to expected future exercise behavior, the company considers the exercise behavior of past grants and models the pattern of aggregate exercises. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the grant date with a term equal to the contractual term of the stock option.

Contingencies - The company is subject to various legal proceedings and claims, including, for example, product liability matters, environmental matters, employment disputes, disputes regarding agreements and other commercial disputes, the outcomes of which are not within the company's complete control and may not be known for extended periods of time. In some cases, the claimants seek damages, as well as other relief, which, if granted, could require significant expenditures. The company records a liability in its consolidated financial statements for damages and/or costs related to claims, settlements and judgments where the company has assessed that the loss is probable and an amount can be reasonably estimated. If the estimate of a probable loss is a range and no amount within the range is more likely, the company accrues the minimum amount of the range. The company records expected recoveries from its product liability insurance carriers or other parties when those recoveries are probable and collectible. Amounts recovered under these arrangements may be less than the stated coverage limits or less than otherwise expected and may not be adequate to cover damages and/or costs. In addition, there is no guarantee that insurers or others will pay claims or that coverage or indemnity will be otherwise available. Legal costs associated with these matters are expensed as incurred. See Note 10 of the notes to consolidated financial statements.

Income Taxes - The company operates in multiple taxing jurisdictions, both within the United States and internationally. The company regularly assesses its tax positions and includes reserves for uncertain tax positions. These positions relate to transfer pricing, the deductibility of certain expenses, intercompany transactions, state taxes and other matters. Although the outcome of tax audits is uncertain, in management's opinion, adequate provisions for income taxes have been made for potential liabilities resulting from such matters. The recognition and measurement of a tax position is based on the company's best judgment given the facts, circumstances and information available at the reporting date. The reserves are used or reversed once the statutes of limitation have expired or the position is effectively settled. The company believes that the ultimate outcome of these matters will not have a material impact on its financial condition and/or liquidity but may be material to its income tax provision and results of operations.

Allowance for Doubtful Accounts, Customer Rebates and Inventory Writedowns - The company makes estimates of the uncollectibility of the company's accounts receivable, amounts that are rebated to specific customers in accordance with contractual requirements and inventory adjustments to reflect inventory valuation at the lower of cost or market. In estimating the reserves necessary for the allowance for doubtful accounts, management considers historical bad debt trends, customer concentrations, the average length of time to collect receivables, customer creditworthiness and current economic and market trends. The company establishes an allowance for doubtful accounts for amounts deemed uncollectible from customers. In estimating the allowance for customer rebates, management considers the lag time between the point of sale and the payment of the customer's rebate claim, customer specific trend analysis and contractual commitments including the stated rebate rate. The company establishes an allowance for customer rebates and reduces sales for such rebate amounts. In estimating the adjustment for inventory writedowns, management considers product obsolescence, quantity on hand, future demand for the product and other market-related conditions. The company records an adjustment for inventory writedowns when such conditions cause the inventory market value to be below carrying value. The company records such adjustments to cost of sales in the period in which the condition exists.

It is possible that the underlying factors discussed above for the allowance for doubtful accounts, customer rebates and inventory writedowns could change. Depending on the extent and nature of the change to the underlying factors, the impact to the company's results of operations and financial condition could be material in the period of change.

Acquisitions - In a business combination, the acquisition method of accounting requires that the identifiable assets acquired and liabilities assumed be measured at their fair value, with goodwill being the excess value of consideration paid over the fair value of the net identifiable assets acquired. IPR&D is capitalized and recorded as an indefinite-lived intangible asset at the acquisition date, contingent consideration is recorded at fair value at the acquisition date, and transaction costs are expensed as incurred. When the company acquires net assets that are not accounted for as a business combination, no goodwill is recognized.

IPR&D represents intangible assets acquired in a business combination that are used in research and development activities but have not yet reached technological feasibility. The amount of the purchase price allocated to IPR&D and other intangible assets is generally determined by estimating the future cash flows of each project or technology and discounting the net cash flows back to their present values. The discount rate used is determined at the time of the acquisition in accordance with accepted valuation methods. The determination of fair value of IPR&D takes into consideration: the project's stage of completion as of the acquisition date; the timing and cost of R&D work required to complete the project; the risk of a project not achieving commercial feasibility; and estimated future cash flows. Amounts capitalized as IPR&D are subject to an impairment review, using a fair value-based test, until completion or abandonment of a project. Upon successful completion, a separate determination will be made as to the useful life of the asset and amortization will begin. If the project is abandoned, the IPR&D asset will be written off.

The fair value of the liability for contingent consideration recorded on the acquisition date is based on probability weighted estimated cash flow streams, discounted back to present value using a discount rate determined in accordance with accepted valuation methods. The liability for contingent consideration is remeasured to fair value at each reporting period with changes recorded in earnings until the contingency is resolved.

The judgments made in determining fair value assigned to assets acquired and liabilities assumed, as well as asset lives, can materially impact results of operations.

Goodwill - Goodwill is tested for impairment annually at December 31 or more frequently if impairment indicators arise using a fair-value based test. The company assigns goodwill recorded in connection with acquisitions to its four reporting units, each of which is one level below the company's single reporting segment. The fair value of each reporting unit is calculated and compared to its carrying value. In determining the fair value of each reporting unit, the company uses a weighted-average combination of both market and income approaches. The market approach to estimating fair value is based primarily on applying external market information to a historical earnings measure. The income approach to estimating fair value is based on a discounted value of estimated future cash flows of the reporting unit. If the carrying amount of a reporting unit exceeds its fair value, then the company will record an impairment loss for the excess of the carrying value of goodwill over its implied fair value.

Impairment of Long-Lived Assets - Intangible assets with finite lives and other long-lived assets, such as property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The company evaluates the recoverability of assets to be held and used by comparing the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Pension Plans - The company sponsors pension plans covering certain domestic and foreign employees who meet eligibility requirements. Several statistical and other factors that attempt to anticipate future events are used in calculating the expense and liability related to the plans. These factors include assumptions about the discount rate, expected return on plan assets and rate of future compensation increases as determined by the company. The company changed the method to be used in calculating the service and interest cost components of net periodic pension cost for 2016. See Note 12 of the notes to consolidated financial statements. In addition, the company also uses subjective factors, such as withdrawal and mortality rates, to estimate these factors. The actuarial assumptions used by the company may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of the participants. A change of plus (minus) 25 basis points in the discount rate assumption, with other assumptions held constant, would have an estimated $1.6 million favorable (unfavorable) impact on the company's net pension cost. A change of plus (minus) 25 basis points in the expected rate of return on plan assets assumption, with other assumptions held constant, would have an estimated $1.2 million favorable (unfavorable) impact on the company's net pension cost.

New Accounting Pronouncements Not Yet Adopted

In November 2015, the Financial Accounting Standards Board ("FASB") issued an accounting standard update that simplifies the balance sheet classification of deferred taxes. This update requires all deferred tax assets and liabilities to be reported as non-current in the consolidated balance sheets. This update will be effective as of the beginning of Bard's 2017 fiscal year. Other than the reclassification to non-current of the short-term deferred tax assets and liabilities recognized in the consolidated balance sheets, this update is not expected to have a material impact on the company's consolidated financial statements.

In May 2014, the FASB issued a new accounting standard that provides for a comprehensive model to use in the accounting for revenue arising from contracts with customers. Under this standard, revenue will be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued an accounting standard update to defer this standard's effective date for one year, which will now begin with Bard's 2018 fiscal year. Early adoption is permitted as of the original effective date beginning with Bard's 2017 fiscal year. The company continues to assess the new standard, as well as updates to the standard that have been proposed by the FASB, and has not yet determined the impact to the consolidated financial statements. The company intends to adopt the new standard beginning with Bard's 2018 fiscal year.

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 historical 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 used 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, results of operations, financial condition and/or liquidity.

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 and those described under Item 1A. "Risk Factors," 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 processes and supply chain programs or in connection with the integration of acquired businesses;
- the effects of negative publicity and/or adverse media coverage concerning our products, which could result in product withdrawals, decreased product demand or adverse reputational effects 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 successfully integrate such transactions or to obtain agreements for such transactions on 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 implement, and realize the benefits of, our prior and planned investments in our business, including research and development expenditures focused on new market categories, and our plan to grow in emerging and/or faster-growing markets outside the United States and acquire growth platforms designed to change the mix of our portfolio towards faster, sustainable long-term growth;
- the uncertainty of whether research and development expenditures and sales force expansion will result in increased sales;
- the ability to reduce exposure and uncertainty related to tax audits, appeals and litigation;
- the risk that the company may not successfully implement its expansion of its Enterprise Resource Planning ("ERP") information system and other productivity initiatives, including outsourcing certain information technology system functions;
- 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, and projected royalty revenue from Gore;
- changes in factors and assumptions 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;
- changes in factors and assumptions could cause pension cost recorded in future periods to differ from the pension cost recorded in the current period;
- the effect of market fluctuations on the value of assets in the company's pension plans and the possibility that the company may need to make additional contributions to the plans as a result of any decline in the fair value of such assets;

- damage to a facility where our products are manufactured or from which they are distributed, which could render the company unable to manufacture or distribute one or more products and may require the company to reduce the output of products at the damaged facility thereby making it difficult to meet product shipping targets;
- the potential impairment of goodwill and intangible assets of the company resulting from insufficient cash flow generated from such assets specifically, or our business more broadly, so as to not allow the company to justify the carrying value of the assets;
- the ability to obtain appropriate levels of insurance on reasonable terms, or at all;
- the ability to recover for claims made to our insurance companies or under indemnification obligations to the company and that any amounts recovered under these arrangements may not be adequate to cover the company's damages and/or costs; and
- the ability to realize the anticipated benefits of our restructuring activities and productivity initiatives to improve the company's overall cost structure and improve efficiency.

Competitive factors, including:

- the trend of consolidation in the medical device industry as well as among our customers, resulting in potentially greater pricing pressures, competition 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 and/or ongoing 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 and/or delayed product launches;
- 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, quality 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 and/or concerns relating to the company's vena cava filters, pelvic floor repair products and hernia repair products;

- FDA inspections resulting in Form-483 notices and/or warning letters identifying deficiencies in the company's 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; uncertainty regarding the expected date of resolution of any of these matters;
- 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, including oil-based resins, 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 healthcare availability, healthcare reform, 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 compliance and enforcement activities affecting the healthcare industry in general or the company in particular (including sales and marketing practices);
- changes in tax laws affecting our business, such as the potential for comprehensive tax reform in the United States and proposed legislation in multiple jurisdictions resulting from the adoption of Organisation for Economic Co-operation and Development (OECD) policies;
- changes in environmental laws or standards affecting our business including, among others, compliance with new labeling standards related to ozone-depleting substances;
- 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 legal proceedings, the outcome of and the timing of final resolution of the suit filed by Gore against the company;
- product liability claims, which may involve lawsuits seeking class action status or seeking to establish multi-district litigation proceedings, including the Hernia Product Claims, the Women's Health Product Claims and the Filter Product Claims;
- 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 (including indemnification provisions), acquisition or sale agreements, and insurance policies.

General economic conditions, including:

- international and domestic business conditions;
- political or economic instability in foreign countries;
- interest rates;
- foreign currency exchange rates;
- changes in the rate of inflation; and
- instability of global financial markets and economies including Greece, Italy, Spain, Portugal and certain other countries or places where we operate or do business.

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Bard operates on a global basis and therefore is subject to the exposures that arise from foreign currency exchange rate fluctuations. The company manages these exposures using operational and economic hedges as well as derivative financial instruments. The company's foreign currency exposures may change over time as changes occur in the company's international operations. The company's objective in managing its exposures to foreign currency fluctuations is to minimize earnings and cash flow volatility associated with assets, liabilities, net investments and probable commitments denominated in foreign currencies. In order to reduce the risk of foreign currency exchange rate fluctuations, the company will from time-to-time enter into derivative financial instruments to hedge a portion of its expected foreign currency denominated cash flow from operations. The instruments that the company uses for hedging are forward contracts and options with major financial institutions. The company expects that the changes in fair market value of such contracts will have a high correlation to the price changes in the related hedged cash flow. The principal currencies the company hedges are the Euro, the British Pound, the Mexican Peso, the Canadian Dollar, and the Japanese Yen. Any gains and losses on these hedge contracts are expected to offset changes in the value of the related exposure. Bard's risk management guidelines prohibit entering into financial instruments for speculative purposes. The company enters into foreign currency transactions only to the extent that foreign currency exposure exists. A sensitivity analysis of changes in the fair value of all foreign exchange derivative contracts at December 31, 2015 indicates that if the U.S. dollar uniformly strengthened by 10% against all currencies, the fair value of these contracts would increase by $5.5 million, and if the U.S. dollar uniformly weakened by 10% against all currencies, the fair value of these contracts would decrease by $0.4 million. Any gains and losses on the fair value of derivative contracts would be largely offset by gains and losses on the underlying transactions. These offsetting gains and losses are not reflected in the above analysis.

The company's investment portfolio primarily includes cash equivalents for which the market values are not significantly affected by changes in interest rates. The market value of the company's fixed-rate debt is affected

by a change in the medium- to long-term interest rates because the borrowings generally have longer maturities. The market value of the company's fixed-rate debt including the effect of the related interest rate swap contract effectively converting the 2.875% fixed-rate notes (which matured in January 2016) to floating-rate instruments approximated $1,449.8 million at December 31, 2015. A sensitivity analysis, assuming a 100 basis point increase or decrease in interest rates and assuming that the debt and related swap are held to maturity, indicates that the market value of the debt and related swap would have approximated $1,404.2 million or $1,498.3 million, respectively, at December 31, 2015. The company maintains a forward starting interest rate swap contract which is intended to manage its exposure to interest rate volatility in anticipation of issuing fixed-rate debt. The forward starting swap contract has a notional value of $250 million and a mandatory termination date of May 2016. A sensitivity analysis, assuming a 100 basis point increase in interest rates, indicates that the fair value of the forward starting swap contract would increase by $22.4 million, and assuming a 100 basis point decrease in interest rates, indicates that the fair value of this contract would decrease by $25.0 million at December 31, 2015. For additional discussion of market risk, see Note 6 of the notes to consolidated financial statements.

Item 8. Financial Statements and Supplementary Data

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. The company's internal control over financial reporting is designed 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. The company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework, issued in 2013.

Based on its assessment and those criteria, management believes that the company maintained effective internal control over financial reporting as of December 31, 2015.

The scope of management's assessment of the effectiveness of internal control over financial reporting includes all of C. R. Bard, Inc.'s consolidated operations except for the operations of Medicon, Inc., which the company acquired on November 2, 2015. Medicon, Inc.'s operations represent 0.3% of C. R. Bard, Inc.'s consolidated net sales for the year ended December 31, 2015 and assets associated with Medicon, Inc.'s operations represent 2.2% of C. R. Bard, Inc.'s consolidated total assets as of December 31, 2015.

The company's independent registered public accounting firm has issued an attestation report on the effectiveness of the company's internal control over financial reporting as of December 31, 2015. That report appears on page II-25.

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
C. R. Bard, Inc.:

We have audited the accompanying consolidated balance sheets of C. R. Bard, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, shareholders' investment, and cash flows for each of the years in the three-year period ended December 31, 2015. In connection with our audits of the consolidated financial statements, we also have audited the consolidated financial statement schedule. These consolidated financial statements and financial statement schedule are the responsibility of C. R. Bard, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of C. R. Bard, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), C. R. Bard, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, and our report dated February 12, 2016 expressed an unqualified opinion on the effectiveness of C. R. Bard, Inc.'s internal control over financial reporting.

/s/ KPMG LLP
Short Hills, New Jersey
February 12, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
C. R. Bard, Inc.:

We have audited C. R. Bard, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. C. R. Bard, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the effectiveness of C. R. Bard, Inc.'s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, C. R. Bard, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013.

The scope of management's assessment of the effectiveness of internal control over financial reporting includes all of C. R. Bard, Inc.'s consolidated operations except for the operations of Medicon, Inc., which the company acquired on November 2, 2015. Medicon, Inc.'s operations represent 0.3% of C. R. Bard, Inc.'s consolidated net sales for the year ended December 31, 2015 and assets associated with Medicon, Inc.'s operations represent 2.2% of C. R. Bard, Inc.'s consolidated total assets as of December 31, 2015. Our audit of internal control over financial reporting of C. R. Bard, Inc. also excluded an evaluation of the internal control over financial reporting of Medicon, Inc.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of C. R. Bard, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, shareholders' investment, and cash flows for each of the years in the three-year period ended December 31, 2015, and our report dated February 12, 2016 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP
Short Hills, New Jersey
February 12, 2016

C. R. BARD, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands except per share amounts)

	For the Years Ended December 31,		
	2015	2014	2013
Net sales	$3,416,000	$3,323,600	$3,049,500
Costs and expenses:			
Cost of goods sold	1,301,200	1,258,600	1,194,400
Marketing, selling and administrative expense	1,012,100	981,500	920,300
Research and development expense	259,200	302,000	295,700
Interest expense	44,900	44,800	45,000
Other (income) expense, net	449,200	290,900	(619,300)
Total costs and expenses	3,066,600	2,877,800	1,836,100
Income from operations before income taxes	349,400	445,800	1,213,400
Income tax provision	214,000	151,300	523,600
Net income	$ 135,400	$ 294,500	$ 689,800
Basic earnings per share available to common shareholders	$ 1.80	$ 3.83	$ 8.54
Diluted earnings per share available to common shareholders	$ 1.77	$ 3.76	$ 8.39

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

C. R. BARD, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(dollars in thousands)

	For the Years Ended December 31,		
	2015	2014	2013
Net income	$ 135,400	$294,500	$689,800
Other comprehensive income (loss)			
Change in derivative instruments designated as cash flow hedges, net of tax	(9,600)	900	700
Foreign currency translation adjustments	(91,100)	(50,400)	14,700
Benefit plan adjustments, net of tax	(18,500)	(18,400)	44,900
Other comprehensive income (loss)	(119,200)	(67,900)	60,300
Comprehensive income	$ 16,200	$226,600	$750,100

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

C. R. BARD, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(dollars in thousands except share and per share amounts)

	December 31,	
	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 950,500	$ 960,100
Restricted cash	80,400	47,500
Accounts receivable, less allowances of $7,500 and $10,100, respectively	445,100	455,200
Inventories	413,700	376,200
Short-term deferred tax assets	123,900	93,300
Other current assets	79,600	114,800
Total current assets	2,093,200	2,047,100
Property, plant and equipment, at cost:		
Land	19,500	19,800
Buildings and improvements	304,500	287,600
Machinery and equipment	483,800	440,500
	807,800	747,900
Less accumulated depreciation and amortization	335,400	301,500
Net property, plant and equipment	472,400	446,400
Goodwill	1,140,600	1,091,200
Core and developed technologies, net	744,300	749,100
Other intangible assets, net	274,800	304,800
Deferred tax assets	21,800	11,500
Other assets	195,800	442,500
Total assets	$4,942,900	$5,092,600
LIABILITIES AND SHAREHOLDERS' INVESTMENT		
Current liabilities		
Short-term borrowings and current maturities of long-term debt	$ 250,200	$ 78,000
Accounts payable	70,700	81,900
Accrued expenses	730,000	287,700
Accrued compensation and benefits	187,900	162,600
Income taxes payable	23,000	4,400
Total current liabilities	1,261,800	614,600
Long-term debt	1,147,800	1,401,900
Other long-term liabilities	936,700	1,125,300
Deferred income taxes	141,300	145,900
Commitments and contingencies		
Shareholders' investment:		
Preferred stock, $1 par value, authorized 5,000,000 shares; none issued	—	—
Common stock, $.25 par value, authorized 600,000,000 shares in 2015 and 2014; issued and outstanding 73,697,371 shares in 2015 and 74,893,483 shares in 2014	18,400	18,700
Capital in excess of par value	2,148,400	1,945,300
Accumulated deficit	(503,500)	(70,300)
Accumulated other comprehensive loss	(208,000)	(88,800)
Total shareholders' investment	1,455,300	1,804,900
Total liabilities and shareholders' investment	$4,942,900	$5,092,600

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

C. R. BARD, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' INVESTMENT

(dollars in thousands except share and per share amounts)

	Common Stock		Capital In Excess Of Par Value	Accumulated Deficit / Retained Earnings	Accumulated Other Comp. (Loss) Inc.	Total
	Shares	Amount				
Balance at December 31, 2012	81,697,409	$ 20,400	$ 1,513,300	$ 473,200	$ (81,200)	$ 1,925,700
Net income	—	—	—	689,800	—	689,800
Total other comprehensive income					60,300	60,300
Cash dividends declared ($0.83 per share)	—	—	—	(66,400)	—	(66,400)
Issuance of common stock	2,298,049	600	133,600	—	—	134,200
Share-based compensation	—	—	61,500	—	—	61,500
Purchases of common stock	(6,559,195)	(1,600)	—	(736,500)	—	(738,100)
Tax benefit relating to share-based compensation plans	—	—	21,200	—	—	21,200
Balance at December 31, 2013	77,436,263	$ 19,400	$ 1,729,600	$ 360,100	$ (20,900)	$ 2,088,200
Net income	—	—	—	294,500	—	294,500
Total other comprehensive loss					(67,900)	(67,900)
Cash dividends declared ($0.87 per share)	—	—	—	(66,400)	—	(66,400)
Issuance of common stock	1,954,647	400	108,900	—	—	109,300
Share-based compensation	—	—	71,600	—	—	71,600
Purchases of common stock	(4,497,427)	(1,100)	—	(658,500)	—	(659,600)
Tax benefit relating to share-based compensation plans	—	—	35,200	—	—	35,200
Balance at December 31, 2014	74,893,483	$ 18,700	$ 1,945,300	$ (70,300)	$ (88,800)	$ 1,804,900
Net income	—	—	—	135,400	—	135,400
Total other comprehensive loss					(119,200)	(119,200)
Cash dividends declared ($0.94 per share)	—	—	—	(70,600)	—	(70,600)
Issuance of common stock	1,549,177	400	76,900	—	—	77,300
Share-based compensation	—	—	81,800	—	—	81,800
Purchases of common stock	(2,745,289)	(700)	—	(498,000)	—	(498,700)
Tax benefit relating to share-based compensation plans	—	—	44,400	—	—	44,400
Balance at December 31, 2015	73,697,371	$ 18,400	$ 2,148,400	$ (503,500)	$ (208,000)	$ 1,455,300

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

C. R. BARD, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)

	For the Years Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net income	$ 135,400	$ 294,500	$ 689,800
Adjustments to reconcile net income to net cash provided by operating activities, net of acquired businesses:			
Depreciation and amortization	193,100	174,100	146,400
Litigation charges, net	588,000	268,900	423,500
Settlement of pre-existing relationship related to Medicon	49,600	—	—
Gain on previously held ownership share of Medicon	(25,500)	—	—
Restructuring and productivity initiative costs, net of payments	22,500	9,800	(2,100)
Asset impairments	4,500	6,800	12,300
Gain on sale of investment	—	(7,100)	—
Acquired in-process research and development	—	2,600	30,000
Gain on the EP Sale	—	—	(213,000)
Deferred income taxes	(45,100)	(26,900)	(39,700)
Share-based compensation	81,800	71,400	61,500
Inventory reserves and provision for doubtful accounts	27,400	23,300	22,500
Other items	4,200	4,200	2,900
Changes in assets and liabilities, net of acquired businesses:			
Accounts receivable	(18,000)	21,300	23,500
Inventories	(33,100)	(53,900)	(35,900)
Current liabilities	(217,300)	(35,000)	(77,300)
Taxes	22,600	(105,500)	76,500
Other, net	8,000	11,500	2,400
Net cash provided by operating activities	798,100	660,000	1,123,300
Cash flows from investing activities:			
Capital expenditures	(102,900)	(126,600)	(69,100)
Change in restricted cash	(31,200)	(31,200)	8,700
Payments made for purchases of businesses, net of cash acquired	(97,400)	—	(464,600)
Payments made for intangibles	(900)	(13,300)	(33,900)
Proceeds from sale of financial instruments and other investments	21,000	7,100	—
Proceeds from the EP Sale, net	—	—	267,400
Other	—	700	3,200
Net cash used in investing activities	(211,400)	(163,300)	(288,300)
Cash flows from financing activities:			
Change in short-term borrowings, net	(78,000)	78,000	—
Payments of long-term debt	(4,000)	—	—
Proceeds from exercises under share-based compensation plans, net	58,700	98,400	122,000
Excess tax benefit relating to share-based compensation plans	44,200	35,200	20,500
Purchases of common stock	(498,700)	(659,600)	(738,100)
Dividends paid	(69,400)	(66,200)	(66,500)
Payments of contingent consideration	(6,900)	(70,200)	(700)
Other	—	—	(500)
Net cash used in financing activities	(554,100)	(584,400)	(663,300)
Effect of exchange rate changes on cash and cash equivalents	(42,200)	(19,100)	(1,100)
(Decrease) increase in cash and cash equivalents during the year	(9,600)	(106,800)	170,600
Balance at January 1	960,100	1,066,900	896,300
Balance at December 31	$ 950,500	$ 960,100	$ 1,066,900
Supplemental cash flow information			
Cash paid for:			
Interest	$ 42,800	$ 42,700	$ 41,600
Income taxes	192,300	248,500	466,300
Non-cash transactions:			
Dividends declared, not paid	$ 18,000	$ 16,800	$ 16,600
Purchases of businesses and related costs	69,000	3,000	17,200

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

C. R. BARD, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Nature of Operations - C. R. Bard, Inc. and its subsidiaries (the "company" or "Bard") are engaged in the design, manufacture, packaging, distribution and sale of medical, surgical, diagnostic and patient care devices. The company markets its products worldwide to hospitals, individual healthcare professionals, extended care facilities and alternate site facilities.

Consolidation - The consolidated financial statements include the accounts of C. R. Bard, Inc. and its subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation. The accounts of most foreign subsidiaries are consolidated as of November 30. No events occurred related to these foreign subsidiaries during the months of December 2015, 2014 or 2013 that materially affected the financial position or results of operations of the company. The company has no material interests in variable interest entities and none that require consolidation.

Use of Estimates in the Preparation of Financial Statements - The preparation of these financial statements in conformity with accounting principles generally accepted in the United States 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. The company evaluates these estimates and judgments on an ongoing basis and bases its estimates on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Actual results may differ from these estimates under different assumptions or conditions.

Foreign Currency - Net assets of foreign subsidiaries are translated into U.S. dollars at current year-end rates, and revenues, costs and expenses are translated at average monthly rates during each monthly period. Net exchange gains or losses resulting from the translation of foreign financial statements and the effect of exchange rate changes on intercompany transactions of a long-term investment nature are accumulated and credited or charged directly to a separate component of shareholders' investment. Any foreign currency gains or losses related to monetary assets are charged to other (income) expense, net.

Revenue Recognition - The company's net sales represent gross sales invoiced to both end-user customers and independent distributors, less certain related charges, including discounts, returns, rebates and other allowances. The company recognizes product revenue when persuasive evidence of a sales arrangement exists, title and risk of loss have transferred, the selling price is fixed or determinable, contractual obligations have been satisfied and collectibility is reasonably assured. Generally, sales to end-user customers and European distributors are recognized at the point of delivery, and sales to domestic distributors are recognized at the time of shipment. In certain circumstances, end-user customers may require the company to maintain consignment inventory at the customer's location. In the case of consignment inventories, revenue and associated cost are recognized upon the notification of usage by the customer.

Royalty revenue is recognized as earned in accordance with the contract terms when royalty revenue can be objectively determined. If royalty revenue cannot be objectively determined during the quarterly period in which it is earned, then royalty revenue is recognized in the following quarterly period when objective evidence is obtained and the revenue becomes fixed and determinable.

Charges for discounts, returns, rebates and other allowances are recognized as a deduction from revenue on an accrual basis in the period in which the revenue is recorded. The accrual for product returns, discounts and other allowances is based on the company's history. The company allows customers to return defective or

C. R. BARD, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

damaged products. Historically, product returns have not been material. The company grants sales rebates to independent distributors based upon the distributor's reporting of end-user sales and pricing. Sales rebates are accrued by the company in the period in which the sale is recorded. The company's rebate accrual is based on its history of actual rebates paid. In estimating rebate accruals, the company considers the lag time between the point of sale and the payment of the distributor's rebate claim, distributor-specific trend analysis and contractual commitments including stated rebate rates. The company's reserves for rebates are reviewed at each reporting period and adjusted to reflect data available at that time. The company adjusts reserves to reflect any differences between estimated and actual amounts. Such adjustments impact the amount of net product sales revenue recognized by the company in the period of adjustment.

Shipping and Handling Costs - Shipping and handling costs are included in cost of goods sold.

Advertising Costs - Costs related to advertising are expensed as incurred. Advertising expense was $4.8 million, $4.4 million and $3.2 million in 2015, 2014 and 2013, respectively, and is included in marketing, selling and administrative expense.

Research and Development - Research and development expense is comprised of costs related to internal research and development activities, milestone payments for third-party research and development activities, and acquired in-process research and development ("IPR&D") arising from acquisitions not accounted for as a business combination. IPR&D arising from a business combination are accounted for as indefinite-lived intangible assets, subject to impairment testing until completion or abandonment of a project. Upon successful completion, a separate determination will be made as to the useful life of the asset and amortization will begin.

Share-Based Compensation - Share-based compensation cost is measured at the grant date based on the fair value of the award. Generally, compensation expense is recognized on a straight-line basis over the vesting period.

Cash Equivalents - Cash equivalents consist of highly liquid investments purchased with an original maturity of three months or less and amounted to $615.4 million and $793.7 million at December 31, 2015 and 2014, respectively.

Accounts Receivable - In addition to trade receivables, accounts receivable included $20.7 million and $39.6 million of non-trade receivables at December 31, 2015 and 2014, respectively.

Inventories - Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method.

Depreciation - Depreciation is provided over the estimated useful lives of depreciable assets using the straight-line method. The estimated useful lives primarily range from three to 40 years for buildings and improvements and three to 20 years for machinery and equipment. Depreciation expense was $62.3 million, $56.8 million and $51.1 million in 2015, 2014 and 2013, respectively.

Software Capitalization and Amortization - Internally used software, whether purchased or developed, is capitalized and amortized using the straight-line method over an estimated useful life of five to seven years. Capitalized software costs are included in machinery and equipment. The company capitalizes certain costs associated with internal-use software such as the payroll costs of employees devoting time to the projects and external direct costs for materials and services. Costs associated with internal-use software are expensed during the design phase until the point at which the project has reached the application development stage. Subsequent additions, modifications or upgrades to internal-use software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred. The company capitalized $17.1 million, $21.2 million and $16.3 million of

C. R. BARD, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

internal-use software for the years ended December 31, 2015, 2014 and 2013, respectively. Amortization expense for capitalized software was $11.3 million, $8.5 million and $5.8 million in 2015, 2014 and 2013, respectively.

Goodwill - Goodwill is tested for impairment annually at December 31 or more frequently if impairment indicators arise using a fair value based test. The company assigns goodwill recorded in connection with acquisitions to its four reporting units, each of which is one level below the company's single reporting segment. The fair value of each reporting unit is calculated and compared to its carrying value. In determining the fair value of each reporting unit, the company uses a weighted-average combination of both market and income approaches. The market approach to estimating fair value is based primarily on applying external market information to a historical earnings measure. The income approach to estimating fair value is based on a discounted value of estimated future cash flows of the reporting unit. If the carrying amount of a reporting unit exceeds its fair value, then the company will record an impairment charge for the excess of the carrying value of goodwill over its implied fair value.

Other Intangible Assets - Other intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives ranging from three to 22 years with a weighted average of 13 years. When events or circumstances indicate that the carrying amount of intangible assets may not be recoverable, the company will assess recoverability from future operations using undiscounted cash flows derived from the lowest appropriate asset groupings. To the extent carrying value exceeds the undiscounted cash flows, impairments are recognized in operating results to the extent that the carrying value exceeds the fair value, which is determined based on the net present value of estimated future cash flows.

Income Taxes - Deferred tax assets and liabilities are recognized based on the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial and income tax reporting purposes. The company regularly assesses its tax positions to determine whether the benefits of tax positions are more likely than not of being sustained upon audit. These positions relate to transfer pricing, the deductibility of certain expenses, intercompany transactions, state taxes and other matters. Although the outcome of tax audits is uncertain, provisions for income taxes have been made for potential liabilities resulting from such matters. Any reserves are adjusted once the statutes of limitation have expired or the tax position is remeasured or effectively settled. The company's policy is to classify interest and penalties related to unrecognized tax positions as income tax expense.

Income Statement Presentation of Taxes Collected from Customers and Remitted to Government Authorities - The company follows a net basis policy with regard to sales, use, value added or any other tax collected from customers and remitted to government authorities, which excludes them from both net sales and expenses.

Treasury Stock - The company accounts for treasury stock purchases as retirements by reducing retained earnings for the cost of the repurchase. Issuances of previously repurchased shares are accounted for as new issuances. There were 43.1 million and 41.8 million of previously repurchased shares at December 31, 2015 and 2014, respectively.

Derivative Instruments - The company recognizes all derivative instruments at fair value on a gross basis in its consolidated balance sheets. Changes in fair value of derivative instruments are recorded in each period in current earnings or accumulated other comprehensive loss depending on whether the derivative instrument is designated as part of a hedged transaction, and if so, the type of hedge transaction.

The company's objective in managing its exposures to foreign currency fluctuations is to minimize earnings and cash flow volatility associated with future intercompany receivables and payables denominated in foreign currencies. These risks are managed using derivative instruments, mainly through forward currency and option contracts. The company does not utilize derivative instruments for trading or speculative purposes. None of these

derivative instruments extend beyond December 2016. All of these derivative instruments are designated and qualify as cash flow hedges. The effective portion of the changes in fair value of the derivative instruments' gains or losses are reported as a component of accumulated other comprehensive loss and reclassified into earnings on the same line item associated with the forecasted transaction and in the same period or periods when the forecasted transaction affects earnings. At December 31, 2015, all of these derivative instruments were highly effective hedging instruments because they were denominated in the same currency as the hedged item and because the maturities of the derivative instruments matched the timing of the hedged items.

When applicable, foreign currency exposures that arise from remeasuring intercompany loans denominated in currencies other than the functional currency are mitigated through the use of forward contracts. Hedges of these foreign exchange exposures are not designated as hedging instruments for accounting purposes. The gains or losses on these instruments are recognized in earnings and are effectively offset by the gains or losses on the underlying hedged items.

The company may use interest rate swap contracts to manage its net exposure to interest rates on its long-term debt. Under its interest rate swap contract, the company exchanged, at specified intervals, the difference between fixed and floating interest rates calculated by reference to a notional principal amount of these notes. The company's swap contract was designated and qualified as a fair value hedge. Changes in the fair value of the swap contract offset changes in the fair value of the fixed rate debt due to changes in market interest rates. The company's interest rate swap contract was terminated concurrent with the maturity of the underlying notes in January 2016.

When applicable, the company may use forward starting interest rate swap contracts which are intended to manage its exposure to interest rate volatility in anticipation of issuing fixed-rate debt. The company's swap contract is designated and qualifies as a cash flow hedge. The effective portion of the changes in fair value are reported as a component of accumulated other comprehensive loss and are then reclassified into interest expense over the term of the related debt beginning in the period in which the planned debt issuance occurs and the related forward starting swap contract is terminated.

New Accounting Pronouncements Not Yet Adopted – In November 2015, the Financial Accounting Standards Board ("FASB") issued an accounting standard update that simplifies the balance sheet classification of deferred taxes. This update requires all deferred tax assets and liabilities to be reported as non-current in the consolidated balance sheets. This update will be effective as of the beginning of Bard's 2017 fiscal year. Other than the reclassification to non-current of the short-term deferred tax assets and liabilities recognized in the consolidated balance sheets, this update is not expected to have a material impact on the company's consolidated financial statements.

In May 2014, the FASB issued a new accounting standard that provides for a comprehensive model to use in the accounting for revenue arising from contracts with customers. Under this standard, revenue will be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued an accounting standards update to defer this standard's effective date for one year, which will now begin with Bard's 2018 fiscal year. Early adoption is permitted as of the original effective date beginning with Bard's 2017 fiscal year. The company continues to assess the new standard, as well as updates to the standard that have been proposed by the FASB, and has not yet determined the impact to the consolidated financial statements. The company intends to adopt the new standard beginning with Bard's 2018 fiscal year.

2. Acquisitions and Divestiture

The company acquires businesses, products and technologies to augment its existing product lines and from time-to-time may divest businesses or product lines for strategic reasons. Unaudited pro forma financial

information has not been presented because the effects of acquisitions were not material on either an individual or aggregate basis.

Acquisitions

On January 21, 2016, the company acquired all of the outstanding shares of Liberator Medical Holdings, Inc. ("Liberator"), a publicly-held direct-to-consumer distributor of urological catheters, ostomy supplies, mastectomy fashions and diabetic medical supplies for approximately $181 million. This acquisition is expected to enhance the company's position in the home healthcare market in the United States. The company has not yet completed the initial purchase accounting due to the timing of this acquisition.

On December 3, 2015, the company, through a wholly-owned foreign subsidiary, acquired all of the outstanding shares of Embo Medical Limited ("Embo"), a privately-held company headquartered in Galway, Ireland, specializing in the development of peripheral embolization devices. The total purchase consideration included an up-front cash payment of $21.0 million and the fair value of future contingent consideration of up to $22.5 million. The acquisition will be recognized in the first quarter of 2016 for this foreign subsidiary. The company has not yet completed the initial purchase accounting due to the timing of this acquisition.

On November 2, 2015, the company acquired Kobayashi Pharmaceutical Co., Ltd.'s ("Kobayashi") 50% ownership share in Medicon, Inc. ("Medicon"), through a share redemption (the "Medicon Acquisition"). Medicon was a joint venture company equally-owned by the company and Kobayashi and was a distributor of Bard's products in Japan. As a result of the Medicon Acquisition, the company now owns 100% of the outstanding shares of Medicon. The acquisition provides the company with greater control over its operations in Japan. The total consideration of $138.0 million, denominated in Japanese Yen, included an up-front cash payment of approximately $24.9 million at closing; the present value of future payments totaling approximately $65.8 million; settlement of an accounts receivable balance due from Medicon of $42.0 million; and the fair value of an off-market supply contract of $5.3 million. The future payments will be paid in Japanese Yen over a 10 year period, subject to exchange rate fluctuations. At December 31, 2015, future payments of $50.3 million were recorded to other long-term liabilities, of which $39.5 million will be paid out by December 31, 2021.

The fair value of the purchase consideration for the Medicon Acquisition was $88.4 million. In addition, the company recorded an expense of $49.6 million ($33.5 million after tax) to other (income) expense, net, related to the settlement of a pre-existing contractual relationship, which included a management fee provision. The settlement amount was calculated as the present value of the differential between the forecasted payments under the pre-existing contract and those of an at-market contract. Immediately prior to the Medicon Acquisition, the fair value of the company's existing 50% ownership share in Medicon of $46.4 million was determined using the present value of expected future cash flows. In connection with the fair value measurement of this ownership share, the company recorded a gain of $25.5 million to other (income) expense, net.

The Medicon 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 and the liabilities assumed results in the recognition of: customer relationships of $13.0 million; other intangible assets of $4.0 million, primarily related to regulatory assets; other net assets of $93.0 million, primarily consisting of inventory, accounts receivable, financial instruments, and pension obligations; and deferred tax liabilities of $8.8 million, primarily associated with intangible assets. An IPR&D asset of $11.9 million was recorded for the ongoing clinical trials required to obtain regulatory approval for certain of Bard's products in the Japanese health care market. The fair value of the IPR&D asset was determined utilizing the replacement cost method. The excess of the purchase price over fair value of the acquired net assets was recorded as goodwill of $21.7 million. The goodwill recognized includes the value of Medicon's assembled workforce and expected other cost

C. R. BARD, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

synergies. A portion of the goodwill is deductible for tax purposes. Customer relationships and other intangibles assets are being amortized over their weighted average estimated useful lives of approximately 12 years and 10 years, respectively. The company incurred acquisition-related transaction costs of $2.4 million, which were expensed to marketing, selling and administrative expense. The company has not yet finalized the purchase accounting, which may be adjusted as further information about conditions existing at the acquisition date become available.

Prior to the Medicon Acquisition, the company accounted for the joint venture under the equity method of accounting. The company recorded sales to Medicon of $139.6 million for the period from January 1, 2015 through November 1, 2015 and $156.3 million for each of the years ended 2014 and 2013. The company eliminated the intercompany profits on sales to Medicon until Medicon sold the company's products to a third party. The company recorded equity losses of $0.4 million for the period from January 1, 2015 through November 1, 2015 and $0.3 million for the year ended 2014, and equity income of $1.0 million for the year ended 2013. There were no dividends received from Medicon in 2015. The company received dividends from Medicon of $1.5 million and $1.6 million for the years ended December 31, 2014 and 2013, respectively. The company's investment in Medicon was $21.3 million at December 31, 2014. Included in accounts receivable were trade receivables due from Medicon for purchases of its products of $39.5 million at December 31, 2014.

On July 1, 2015, the company acquired all of the outstanding shares of Vascular Pathways, Inc. ("VPI"), a privately-held developer and supplier of vascular access devices. VPI manufactures the AccuCath® Intravenous Catheter System, a United States Food and Drug Administration cleared device that enables rapid and safe peripheral intravenous ("PIV") insertion. This acquisition allows the company to expand its wire-assist PIV technology platform to address unmet clinical needs and will supplement its intellectual property portfolio for wire-assist vascular access devices. The total purchase consideration of $81.5 million included the fair value of future contingent consideration of up to $15 million, which is based on specific revenue-based and manufacturing-related milestones. The fair value of the future contingent consideration was determined by utilizing a probability weighted cash flow estimate adjusted for the expected timing of the payment and was not material as of the acquisition date. 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 and the liabilities assumed results in the recognition of: developed technologies of $65.0 million; deferred tax liabilities of $24.8 million, primarily associated with intangible assets; deferred tax assets of $9.9 million, consisting primarily of net operating loss carryforwards; and other net liabilities of $11.0 million. The excess of the purchase price over fair value of the acquired net assets was recorded as goodwill of $42.4 million. The goodwill recognized includes the value of future product applications for wire-assist vascular access devices that did not meet the criteria for separate recognition of IPR&D and provides for call point synergies within the company's sales organization. The goodwill is not deductible for tax purposes. Developed technologies are being amortized over their estimated useful lives of approximately 12 years. The company incurred acquisition-related transaction costs of $2.2 million, of which $1.2 million were expensed to marketing, selling and administrative expense and $1.0 million were expensed to research and development expense. The company has not yet finalized the purchase accounting, which may be adjusted as further information about conditions existing at the acquisition date become available.

On November 14, 2013, the company acquired all of the outstanding shares of Rochester Medical Corporation ("Rochester Medical"), a publicly-held developer and supplier of silicone urinary incontinence and urine drainage products, for a purchase price of $262.3 million. Rochester Medical's products expanded Bard's global urology product portfolio and included an intermittent self catheter product line as well as other products used to treat male urinary incontinence. 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 and the liabilities assumed resulted in the recognition of: developed technologies of $145.1 million; other intangible assets

of $26.8 million, primarily consisting of a license; deferred tax liabilities of $63.1 million, primarily associated with intangible assets; cash of $26.0 million; property, plant and equipment of $21.7 million; deferred tax assets of $9.4 million, consisting primarily of net operating loss carryforwards; and other net assets of $4.7 million. An IPR&D asset of $7.6 million was also recorded for the development of compact intermittent catheters. The fair value of the IPR&D asset was determined based upon the present value of expected future cash flows adjusted for the probability of technological and commercial risk, utilizing a risk-adjusted discount rate of 14%. The excess of the purchase price over fair value of the acquired net assets was recorded as goodwill of $84.1 million. The goodwill recognized includes the value of future applications for expanding the homecare urological product portfolio that did not meet the criteria for separate recognition of IPR&D. Additionally, synergies are expected to result from the alignment of sales call points within the company's sales organization. The goodwill is not deductible for tax purposes. Developed technologies and other intangible assets are being amortized over their weighted average estimated useful lives of approximately 14 years. The company incurred acquisition-related transaction costs of $1.9 million, which were expensed to marketing, selling and administrative expense. In connection with this acquisition, the company recorded a charge of $7.1 million ($4.6 million after tax) to other (income) expense, net, associated with severance-related integration costs. At December 31, 2015, the remaining liability for these costs is $0.8 million.

On October 1, 2013, the company acquired all of the outstanding shares of Medafor, Inc. ("Medafor"), a privately-held developer and supplier of plant-based hemostatic agents. Medafor's Arista® AH hemostat product provides an alternative to other commercially available hemostats, complement Bard's Progel® surgical sealant technology and allow the company to expand its presence in the global surgical hemostat market. The total purchase consideration of $206.3 million included the fair value of future contingent consideration of up to $80 million, which is based on specific revenue-based milestones through June 30, 2015. The fair value of the future contingent consideration was determined by utilizing a probability weighted cash flow estimate adjusted for the expected amount and timing of the payment and was not material as of the acquisition date. 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 and the liabilities assumed resulted in the recognition of: developed technologies of $85.6 million; deferred tax liabilities of $61.4 million, primarily associated with intangible assets; deferred tax assets of $10.9 million, consisting primarily of net operating loss carryforwards; and other net assets of $11.3 million. An IPR&D asset of $79.6 million was also recorded for the future development of hemostatic agents using Medafor's proprietary technology. The fair value of the IPR&D asset was determined based upon the present value of expected future cash flows adjusted for the probability of technological and commercial risk, utilizing a risk-adjusted discount rate of 16%. The excess of the purchase price over fair value of the acquired net assets was recorded as goodwill of $80.3 million. The goodwill recognized includes the value of future applications for projects and products that did not meet the criteria for separate recognition of IPR&D. Additionally, synergies are expected to result from expanding the market for the company's sealant and hemostat products through its sales organization and customer relationships. The goodwill is not deductible for tax purposes. Developed technologies are being amortized over their estimated useful lives of approximately 10 years. The company incurred acquisition-related transaction costs of $2.2 million, which were expensed to marketing, selling and administrative expense. In connection with this acquisition, the company recorded a charge of $4.1 million ($2.6 million after tax) to other (income) expense, net, associated with integration costs.

On August 29, 2013, the company acquired early-stage technology from 3DT Holdings LLC ("3DT"), providing the company with rights to develop and commercialize a novel technology related to peripherally inserted central catheters. 3DT received an up-front cash payment of $29.5 million and is eligible for a milestone payment of up to $5.0 million based upon regulatory product approval. The company recorded the up-front payment as a research and development expense.

C. R. BARD, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

On July 29, 2013, the company acquired all of the outstanding shares of Loma Vista Medical, Inc., a privately-held company specializing in the development and commercialization of aortic valvuloplasty products, which use noncompliant fiber-based balloon technology. The total purchase consideration of $39.4 million included an up-front cash payment of $32.5 million and the fair value of future contingent consideration of up to $8.0 million. The fair value of the assets acquired resulted in the recognition of: developed technologies of $20.6 million; deferred tax liabilities of $14.8 million, primarily associated with intangible assets; goodwill of $8.6 million; and other net assets of $4.8 million. The goodwill is not deductible for tax purposes. An IPR&D asset of $20.2 million was recorded for the development of a next generation valvuloplasty product. The fair value of the IPR&D asset was determined based upon the present value of expected future cash flows adjusted for the probability of technological and commercial risk, utilizing a risk-adjusted discount rate of 27%.

On October 10, 2014, the company announced the United States Food and Drug Administration's ("FDA") approval of the Lutonix® drug-coated PTA balloon for the treatment of vascular disease of the superficial femoral or popliteal arteries. This approval followed a unanimous favorable recommendation from the FDA Circulatory Systems Devices Advisory Panel in June 2014. The FDA's approval of the Lutonix® drug-coated PTA balloon was supported by results of the LEVANT 2 study, a prospective, randomized, single-blinded, multi-center pivotal investigational device exemption trial that compared the Lutonix® drug-coated PTA balloon to standard balloon angioplasty. Following receipt of regulatory approval, the company launched this product in the United States and made the contingent milestone payment of $100 million in October 2014 related to the acquisition of Lutonix, Inc. in December 2011.

Divestiture

On November 1, 2013, the company closed on the sale of certain assets and liabilities of its electrophysiology division (the "EP Sale") to Boston Scientific Corporation ("Boston Scientific") and received net cash proceeds of $267.4 million. The company recorded to other (income) expense, net, a gain on the sale of $213.0 million ($118.5 million after tax). As a result of this transaction, the company derecognized $38.9 million of goodwill, allocated based upon the relative fair value of EP assets. The company recorded divestiture-related charges of $17.5 million ($12.2 million after tax), primarily consisting of severance and other employee termination and consulting costs incurred in connection with the divestiture of EP. Severance costs of $6.7 million ($5.2 million after tax) were incurred during 2013. Substantially all of these costs were cash expenditures paid by the end of 2015.

The company is providing contract manufacturing and other transition services to Boston Scientific for up to five years following the closing date, with limited exceptions. Due to the company's continuing involvement in the operations of EP, the criteria for reporting the results of EP as a discontinued operation were not met.

3. Asset Impairments

During 2015 and 2014, the company recorded $4.5 million ($2.8 million after tax) and $6.8 million ($4.3 million after tax), respectively, to research and development expense for the impairment of IPR&D projects, primarily due to changes in cash flow assumptions.

During 2013, the company recorded asset impairment charges totaling $12.3 million ($9.5 million after tax). The company recorded $6.4 million ($4.9 million after tax) to other (income) expense, net, for the write-down of certain core technologies; $3.4 million ($2.2 million after tax) to research and development expense for the impairment of an IPR&D project; and $2.5 million ($2.4 million after tax) to cost of goods sold related primarily to the write-down of manufacturing related equipment and inventory.

C. R. BARD, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Asset impairment charges were measured at fair value using significant unobservable inputs that are categorized as Level 3 under the fair value hierarchy, which is described further in Note 6 of the notes to consolidated financial statements.

4. Income Taxes

The components of income from operations before income taxes for the following years ended December 31 consisted of:

(dollars in millions)	2015	2014	2013
United States	$ 550.3	$344.3	$1,291.8
Foreign	(200.9)	101.5	(78.4)
	$ 349.4	$445.8	$1,213.4

The income tax provision for the following years ended December 31 consisted of:

(dollars in millions)	2015	2014	2013
Current provision			
Federal	$196.8	$130.1	$468.5
Foreign	40.8	32.3	37.2
State	21.5	15.8	57.6
	259.1	178.2	563.3
Deferred (benefit) provision			
Federal	(18.3)	(17.8)	(29.9)
Foreign	(26.5)	(3.9)	(3.8)
State	(0.3)	(5.2)	(6.0)
	(45.1)	(26.9)	(39.7)
	$214.0	$151.3	$523.6

Deferred tax assets and deferred tax liabilities at December 31 consisted of:

(dollars in millions)	2015	2014
Deferred tax assets		
Employee benefits	$180.1	$153.6
Inventory	12.2	9.9
Receivables and rebates	29.6	30.0
Accrued expenses	165.2	232.0
Loss carryforwards and credits	81.4	76.5
Gross deferred tax assets	468.5	502.0
Valuation allowance	(51.1)	(43.9)
	417.4	458.1
Deferred tax liabilities		
Intangibles	338.8	334.5
Accelerated depreciation	16.3	21.1
Receivables and other	59.0	143.6
	414.1	499.2
	$ 3.3	$ (41.1)

C. R. BARD, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

At December 31, 2015, the company had federal net operating loss carryforwards of $54.5 million, which expire between 2026 and 2034, state net operating loss carryforwards of $400.6 million, which expire between 2016 and 2035, foreign net operating loss carryforwards of $28.3 million, which expire between 2017 and 2024, and foreign net operating loss carryforwards of $14.0 million with an indefinite life. The company also had various tax credits of $11.0 million with an indefinite life and $13.2 million that expire between 2017 and 2033.

The company records valuation allowances to reduce its deferred tax assets to the amount that it believes is more likely than not to be realized. The company considers future taxable income and the periods over which it must be earned in assessing the need for valuation allowances. In the event the company determines it would not be able to realize all or part of its net deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to expense in the period such determination was made. At December 31, 2015, the valuation allowance primarily related to state and foreign net operating loss carryforward and credits, and to certain other state deferred tax assets.

A reconciliation between the effective income tax rate and the federal statutory rate for the following years ended December 31 is:

	2015	2014	2013
Federal statutory rate	35%	35%	35%
State taxes, net of federal benefit	4%	2%	4%
Operations taxed at less than U.S. rate	24%(A)	(2)%(A)	5%(A)
Research and development tax credit	(2)%	(1)%	(1)%
	61%	34%	43%

(A) Includes the tax effects of litigation charges, net, which consist primarily of product liability claims allocated to a low tax jurisdiction.

The company's foreign tax incentives consist of incentive tax grants in Malaysia and Puerto Rico. The company's grant in Malaysia expired during 2015 and the company's grant in Puerto Rico will expire in 2028. The approximate dollar and per share effects of the Malaysian and Puerto Rican tax grants were as follows:

(dollars in millions, except per share amounts)	2015	2014	2013
Tax benefit(A)	$ 2.3	$ 7.0	$ 5.2
Per share benefit(A)	$0.03	$0.09	$0.06

(A) Litigation charges, net reduced the tax benefit recognized from the incentive tax grant in Puerto Rico.

A tax benefit from an uncertain tax position may be recognized only if it is more likely than not that the position is sustainable based on its technical merits. The tax benefit of a qualifying position is the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement with a taxing authority having full knowledge of all relevant information. A reconciliation of the gross amounts of unrecognized tax benefits, excluding interest and penalties, is as follows:

(dollars in millions)	2015	2014
Balance, January 1	$ 36.1	$ 58.0
Additions related to prior year tax positions	2.9	7.7
Reductions related to prior year tax positions	(4.8)	(13.9)
Additions for tax positions of the current year	2.1	5.1
Settlements	(12.4)	(18.1)
Lapse of statutes of limitation	(1.6)	(2.7)
Balance, December 31	$ 22.3	$ 36.1

C. R. BARD, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The company operates in multiple taxing jurisdictions and faces audits from various tax authorities regarding transfer pricing, the deductibility of certain expenses, intercompany transactions and other matters. As of December 31, 2015, the liability for unrecognized tax benefits related to federal, state and foreign taxes was $22.3 million (of which $18.8 million would impact the effective tax rate if recognized), plus $2.8 million of accrued interest. As of December 31, 2014, the liability for unrecognized tax benefits was $36.1 million plus $2.9 million of accrued interest. Interest and penalties associated with uncertain tax positions amounted to expense of $0.3 million in 2015, a credit of $0.2 million in 2014, and $1.3 million of expense in 2013.

The company is currently under examination in several tax jurisdictions and remains subject to examination until the statutes of limitation expire. Within specific countries, the company may be subject to audit by various tax authorities, and subsidiaries operating within the country may be subject to different statutes of limitation expiration dates. As of December 31, 2015, a summary of the tax years that remain subject to examination in the company's major tax jurisdictions are:

United States – federal	2011 and forward
United States – states	2008 and forward
Germany	2011 and forward
Malaysia	2009 and forward
Puerto Rico	2011 and forward
United Kingdom	2014 and forward

In 2014, the company's income tax provision was reduced by $10.9 million as a result of the completion of U.S. Internal Revenue Service ("IRS") examinations for the tax years from 2008 through 2010. Depending upon open tax examinations and/or the expiration of applicable statutes of limitation, the company believes that it is reasonably possible that the total amount of unrecognized tax benefits may decrease by up to $8.2 million within the next 12 months.

At December 31, 2015, the company did not provide for income taxes on the undistributed earnings of certain foreign operations of approximately $2.0 billion as it is the company's intention to permanently reinvest these undistributed earnings outside of the United States. Determination of the amount of unrecognized deferred tax liability related to these permanently reinvested earnings is not practicable.

5. Earnings per Common Share

Earnings per share ("EPS") is computed under the two-class method, which requires nonvested 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 EPS. Participating securities include nonvested restricted stock and units, nonvested shares or units under the management stock purchase program, and certain other nonvested stock-based awards. EPS is computed using the following common share information for the following years ended December 31:

(dollars and shares in millions)	2015	2014	2013
EPS Numerator:			
Net income attributable to common shareholders	$135.4	$294.5	$689.8
Less: Income allocated to participating securities	1.9	4.8	12.5
Net income available to common shareholders	$133.5	$289.7	$677.3
EPS Denominator:			
Weighted average common shares outstanding	74.1	75.6	79.3
Dilutive common share equivalents from share-based compensation plans	1.3	1.5	1.4
Weighted average common and common equivalent shares outstanding, assuming dilution	75.4	77.1	80.7

C. R. BARD, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

6. 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 foreign currency exchange rate fluctuations. These contracts limit volatility because gains and losses associated with foreign currency exchange rate movements are generally offset by movements in the underlying hedged item. The notional value of the company's forward currency and option currency contracts was $191.6 million and $191.1 million at December 31, 2015 and 2014, respectively.

Interest Rate Derivative Instruments

The company may use interest rate swap contracts to manage its net exposure to interest rates and to help reduce its overall cost of borrowing on certain long-term debt. The notional value of the company's outstanding interest rate swap contract was $250 million that effectively converted its 2.875% fixed-rate notes (which matured in January 2016) to a floating-rate instrument. The swap was terminated concurrent with the maturity of the underlying notes.

The company maintains a forward starting interest rate swap contract which is intended to manage its exposure to interest rate volatility in anticipation of issuing fixed-rate debt. The company's forward swap contract has a notional value of $250 million and a mandatory termination date of May 2016.

The location and fair value of derivative instruments that are designated as hedging instruments recognized in the consolidated balance sheets at December 31, are as follows:

Derivatives Designated as Hedging Instruments	Balance Sheet Location	Fair Value of Derivatives 2015	2014
(dollars in millions)			
Forward currency contracts	Other current assets	$ 2.9	$ 1.9
Option currency contracts	Other current assets	3.8	9.3
Interest rate swap contract	Other current assets	0.2	—
Interest rate swap contracts	Other assets	—	4.9
		$ 6.9	$ 16.1
Forward currency contracts	Accrued expenses	$ 6.2	$ 6.6
Interest rate swap contract	Accrued expenses	8.0	—
		$ 14.2	$ 6.6

The location and amounts of gains and losses on derivative instruments designated as cash flow hedges and the impact on shareholders' investment for the years ended December 31, are as follows:

	Gain/(Loss) Recognized in Other Comprehensive Income (Loss)			Location of Gain/(Loss) Reclassified from Accumulated Other Comprehensive Loss into Income	Gain/(Loss) Reclassified from Accumulated Other Comprehensive Loss into Income		
(dollars in millions)	2015	2014	2013		2015	2014	2013
Forward currency contracts	$ (5.1)	$(4.6)	$ 4.2	Cost of goods sold	$ (2.3)	$ 1.4	$ 3.0
Option currency contracts	10.1	6.8	(1.7)	Cost of goods sold	13.4	(2.0)	(1.8)
Interest rate swap contract	(8.2)	0.2	—	Interest expense	—	—	—
	$ (3.2)	$ 2.4	$ 2.5		$ 11.1	$ (0.6)	$ 1.2

C. R. BARD, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

At December 31, 2015, the company had losses of approximately $8.7 million in accumulated other comprehensive loss in the consolidated balance sheet that are expected to be reclassified into earnings in 2016.

The location and amounts of gains and losses on the derivative instrument designated as a fair value hedge for the years ended December 31, are as follows:

(dollars in millions)	Income Statement Location	(Loss) Recognized on Swap			Gain Recognized on Debt		
		2015	2014	2013	2015	2014	2013
Interest rate swap contract	Interest expense	$ (4.5)	$ (4.3)	$ (4.4)	$ 4.5	$ 4.3	$ 4.4

Financial Instruments Measured at Fair Value on a Recurring Basis

Fair value is defined as the exit price that would be received to sell an asset or paid to transfer a liability. Fair value is a market-based measurement that is determined using assumptions that market participants would use in pricing an asset or liability. The fair value guidance establishes a three-level hierarchy which maximizes the use of observable inputs and minimizes the use of unobservable inputs used in measuring fair value. The levels within the hierarchy range from Level 1 having observable inputs to Level 3 having unobservable inputs.

The following table summarizes certain financial instrument assets measured at fair value on a recurring basis at December 31:

(dollars in millions)	2015	2014
Forward currency contracts	$(3.3)	$(4.7)
Option currency contracts	3.8	9.3
Interest rate swap contracts	(7.8)	4.9

The fair values were measured using significant other observable inputs and valued by reference to similar financial instruments, adjusted for restrictions and other terms specific to each instrument. These financial instruments are categorized as Level 2 under the fair value hierarchy.

The fair value of the liability for contingent consideration related to acquisitions was measured using significant unobservable inputs and is categorized as Level 3 under the fair value hierarchy. The change in the liability for contingent consideration is as follows:

(dollars in millions)	2015	2014
Balance, January 1	$23.1	$ 95.7
Purchase price contingent consideration	5.7	3.0
Payments	(8.0)	(100.4)
Change in fair value of contingent consideration	(9.6)	24.8
Balance, December 31	$11.2	$ 23.1

Financial Instruments Not Measured at Fair Value

There were no commercial paper borrowings outstanding at December 31, 2015. The fair value of commercial paper borrowings of $78.0 million at December 31, 2014 approximated the carrying value.

C. R. BARD, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The estimated fair value of long-term debt including current maturities and the effect of the related swap contract was $1,449.8 million and $1,481.7 million at December 31, 2015 and 2014, respectively. The fair value was estimated using dealer quotes for similarly-rated debt instruments over the remaining contractual term of the company's obligation and is categorized as Level 2 under the fair value hierarchy.

The fair value of the future payments for the Medicon Acquisition of $66.0 million at December 31, 2015 approximated the carrying value. The fair value was estimated by discounting the future payments based upon the timing of such payments and is categorized as Level 2 under the fair value hierarchy.

Concentration Risks

The company is potentially subject to concentration of credit risk through its cash equivalents and accounts receivable. The company performs periodic evaluations of the relative credit standing of its financial institutions and limits the amount of credit exposure with any one institution. Concentrations of risk with respect to trade accounts receivable are limited due to the large number of customers dispersed across many geographic areas.

Accounts receivable balances include sales to government-supported healthcare systems outside the United States. The company monitors economic conditions and evaluates accounts receivable in certain countries for potential collection risks. Economic conditions and other factors in certain countries, particularly in Spain, Italy, Greece and Portugal, have resulted in, and may continue to result in, an increase in the average length of time that it takes to collect these accounts receivable and may require the company to re-evaluate the collectability of these receivables in future periods. At December 31, 2015, the company's accounts receivable, net of allowances, from the national healthcare systems and private sector customers in these four countries was $53.8 million, of which $7.1 million was greater than 365 days past due.

Sales to distributors, which supply the company's products to many end-users, accounted for approximately 35% of the company's net sales in 2015, and the five largest distributors combined, including the company's Medicon joint venture for the period of January 1, 2015 through November 1, 2015, accounted for approximately 61% of distributors' sales in 2015. One large distributor accounted for approximately 9% of the company's net sales in each of 2015, 2014 and 2013. This distributor represented gross receivables of approximately $45.4 million and $39.5 million as of December 31, 2015 and 2014, respectively.

7. Inventories

Inventories at December 31 consisted of:

(dollars in millions)	2015	2014
Finished goods	$252.3	$225.4
Work in process	23.8	23.5
Raw materials	137.6	127.3
	$413.7	$376.2

Consigned inventory was $53.2 million and $48.6 million at December 31, 2015 and 2014, respectively.

C. R. BARD, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

8. Other Intangible Assets

Other intangible assets at December 31 consisted of:

(dollars in millions)	2015 Gross Carrying Amount	2015 Accumulated Amortization	2014 Gross Carrying Amount	2014 Accumulated Amortization
Core and developed technologies	$1,161.6	$ (417.3)	$1,082.5	$ (333.4)
Customer relationships	150.1	(70.3)	138.9	(58.7)
In-process research and development[A]	115.7	—	132.9	—
Other intangibles	184.9	(105.6)	183.6	(91.9)
	$1,612.3	$ (593.2)	$1,537.9	$ (484.0)

[A] See Note 3 of the notes to consolidated financial statements for further discussion of IPR&D impairment charges.

Amounts capitalized as IPR&D are accounted for as indefinite-lived intangible assets until completion or abandonment of the project.

Amortization expense was $119.5 million, $108.8 million and $89.5 million 2015, 2014 and 2013, respectively. The estimated amortization expense for the years 2016 through 2020 based on the company's amortizable intangible assets as of December 31, 2015 is as follows: 2016 - $120.7 million; 2017 - $117.6 million; 2018 - $113.7 million; 2019 - $109.3 million; and 2020 - $97.0 million.

9. Debt

Long-term debt including current maturities at December 31 consisted of:

(dollars in millions)	2015	2014
1.375% notes due 2018	$ 499.8	$ 499.6
4.40% notes due 2021	498.2	497.9
2.875% notes due 2016	250.2	254.6
6.70% notes due 2026	149.8	149.8
	$1,398.0	$1,401.9

In January 2016, the company redeemed its 2.875% notes due 2016, primarily through the issuance of commercial paper.

With the exception of the 6.70% notes due 2026, the notes included in the above table are redeemable in whole or in part at any time, at the company's option at specified redemption prices or, at the holder's option, upon change of control triggering event, as defined in the applicable indenture.

In November 2015, the company amended its $750 million five-year committed syndicated bank credit facility that was scheduled to expire in November 2019. The amendment includes an increase in the aggregate principal amount of credit available under the syndicated bank credit facility to $1.0 billion and extends the commitment termination date until November 2020. The amended 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 ratings and includes a financial covenant that limits the amount of total debt to

total capitalization. At December 31, 2015, the company was in compliance with this covenant. There were no commercial paper borrowings outstanding at December 31, 2015. The company had commercial paper borrowings outstanding of $78.0 million at December 31, 2014. The weighted-average effective interest rate on commercial paper borrowings outstanding at December 31, 2014 was 0.3%.

10. Commitments and Contingencies

In the ordinary course of business, the company is subject to various legal proceedings, investigations and claims, including, for example, environmental matters, employment disputes, disputes on agreements and other commercial disputes. In addition, the company operates in an industry susceptible to significant product liability and patent legal claims. The company accounts for estimated losses with respect to legal proceedings and claims when such losses are probable and reasonably estimable. If the estimate of a probable loss is a range and no amount within the range is more likely, the company accrues the minimum amount of the range. Legal costs associated with these matters are expensed as incurred. 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 is found to be invalid or unenforceable, the company might be required to reduce the value of certain intangible assets on the company's balance sheet and to record a corresponding charge, which could be significant in amount. Many of the company's legal proceedings and claims could have a material adverse effect on its business, results of operations, financial condition and/or liquidity.

The company requires limited product warranty accruals as the majority of the company's products are intended for single use. Certain of the company's products carry limited warranties that in general do not exceed one year from sale. The company accrues estimated product warranty costs at the time of sale.

Product Liability Matters

Hernia Product Claims

As of December 31, 2015, approximately 35 federal and 60 state lawsuits involving individual claims by approximately 95 plaintiffs, as well as one putative class action in the United States, are currently pending against the company with respect to its Composix® Kugel® and certain other hernia repair implant products (collectively, the "Hernia Product Claims"). The company voluntarily recalled certain sizes and lots of the Composix® Kugel® products beginning in December 2005. In June 2007, the Composix® Kugel® lawsuits and, subsequently, other hernia repair product lawsuits, pending in federal courts nationwide were transferred into one Multidistrict Litigation ("MDL") for coordinated pre-trial proceedings in the United States District Court for the District of Rhode Island. The MDL stopped accepting new cases in the second quarter of 2014. As of December 31, 2015, all but one of the putative class actions pending against the company were dismissed. The remaining putative class action pending against the company has not been certified and seeks: (i) medical monitoring; (ii) compensatory damages; (iii) punitive damages; (iv) a judicial finding of defect and causation; and/or (v) attorneys' fees. In April 2014, a settlement was reached with respect to the three putative Canadian class actions within amounts previously recorded by the company. Approximately 25 of the state lawsuits, involving individual claims by approximately 25 plaintiffs, are pending in the Superior Court of the State of Rhode Island, with the remainder in various other jurisdictions. The Hernia Product Claims also generally seek damages for personal injury resulting from use of the products.

The company has resolved the majority of its historical Hernia Product Claims, including through agreements or agreements in principle with various plaintiffs' law firms to settle their respective inventories of

cases. Each agreement involving the settlement of a firm's inventory of claims was subject to certain conditions, including requirements for participation in the proposed settlements by a certain minimum number of plaintiffs. In addition, the company continues to engage in discussions with other plaintiffs' law firms regarding potential resolution of unsettled Hernia Product Claims, and intends to vigorously defend Hernia Product Claims that do not settle, including through litigation. The company expects additional trials of Hernia Product Claims to take place over the next 12 months. The company cannot give any assurances that the resolution of the Hernia Product Claims that have not settled, including asserted and unasserted claims and the putative class action lawsuit, will not have a material adverse effect on the company's business, results of operations, financial condition and/or liquidity.

Women's Health Product Claims

As of December 31, 2015, product liability lawsuits involving individual claims by approximately 12,605 plaintiffs are currently pending against the company in various federal and state jurisdictions alleging personal injuries associated with the use of certain of the company's surgical continence products for women. With respect to a majority of these lawsuits, the company believes that two subsidiaries of Medtronic plc (as successor in interest to Covidien plc) ("Medtronic"), each a supplier of the company, have an obligation to defend and indemnify the company with respect to any product defect liability. As described below, in July 2015 the company reached an agreement with Medtronic regarding certain aspects of Medtronic's indemnification obligation. In addition, five putative class actions in the United States and five putative class actions in Canada have been filed against the company, and a limited number of other claims have been filed or asserted in various non-U.S. jurisdictions. The foregoing lawsuits, unfiled or unknown claims, putative class actions and other claims, together with claims that have settled or are the subject of agreements or agreements in principle to settle, are referred to collectively as the "Women's Health Product Claims". The Women's Health Product Claims generally seek damages for personal injury resulting from use of the products. The putative class actions, none of which has been certified, seek: (i) medical monitoring; (ii) compensatory damages; (iii) punitive damages; (iv) a judicial finding of defect and causation; and/or (v) attorneys' fees. In April 2015, the Ontario Superior Court of Justice dismissed the plaintiffs' motion for class certification in one Canadian putative class action. These plaintiffs may appeal this decision or may file an alternatives motion with the Ontario Superior Court to redefine the class.

In October 2010, the Women's Health Product Claims involving solely Avaulta® products pending in federal courts nationwide were transferred into an MDL in the United States District Court for the Southern District of West Virginia (the "WV District Court"), the scope of which was later expanded to include lawsuits involving all women's surgical continence products that are manufactured or distributed by the company. The first trial in a state court was completed in California in July 2012 and resulted in a judgment against the company of approximately $3.6 million. On appeal the decision was affirmed by the appellate court in November 2014. The company filed a petition for review to the California Supreme Court on December 24, 2014, which was denied on February 18, 2015. The judgment in this matter, including interest and costs, was paid on March 20, 2015 within the amounts previously recorded by the company. The first trial in the MDL commenced in July 2013 and resulted in a judgment against the company of approximately $2 million, which was upheld by the Fourth Circuit on January 14, 2016. The company does not believe that any verdicts entered to date are representative of potential outcomes of all Women's Health Product Claims. On January 16, 2014 and July 31, 2014, the WV District Court ordered that the company prepare 200 and then an additional 300 individual cases, respectively, for trial (the "WHP Pre-Trial Orders") (the timing for which is currently unknown). The WHP Pre-Trial Orders resulted in significant additional litigation-related defense costs beginning in the second quarter of 2014 and continuing through the second quarter of 2015. In February 2015, the WV District Court appointed a Special Master to assist with settlement resolution. In June 2015, the WV District Court issued an order staying

the requirement to prepare a significant portion of the cases covered by the WHP Pre-Trial Orders, which stay could be modified at the court's discretion. The WHP Pre-Trial Orders may result in material additional cost in future periods in defending Women's Health Product Claims. The WV District Court may also order that the company prepare additional cases for trial, which could result in material additional costs in future periods.

As of December 31, 2015, the company has reached agreements or agreements in principle with various plaintiffs' law firms to settle their respective inventories of cases totaling approximately 6,845 Women's Health Product Claims, including approximately: 560 during 2014 and 6,285 during 2015. The company believes that these Women's Health Product Claims are not the subject of Medtronic's indemnification obligation. These settlement agreements and agreements in principle include unfiled and previously unknown claims held by various plaintiffs' law firms, which have not been included in the approximate number of lawsuits set forth in the first paragraph of this section. Each agreement is subject to certain conditions, including requirements for participation in the proposed settlements by a certain minimum number of plaintiffs. The company continues to engage in discussions with other plaintiffs' law firms regarding potential resolution of unsettled Women's Health Product Claims, which may include additional inventory settlements. Notwithstanding these settlement efforts, the company anticipates additional trials over the next 12 months, including one currently scheduled during the first quarter of 2016. In addition, one or more possible consolidated trials may occur in the future.

In July 2015, as part of the agreement noted above, Medtronic agreed to take responsibility for pursuing settlement of certain of the Women's Health Product Claims that relate to products distributed by the company under supply agreements with Medtronic and the company agreed to pay Medtronic $121 million towards these potential settlements, of which approximately $81 million has been paid as of December 31, 2015. The company also may, in its sole discretion, transfer responsibility for settlement of additional Women's Health Product Claims to Medtronic on similar terms. The agreement does not resolve the dispute between the company and Medtronic with respect to Women's Health Product Claims that do not settle, if any. As part of the agreement, Medtronic and the company agreed to dismiss without prejudice their previously filed litigation with respect to Medtronic's obligation to defend and indemnify the company.

The approximate number of lawsuits set forth in the first paragraph of this section does not include approximately 670 generic complaints involving women's health products where the company cannot, based on the allegations in the complaints, determine whether any of those cases involve the company's women's health products. In addition, the approximate number of lawsuits set forth in the first paragraph of this section does not include approximately 1,060 claims that have been threatened against the company but for which complaints have not yet been filed. In addition, the company has limited information regarding the nature and quantity of these and other unfiled or unknown claims. During the course of engaging in settlement discussions with plaintiffs' law firms, the company has learned, and may in future periods learn, additional information regarding these and other unfiled or unknown claims, or other lawsuits, which could materially impact the company's estimate of the number of claims or lawsuits against the company. While the company continues to engage in discussions with other plaintiffs' law firms regarding potential resolution of unsettled Women's Health Product Claims and intends to vigorously defend the Women's Health Product Claims that do not settle, including through litigation, it cannot give any assurances that the resolution of these claims will not have a material adverse effect on the company's business, results of operations, financial condition and/or liquidity.

Filter Product Claims

As of December 31, 2015, product liability lawsuits involving individual claims by approximately 95 plaintiffs are currently pending against the company in various federal and state jurisdictions alleging personal injuries associated with the use of the company's vena cava filter products (all lawsuits, collectively, the "Filter Product Claims"). In August 2015, the Judicial Panel for Multi-District Litigation ("JPML") ordered the creation

of a Multi-District Litigation for all federal Filter Product Claims (the "IVC Filter MDL") in the District of Arizona. There are approximately 80 lawsuits that have been, or shortly will be, transferred to the IVC Filter MDL. The remaining approximately 15 lawsuits are pending in various state courts across the country. The first Filter Product Claim trial was completed in June 2012 and resulted in a judgment for the company. During the second quarter of 2013, the company finalized settlement agreements with respect to more than 30 Filter Product Claims and made payments with respect to such claims within the amounts previously recorded by the company. The approximate number of lawsuits set forth above do not include approximately 130 claims that have been threatened against the company but for which complaints have not yet been filed. In addition, the company has limited information regarding the nature and quantity of these and other unfiled or unknown claims. The company continues to receive claims and lawsuits and may in future periods learn additional information regarding other unfiled or unknown claims, or other lawsuits, which could materially impact the company's estimate of the number of claims or lawsuits against the company. The company expects additional trials of Filter Product Claims may take place over the next 12 months. While the company intends to vigorously defend Filter Product Claims that do not settle, including through litigation, it cannot give any assurances that the resolution of these claims will not have a material adverse effect on the company's business, results of operations, financial condition and/or liquidity.

General

In most product liability litigations (like those described above), plaintiffs allege 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. In many of these cases, the company has not yet received and reviewed complete information regarding the plaintiffs and their medical conditions and, consequently, is unable to fully evaluate the claims. The company expects that it will receive and review additional information regarding any remaining unsettled product liability matters.

The company believes that some settlements and judgments, as well as some legal defense costs, relating to product liability matters are or may be covered in whole or in part under its product liability insurance policies with a limited number of insurance carriers, or, in some circumstances, indemnification obligations to the company from other parties. In certain circumstances, insurance carriers reserve their rights with respect to coverage, or contest or deny coverage, as has occurred with respect to certain claims. In addition, other parties may dispute their indemnification obligations to the company with respect to certain claims. When either of these occur, the company intends to vigorously contest disputes with respect to its insurance coverage or indemnification and to enforce its rights, and accordingly, will record expected recoveries with respect to amounts due under these policies or arrangements, when recovery is probable. Amounts recovered under the company's product liability insurance policies or indemnification arrangements may be less than the stated coverage limits or less than otherwise expected and may not be adequate to cover damages and/or costs relating to claims. In addition, there is no guarantee that insurers or other parties will pay claims or that coverage or indemnity will be otherwise available.

The company's insurance coverage with respect to the Hernia Product Claims has been exhausted. The company continues to evaluate its available insurance coverage as it relates to Women's Health Product Claims and Filter Product Claims.

Other Legal Matters

Since early 2013, the company has received subpoenas or Civil Investigative Demands from a number of State Attorneys General seeking information related to the sales and marketing of certain of the company's products that are the subject of the Hernia Product Claims and the Women's Health Product Claims. The

company is cooperating with these requests. Since it is not feasible to predict the outcome of these proceedings, the company cannot give any assurances that the resolution of these proceedings will not have a material adverse effect on the company's business, results of operations, financial condition and/or liquidity.

In November 2015, the Department of Defense Inspector General issued an investigative subpoena to the company. The Department of Health and Human Services is also participating in this investigation. The subpoena seeks documents related to the company's sales and marketing of certain filter products, drug coated balloon catheters, and peripheral arterial disease detection products. The company is cooperating with these requests. Since it is not feasible to predict the outcome of these proceedings, the company cannot give any assurances that the resolution of these proceedings will not have a material adverse effect on the company's business, results of operations, financial condition and/or liquidity.

In December 2007, a U.S. District Court (the "AZ 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 "135 patent"). The jury upheld the validity of the company's patent and awarded the company $185 million in past damages. The jury also found that Gore willfully infringed the patent. In March 2009, the AZ District Court doubled the jury award to approximately $371 million for damages through June 2007. The AZ District Court also awarded the company attorneys' fees of $19 million and prejudgment interest of approximately $20 million. In July 2010, the AZ District Court awarded the company approximately $109 million in additional damages for the period from July 2007 through March 2009. The AZ District Court also assessed a royalty rate of between 12.5% and 20%, depending on the product, that is being used to calculate damages for Gore's infringing sales from April 2009 through the expiration of the patent.

Gore appealed this matter to the Court of Appeals for the Federal Circuit (the "Court of Appeals"), which on February 10, 2012 affirmed the decision of the AZ District Court. Gore filed a petition with the Court of Appeals for a rehearing of its appeal, which reaffirmed its February 10, 2012 decision on June 14, 2012, with the exception of the issue of willfulness with respect to Gore's infringement of the 135 patent, which was remanded to the AZ District Court for further consideration. On October 12, 2012, Gore filed a petition for a writ of certiorari to the U.S. Supreme Court requesting a review of the portion of the decision that the Court of Appeals reaffirmed. The U.S. Supreme Court denied Gore's petition on January 14, 2013.

On October 16, 2013, the AZ District Court, in connection with the remand by the Court of Appeals, denied Gore's motion for entry of a judgment holding that Gore's infringement was not willful and Gore's motion for a new trial. The AZ District Court granted the company's motion to execute on the judgment, holding that all aspects of the judgment relating to infringement were "final and non-appealable." The AZ District Court continued its stay on the execution of the judgment with respect to willfulness and the related enhanced damages.

On November 1, 2013, Gore paid to the company $894.3 million in cash, the total amount of the compensatory damages for infringement, including pre- and post-judgment interest, and the royalties accrued through September 30, 2013. On December 5, 2013, Gore filed an appeal in the Court of Appeals on all of the AZ District Court's rulings. On January 13, 2015, the Court of Appeals affirmed the decision of the AZ District Court regarding its determination that the company established standing and that the 135 patent was willfully infringed. On February 12, 2015, Gore filed a petition for rehearing en banc at the Court of Appeals on the issue of willfulness, which was denied by the Court of Appeals on April 8, 2015. On May 1, 2015, Gore paid to the company $210.5 million in cash, representing the total amount of the enhanced damages awarded by the AZ District Court due to Gore's willfulness and an audit adjustment related to Gore's infringing sales and the payment of royalties through September 30, 2013. Amounts received from Gore in May 2015 and previously in November 2013 are collectively referred to as the "Gore Proceeds". On July 7, 2015, Gore filed a petition for a writ of certiorari to the U.S. Supreme Court requesting a review of the decision that the 135 patent was infringed. On October 5, 2015, the U.S. Supreme Court denied Gore's petition and their decision is final and non-appealable.

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As of the third quarter of 2013, the company considered both the compensatory damages and the enhanced damages and the royalty awards to be contingent gains. In the fourth quarter of 2013, the company recorded a gain of $894.3 million ($557.4 million after tax) to other (income) expense, net, based on the AZ District Court's October 2013 rulings and the company's receipt of the 2013 portion of the Gore Proceeds. In the second quarter of 2015, the company recorded a gain of $210.5 million ($131.7 million after tax) to other (income) expense, net, based on the AZ District Court's April 2015 ruling and the company's receipt of the 2015 portion of the Gore Proceeds and an adjustment related to an audit of Gore's infringing sales and the payment of royalties through September 30, 2013. In 2015, the company received $150.1 million of royalty payments from Gore representing Gore's calculation of royalties for its infringing sales for the quarters ended December 31, 2014 through September 30, 2015. These royalty payments and an adjustment of $1.3 million related to an audit of Gore's infringing sales and the payment of royalties from October 1, 2014 to March 31, 2015 were recorded to revenue during 2015. In addition, in January 2016, the company received $38.4 million from Gore, representing Gore's calculation of royalties for its infringing sales for the quarter ended December 31, 2015. This royalty payment will be recorded to revenue in the first quarter of 2016. The company has received cumulative proceeds from Gore of $1,446.4 million.

The company cannot give any assurances that royalties for Gore's future infringing sales will remain at or near historical levels.

In an unrelated matter, Gore filed suit in June 2011 in the U.S. District Court in Delaware alleging the company had infringed on several of Gore's patents. Fact and expert discovery have been completed and in the fourth quarter of 2014, the parties both filed a number of motions, including motions for summary judgment. Oral arguments on the motions occurred on January 30, 2015. In December 2015, the Delaware District Court granted the company's motion of no willful infringement, thereby eliminating Gore's request for enhanced damages. The Company's summary judgment motion of laches (undue delay) remains pending, which could impact the total potential damages period. In the third quarter of 2015 the company filed a motion to dismiss a significant portion of Gore's damages claim because Gore lacks proper standing. The trial on this matter has been continued until the middle of 2016. The company intends to vigorously defend the allegations asserted by Gore. The company cannot give any assurances that an adverse resolution of this matter will not have a material adverse effect on the company's business, results of operations, financial condition and/or liquidity.

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 various federal laws including 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 or foreign 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 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. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study and are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable. 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

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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 condition and/or liquidity. However, one or more of the proceedings could be material to the company's business and/or results of operations.

Litigation Reserves

The company regularly monitors and evaluates the status of product liability and other legal matters, and may, from time-to-time, engage in settlement and mediation discussions taking into consideration developments in the matters and the risks and uncertainties surrounding litigation. These discussions could result in settlements of one or more of these claims at any time.

In the second quarter of 2013, the company recorded a charge, net of estimated recoveries to other (income) expense, net, of approximately $293.0 million ($276.0 million after tax) related to certain of the product liability matters discussed above under the heading "Product Liability Matters". The company recorded this charge after evaluating these matters based on information then currently available, including but not limited to: the allegations and documentation supporting or refuting such allegations; publicly available information regarding similar medical device mass tort settlements; historical information regarding other product liability settlements involving the company; and the procedural posture and stage of litigation. In the fourth quarter of 2013, based on information then available regarding these and other factors, including but not limited to: the increase in the number of claims; the estimate of Women's Health Product Claims; the settlement of claims both by the company and by other manufacturers subject to product liability claims with respect to similar products; and settlements subject to negotiation during the quarter, the company recorded an additional charge, net of estimated recoveries, of approximately $108.0 million ($92.0 million after tax).

In the second quarter of 2014, the company recorded an additional charge related to these matters, net of estimated recoveries to other (income) expense, net, of approximately $259.0 million ($238.0 million after tax). The company recorded this charge based on additional information obtained during the quarter, including with respect to the factors noted above. Specifically, the company considered its discussions with plaintiffs' counsel, the increase in the rate of claims being filed (which led the company to increase its estimate of Women's Health Product Claims), and the value, number of cases and nature of the inventory of cases with respect to the recent settlements of claims by the company and other manufacturers.

In the second quarter of 2015, the company recorded an additional charge related to these matters, net of estimated recoveries to other (income) expense, net, of approximately $337.0 million ($325.0 million after tax). The company recorded this charge based on additional information obtained during the quarter, including with respect to the factors noted above. Specifically the company considered the agreement and the agreement in principle by the company to settle approximately 2,880 Women's Health Product Claims, the involvement of the Special Master in settlement resolution, additional settlements by other manufacturers subject to product liability claims with respect to similar products, and the continued rate of claims being filed (which led the company to increase its estimate of Women's Health Product Claims).

In the third quarter of 2015, the company recorded an additional charge related to these matters to other (income) expense, net, of approximately $241.0 million ($228.0 million after tax). The company recorded this charge based on additional information obtained with respect to the quarter, including with respect to the factors noted above. Specifically, the company considered the agreements and the agreement in principle by the company to settle approximately 3,030 Women's Health Product Claims, discussions with plaintiffs' counsel, additional information learned regarding the nature and quantity of unfiled and unknown claims (which led the company to increase its estimate of Women's Health Product Claims), a reconciliation of claims in connection with settlements, additional settlements by other manufacturers subject to product liability claims with respect to similar products, the rate of claims being filed, and the creation of the IVC Filter MDL.

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These charges recognized the estimated costs for the product liability matters discussed above, including (with respect to such matters) filed and an estimate of unfiled and unknown claims, and costs to administer the settlements related to such matters. These charges exclude any costs associated with the putative class action lawsuits in the United States.

The company cannot give any assurances that the actual costs incurred with respect to these product liability matters will not exceed the related amounts accrued. With respect to product liability claims that are not resolved through settlement, the company intends to vigorously defend against such claims, including through litigation. The company cannot give any assurances that the resolution of any of its product liability matters, including filed, unfiled and unknown claims and the putative class action lawsuits, will not have a material adverse effect on the company's business, results of operations, financial condition and/or liquidity.

Accruals for product liability and other legal matters amounted to $1,174.3 million, of which $516.5 million was recorded to accrued expenses, and $1,041.5 million, of which $101.7 million was recorded to accrued expenses, at December 31, 2015 and December 31, 2014, respectively. The company has made total payments of $387.2 million to qualified settlement funds ("QSFs"), subject to certain settlement conditions, for certain product liability matters, of which $137.7 million were made to QSFs during 2015. Payments to QSFs are recorded as a component of restricted cash. Total payments of $308.7 million from these QSFs have been made to qualified claimants, of which $106.7 million were made during 2015. In addition, other payments of $62.5 million have been made to qualified claimants, of which $21.8 million were made during 2015.

The company recorded expected recoveries related to product liability matters amounting to $132.8 million, of which $132.1 million was recorded to other assets, and $379.3 million, of which $358.9 million was recorded to other assets, at December 31, 2015 and December 31, 2014, respectively. A substantial amount of these recoveries at December 31, 2014 were the subject of a dispute with Medtronic, which had contested, at least in part, its obligation to defend and indemnify the company. The decrease in expected recoveries is primarily due to the agreement with Medtronic entered into in July 2015 regarding certain aspects of Medtronic's indemnification obligation. The terms of the company's agreement with Medtronic are substantially consistent with the assumptions underlying, and the manner in which, the company has recorded expected recoveries related to the indemnification obligation. The expected recoveries at December 31, 2015 related to the indemnification obligation are not in dispute with respect to claims that Medtronic settles pursuant to the agreement. As described above, the agreement does not resolve the dispute between the company and Medtronic with respect to Women's Health Product Claims that do not settle, if any, and the company also may, in its sole discretion, transfer responsibility for settlement of additional Women's Health Product Claims to Medtronic on similar terms.

The company is unable to estimate the reasonably possible losses or range of losses, if any, arising from certain existing product liability matters and other legal matters. Under U.S. generally accepted accounting principles, an event is "reasonably possible" if "the chance of the future event or events occurring is more than remote but less than likely" and an event is "remote" if "the chance of the future event or events occurring is slight". With respect to putative class action lawsuits in the United States relating to product liability matters, the company is unable to estimate a range of reasonably possible losses for the following reasons: (i) all or certain of the proceedings are in early stages; (ii) the company has not received and reviewed complete information regarding all or certain of the plaintiffs and their medical conditions; and/or (iii) there are significant factual issues to be resolved. In addition, there is uncertainty as to the likelihood of a class being certified or the ultimate size of the class. In addition, with respect to the Civil Investigative Demands from a number of State Attorneys General and other legal matters, the company is unable to estimate a range of reasonably possible losses for the following reasons: (i) all or certain of the proceedings are in early stages; and/or (ii) there are significant factual issues to be resolved.

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The company is committed under noncancelable operating leases involving certain facilities and equipment. The minimum annual rentals under the terms of these leases are as follows: 2016 - $33.1 million; 2017 - $25.6 million; 2018 - $21.2 million; 2019 - $15.8 million; 2020 - $12.3 million and thereafter - $44.7 million. Total rental expense for operating leases approximated $31.7 million in 2015, $32.3 million in 2014 and $29.4 million in 2013.

11. Share-Based Compensation Plans

The company may grant a variety of share-based payments under the 2012 Long Term Incentive Plan of C. R. Bard, Inc., as amended and restated (the "LTIP") and the 2005 Directors' Stock Award Plan of C. R. Bard, Inc., as amended and restated (the "Directors' Plan") to certain directors, officers and employees. At the company's Annual Meeting of Shareholders on April 15, 2015, the shareholders authorized an additional 1,500,000 shares for issuance under the LTIP. The total number of remaining shares at December 31, 2015 that may be issued under the LTIP was 5,377,565 and under the Directors' Plan was 26,102. Awards under the LTIP 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 also has two employee stock purchase programs.

Amounts charged against income for share-based payment arrangements were $81.8 million for 2015, $71.4 million for 2014 and $61.5 million for 2013. The related income tax benefit recognized in income for share-based payment arrangements was $27.7 million for 2015, $24.2 million for 2014 and $21.5 million for 2013.

As of December 31, 2015, there were $127.1 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 two years. The company has sufficient shares to satisfy expected share-based payment arrangements in 2016.

Stock Options - The company grants stock options to certain employees and may grant stock options to directors with exercise prices equal to the average of the high and low prices of the company's common stock on the date of grant. These stock option awards generally have requisite service periods of up to four years, and ten-year contractual terms. Certain stock option awards granted in prior years provided for accelerated vesting after a minimum of two years subject to performance conditions, which were met. Summarized information regarding total stock option activity and amounts for the year ended December 31, 2015 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (millions)
Outstanding - January 1	4,357,926	$107.74		
Granted	645,252	185.77		
Exercised	(1,000,973)	89.17		
Canceled/forfeited	(83,770)	133.76		
Outstanding - December 31	3,918,435	$124.77	6.9	$ 253.4
Exercisable	2,279,119	$ 99.27	5.4	$ 205.5

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The company uses a binomial-lattice option valuation model to estimate the fair value of stock options. The assumptions used to estimate the fair value of the company's stock option grants for the following years ended December 31 are:

	2015	2014	2013
Dividend yield	0.5%	0.6%	0.7%
Risk-free interest rate	1.3%	1.2%	1.6%
Expected option life in years	6.5	6.5	6.5
Expected volatility	21%	21%	21%
Option fair value	$40.94	$35.69	$29.83

Compensation expense related to stock options was $22.6 million, $19.4 million and $15.9 million for the years ended December 31, 2015, 2014 and 2013, respectively. At December 31, 2015, there were $41.5 million of total unrecognized compensation costs related to nonvested stock options. These costs are expected to be recognized over a weighted-average period of approximately two years. During the years ended December 31, 2015, 2014 and 2013, 730,082, 709,882 and 946,698 options, respectively, vested with a weighted-average fair value of $26.11, $23.07 and $20.69, respectively. The total intrinsic value of stock options exercised during 2015, 2014 and 2013 was $94.6 million, $95.7 million and $78.0 million, respectively.

Cash received from stock option exercises for the years ended December 31, 2015, 2014 and 2013 was $89.4 million, $120.9 million and $135.5 million, respectively. The actual tax benefit realized for the tax deductions from option exercises was $32.1 million, $32.2 million and $26.7 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Restricted Stock and Units - Restricted stock awards entitle employees to voting and dividend rights. Restricted stock units entitle employees to dividend rights. Certain restricted stock awards have performance features. Restricted stock and unit grants have requisite service periods of between four to five years. Compensation expense related to restricted stock and units was $23.8 million, $21.7 million and $20.0 million for the years ended December 31, 2015, 2014 and 2013, respectively. At December 31, 2015, there were $40.1 million of total unrecognized compensation costs related to nonvested restricted stock and unit awards. These costs are expected to be recognized over a weighted-average period of approximately two years. The activity in the nonvested restricted stock and unit awards for the year ended December 31, 2015 is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding - January 1	646,695	$ 116.99
Granted	136,765	185.63
Vested	(300,667)	99.88
Forfeited	(11,120)	134.96
Outstanding - December 31	471,673	$ 147.39

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Other Restricted Stock Units - Certain other restricted stock units have requisite service periods of between four and seven years. No voting or dividend rights are associated with these grants until the underlying shares are issued upon vesting. Compensation expense related to these awards was $7.3 million, $7.1 million and $10.0 million for the years ended December 31, 2015, 2014 and 2013, respectively. At December 31, 2015, there were $25.2 million of total unrecognized compensation costs related to these nonvested restricted stock unit awards. These costs are expected to be recognized over a weighted-average period of approximately four years. The activity in the nonvested restricted stock unit awards for the year ended December 31, 2015 is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding - January 1	460,835	$ 99.83
Granted	85,292	169.95
Vested	(86,880)	91.14
Forfeited	(52,467)	108.08
Outstanding - December 31	406,780	$ 115.33

Performance Restricted Stock Units - In the first quarter of each of 2015, 2014 and 2013, the company granted performance restricted stock units to certain officers. These units have requisite service periods of three years and have no dividend rights. Compensation expense related to performance restricted stock units was $14.9 million, $12.7 million and $6.6 million for the years ended December 31, 2015, 2014 and 2013, respectively. At December 31, 2015, there were $13.1 million of total unrecognized compensation costs related to nonvested performance restricted stock units. These costs are expected to be recognized over a weighted-average period of approximately two years. The actual payout of these units varies based on the company's performance over the three-year period based on pre-established targets over the period and a market condition modifier based on total shareholder return ("TSR") compared to an industry peer group. The actual payout under these awards may exceed an officer's target payout; however, compensation cost initially recognized assumes that the target payout level will be achieved and may be adjusted for subsequent changes in the expected outcome of the performance-related condition. The fair values of these units are based on the market price of the company's stock on the date of the grant and use a Monte Carlo simulation model for the TSR component. The fair values of the TSR components of the 2015, 2014 and 2013 grants were estimated based on the following assumptions: risk-free interest rate of 0.86%, 0.70% and 0.42%, respectively; dividend yield of 0.51%, 0.62% and 0.81%, respectively; and expected life of approximately 2.8 years for the 2015 grant and 2.9 years for each of the 2014 and 2013 grants. At December 31, 2015 and 2014, there were 304,751 and 324,247 nonvested performance restricted stock units outstanding, respectively.

Other Stock-Based Awards - The company grants stock awards to directors. Shares have been generally distributed to a director annually and have a requisite service period of three years. The fair value of these awards is charged to compensation expense over the directors' terms. Restrictions limit the sale or transfer of these awards until the awarded stock vests and for certain awards until an additional two-year period lapses. There are voting and dividend rights associated with these awards. Compensation expense related to these stock awards was $0.8 million, $0.9 million and $0.8 million for the years ended December 31, 2015, 2014 and 2013, respectively. At December 31, 2015, there were $0.3 million of total unrecognized compensation costs related to nonvested other stock-based awards. These costs are expected to be recognized over a weighted-average period of approximately three years. At December 31, 2015 and 2014, nonvested other stock-based awards of 13,741 and 13,053 shares, respectively, were outstanding.

Management Stock Purchase Program - The company maintains a management stock purchase program under the Plan (together with a predecessor stock purchase plan, the "MSPP"). Under the MSPP, employees at a specified

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

level may purchase, with their eligible annual bonus, common stock units at a 30% discount from the lower of the price of the common stock on July 1 of the previous year or on the date of purchase, which occurs on the date bonuses are approved by the Board of Directors. Employees make an election on or before June 30 of the previous year as to the percentage of their eligible annual bonus that will be used to purchase common stock units under the MSPP. The company's predecessor plan provided for the purchase of shares of the company's common stock. Employees are required to allocate at least 25% of their eligible annual bonuses to purchase common stock units under the MSPP to the extent they have not satisfied certain stock ownership guidelines. MSPP shares or units are restricted from sale or transfer for four years from the purchase date. Only shares or units corresponding to the 30% discount are forfeited if the employee's employment terminates prior to the end of the four-year vesting period. Dividends or dividend-equivalents are paid on MSPP shares or units, and the participant has the right to vote all MSPP shares. The activity in the MSPP for the year ended December 31, 2015 is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding - January 1	196,567	$ 33.33
Purchased	56,552	51.88
Vested	(47,631)	27.94
Forfeited	(7,491)	39.29
Outstanding - December 31	197,997	$ 39.70

The company uses the Black-Scholes model, as a result of the option-like features of the MSPP, to estimate the expense associated with anticipated MSPP purchases. Compensation expense is recognized over a period that will end four years after purchase. The assumptions used for the following years ended December 31 are:

	2015	2014	2013
Dividend yield	0.6%	0.6%	0.8%
Risk-free interest rate	0.16%	0.07%	0.10%
Expected life in years	0.6	0.6	0.6
Expected volatility	17%	20%	15%
Fair value	$60.47	$51.82	$37.20

Compensation expense related to this program was $9.2 million, $6.7 million and $5.7 million for the years ended December 31, 2015, 2014 and 2013, respectively. At December 31, 2015, there were $6.9 million of total unrecognized compensation costs related to nonvested MSPP shares and units. These costs are expected to be recognized over a weighted-average period of approximately three years.

Employee Stock Purchase Plan - Under the Employee Stock Purchase Plan of C. R. Bard, Inc. as Amended and Restated ("ESPP"), domestic employees and certain foreign employees can purchase Bard stock at a 15% discount to the lesser of the market price on the beginning or ending date of the six-month periods ending June 30 and December 31 of each year. Participants in the ESPP may elect to make after-tax payroll deductions of 1% to 10% of compensation as defined by the plan up to the stated maximum of $20,000 per year. The ESPP is intended to meet the requirements of Section 423 of the Internal Revenue Code of 1986, as amended. At December 31, 2015, 280,224 shares were available for purchase under the ESPP. Employee payroll deductions are for six-month periods beginning each January 1 and July 1. Shares of the company's common stock are purchased on June 30 or December 31 or the following business day, unless either the purchase of such shares was delayed at the election of the participant or the participant's employment was terminated. Purchased shares are restricted for sale or transfer for a six-month period. All participant funds received prior to the ESPP purchase dates are held as company liabilities without interest or other increment. No dividends are paid on employee contributions until shares are purchased.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The company values the ESPP purchases utilizing the Black-Scholes model. The weighted average assumptions used for the following years ended December 31 are:

	2015	2014	2013
Dividend yield	0.6%	0.6%	0.8%
Risk-free interest rate	0.14%	0.08%	0.11%
Expected life in years	0.5	0.5	0.5
Expected volatility	17%	18%	16%
Fair value	$33.45	$27.73	$20.08

Compensation expense related to this plan was $3.2 million, $2.9 million and $2.5 million for the years ended December 31, 2015, 2014 and 2013, respectively. For the years ended December 31, 2015 and 2014, employees purchased 107,359 and 118,313 shares, respectively.

12. 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 certain domestic and foreign employees. These plans provide benefits based upon a participant's compensation and years of service. The nonqualified plans are made up of the following arrangements: a nonqualified supplemental deferred compensation arrangement and a nonqualified excess pension deferred compensation arrangement (together, "the nonqualified plans"). The nonqualified supplemental deferred compensation arrangement provides supplemental income to key executives of the company. The benefit is determined by the accumulation of an account balance that results from a percentage of pay credit and interest. No deferrals of pay are required from participants. The balance is paid to a participant after retirement over a 15-year period. The nonqualified excess pension deferred compensation arrangement provides benefits to key employees that cannot be provided by the qualified plan due to IRS limitations.

The change in benefit obligation, change in fair value of plan assets and funded status for the plans are as follows:

(dollars in millions)	2015	2014
Benefit obligation - beginning	$ 544.0	$476.6
Service cost	30.1	27.4
Interest cost	20.2	21.2
Transfers in due to Medicon Acquisition	25.4	—
Actuarial loss (gain)	6.1	46.2
Benefits paid	(33.1)	(22.7)
Currency/other	(5.8)	(4.7)
Benefit obligation - ending	$ 586.9	$544.0
Fair value of plan assets - beginning	$ 455.6	$416.2
Actual return on plan assets	(5.1)	33.5
Company contributions	31.6	32.4
Transfers in due to Medicon Acquisition	17.9	—
Benefits paid	(33.1)	(22.7)
Currency/other	(4.3)	(3.8)
Fair value of plan assets - ending	$ 462.6	$455.6
Funded status of the plans, December 31	$(124.3)	$ (88.4)

C. R. BARD, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Defined benefit plans are an exception to the recognition and fair value measurement principles in business combinations. Defined benefit plan obligations are recognized and measured in accordance with the accounting principles for benefit plans rather than at fair value. Accordingly, the company remeasured the benefit plans sponsored by Medicon and recognized an asset or liability for the funded status of these plans as of November 2, 2015.

Foreign benefit plan assets at fair value included in the preceding table were $107.8 million and $92.5 million at December 31, 2015 and 2014, respectively. The foreign pension plan benefit obligations included in this table were $123.1 million and $97.3 million at December 31, 2015 and 2014, respectively. The benefit obligation for nonqualified plans also included in this table was $78.9 million and $77.5 million at December 31, 2015 and 2014, respectively. The nonqualified plans are generally not funded.

At December 31, 2015 and 2014, the accumulated benefit obligation for all pension plans was $526.4 million and $487.7 million, respectively. At December 31, 2015 and 2014, the accumulated benefit obligation for foreign pension plans was $105.5 million and $82.9 million, respectively. The accumulated benefit obligation for the nonqualified plans was $75.1 million and $72.9 million at December 31, 2015 and 2014, respectively.

For pension plans with benefit obligations in excess of plan assets at December 31, 2015 and 2014, the fair value of plan assets was $444.7 million and $370.5 million, respectively, and the benefit obligation was $576.3 million and $460.1 million, respectively. For pension plans with accumulated benefit obligations in excess of plan assets at December 31, 2015 and 2014, the fair value of plan assets was $7.1 million and $7.3 million, respectively, and the accumulated benefit obligation was $96.6 million and $83.1 million, respectively.

Amounts recognized in accumulated other comprehensive loss at December 31 consisted of:

(dollars in millions)	2015	2014
Net loss	$163.7	$134.9
Prior service credit	(2.7)	(3.2)
Before tax amount	$161.0	$131.7
After tax amount	$103.8	$ 85.0

The change in net loss in the above table included net losses of $41.3 million ($26.5 million after tax) and $39.6 million ($14.5 million after tax) during the years ended December 31, 2015 and 2014, respectively.

Amounts recognized in the consolidated balance sheets at December 31 consisted of:

(dollars in millions)	2015	2014
Other assets	$ 7.2	$ 1.2
Accrued compensation and benefits	(4.6)	(3.6)
Other long-term liabilities	(126.9)	(86.0)
Net amount recognized	$ (124.3)	$ (88.4)

The estimated net actuarial loss for pension benefits that will be amortized from accumulated other comprehensive loss into net pension cost over the next fiscal year is expected to be $10.4 million.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The components of net periodic benefit cost for the following years ended December 31 are:

(dollars in millions)	2015	2014	2013
Service cost, net of employee contributions	$ 29.6	$ 26.9	$ 29.9
Interest cost	20.2	21.2	18.3
Expected return on plan assets	(31.3)	(27.9)	(26.0)
Amortization of net loss	12.4	10.4	14.1
Amortization of prior service cost	(0.4)	(0.4)	(0.5)
Net periodic pension cost	$ 30.5	$ 30.2	$ 35.8

The net pension cost attributable to foreign plans included in the above table were $4.4 million, $4.2 million and $3.7 million in 2015, 2014 and 2013, respectively.

The weighted average assumptions used in determining pension plan information for the following years ended December 31 are:

	2015	2014	2013
Net Cost			
Discount rate	3.79%	4.58%	3.89%
Expected return on plan assets	7.17%	7.26%	7.27%
Rate of compensation increase	3.42%	3.49%	3.38%
Benefit Obligation			
Discount rate	4.03%	3.79%	4.58%
Rate of compensation increase	3.57%	3.42%	3.49%

Prior to 2016, the company estimated the service and interest cost components using a single weighted-average discount rate derived from the yield curves used to measure the benefit obligation. In 2016, the company changed its method used to estimate the service and interest cost components of net periodic benefit cost for defined benefit plans. The company has elected to use a full yield curve approach in the estimation of these components of benefit cost by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. The company made this change to improve the correlation between projected benefit cash flows and the corresponding yield curve spot rates and to provide a more precise measurement of service and interest costs. The company has accounted for this change as a change in estimate and will account for it prospectively starting in 2016. The reduction in service and interest cost for 2016 associated with this change in estimate will be approximately $5.1 million.

The long-term rate of return for plan assets is derived from return assumptions determined for each of the significant asset classes. Under this approach, the historical real returns (net of inflation) on different asset classes are combined with long-term expectations for inflation to determine an expected return on assets within that class. These real rates of return for each asset class reflect the long-term historical relationships between equities and fixed income investments. Current market factors such as inflation and interest rates are evaluated before long-term assumptions are determined. The long-term portfolio return is established based on the combination of these asset class real returns and inflation with proper consideration of the effects of diversification and rebalancing.

Plan Assets - Plan assets consist of a diversified portfolio of equity securities, fixed income securities and cash equivalents. The company employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. The

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

intent of this strategy is to minimize plan expenses by exceeding the interest growth in plan liabilities over the long run. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. This consideration involves the use of long-term measures that address both return and risk and are not impacted significantly by short-term fluctuations. Equity investments include a diversified mix of growth, value and small and large capitalization securities. Investment risks and returns are measured and monitored on an ongoing basis through quarterly investment portfolio reviews.

The weighted average target asset allocations for the plans at December 31, are as follows:

	Target Allocation	
	2015	2014
Asset Categories		
Equity securities	63%	65%
Fixed income securities	35%	33%
Cash equivalents	2%	2%
Total	100%	100%

Due to short-term fluctuations in asset performance, allocation percentages may temporarily deviate from these target allocation percentages before a rebalancing occurs. Cash equivalents are used to satisfy benefit disbursement requirements and will vary throughout the year.

The following table summarizes fair value measurements of plan assets at December 31:

	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Total[B]	
(dollars in millions)	2015	2014	2015	2014	2015	2014
Cash equivalents	$ 6.8	$ 7.7	$ 0.3	$ 1.1	$ 7.1	$ 8.8
Equity securities:						
U.S. large-cap	—	—	117.3	132.4	117.3	132.4
U.S. mid-cap	—	37.3	—	—	—	37.3
U.S. small-cap	37.2	46.7	—	—	37.2	46.7
Foreign	37.7	30.3	79.6	45.7	117.3	76.0
Fixed income securities:						
Diversified bond fund[A]	—	—	123.2	121.4	123.2	121.4
Foreign government bonds	4.7	—	16.7	12.8	21.4	12.8
Foreign corporate notes and bonds	—	—	12.7	12.9	12.7	12.9
Private alternative investment	—	—	19.3	—	19.3	—
Guaranteed insurance contracts	—	—	7.1	7.3	7.1	7.3
Total plan assets	$86.4	$122.0	$376.2	$333.6	$462.6	$455.6

(A) Diversified bond fund consists of U.S. Treasury bonds, mortgage backed securities, and corporate bonds.
(B) There were no plan assets categorized as Level 3 at December 31, 2015 and 2014, respectively.

Plan assets categorized as Level 2 primarily consist of private alternative investments and commingled funds invested in cash equivalents, equities and fixed income securities. These assets are valued using other inputs, such as net asset values ("NAV") provided by the fund administrators or by dealer quotes for similarly-

rated instruments that are observable or that can be corroborated by observable market data for substantially the remaining term of the plan instruments. There were no significant redemption restrictions or unfunded commitments related to assets valued at NAV at December 31, 2015.

Funding Policy and Expected Contributions - The company's objective in funding its domestic tax-qualified plan is to accumulate funds sufficient to provide for all benefits and to satisfy the minimum contribution requirements of ERISA. Outside the United States, the company's objective is to fund the international retirement costs over time within the limits of minimum requirements and allowable tax deductions. The company's annual funding decisions also consider the relationship between the returns on each asset compared to the plan's corresponding expense and consider the relationship between each tax-qualified plan's benefit obligation and its corresponding funded status. The company expects to make discretionary contributions of up to $30 million to its qualified plans in 2016.

The total expected benefit payments are as follows:

(dollars in millions)	
2016	$ 36.4
2017	36.0
2018	36.7
2019	38.8
2020	44.9
2021 through 2025	214.0

Defined Contribution Retirement Plans

All domestic employees of the company not covered by a collective bargaining agreement who have been scheduled for 1,000 hours of service are eligible to participate in the company's defined contribution plan. The amounts charged to income for this plan were $15.9 million, $14.1 million and $12.8 million for the years ended December 31, 2015, 2014 and 2013, respectively. Outside the United States, the company maintains defined contribution plans along with small pension arrangements that are typically funded with insurance products. These arrangements had a total expense of $5.1 million for each of the years ended December 31, 2015 and 2014 and $4.2 million for the year ended December 31, 2013. In addition, the company maintains a long-term deferred compensation arrangement for directors that allows for the deferral of the annual retainer and meeting fees at the director's election and provides certain other long-term compensation benefits. The company annually accrues for long-term compensation, which is paid out upon the director's retirement from the board. These arrangements had a total expense of $5.5 million, $6.9 million and $4.9 million for the years ended December 31, 2015, 2014 and 2013, respectively, and a benefit obligation of $35.4 million and $29.6 million at December 31, 2015 and 2014, respectively.

Other Postretirement Benefit Plan

The company does not provide subsidized postretirement healthcare benefits and life insurance coverage except for a limited number of former employees. As this plan is unfunded, contributions are made as benefits are incurred. The benefit obligation for this plan was $7.0 million and $7.7 million at December 31, 2015 and 2014, respectively. Amounts recognized in accumulated other comprehensive loss were $2.0 million ($1.3 million after tax) for the year ended December 31, 2015 and $2.5 million ($1.6 million after tax) for the year ended December 31, 2014. The net periodic benefit cost was $0.4 million for the year ended December 31, 2015 and $0.5 million for each of the years ended December 31, 2014 and 2013.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

13. Other (Income) Expense, Net

The components of other (income) expense, net, for the following years ended December 31 are:

(dollars in millions)	2015	2014	2013
Interest income	$ (0.9)	$ (2.0)	$ (1.3)
Foreign exchange losses	3.8	1.7	4.4
Litigation charges, net	595.1	288.6	428.0
Gore Proceeds	(210.5)	—	(894.3)
Restructuring and productivity initiative costs	41.5	11.8	(2.1)
Acquisition-related items	24.7	2.3	11.3
Gain on sale of investment	—	(7.1)	—
Gain on the EP Sale	—	—	(213.0)
Contribution to C. R. Bard Foundation, Inc.	—	—	25.0
Divestiture-related charges	—	—	17.5
Asset impairments	—	—	6.4
Other, net	(4.5)	(4.4)	(1.2)
Total other (income) expense, net	$ 449.2	$290.9	$(619.3)

Litigation charges, net – In 2015, the amount reflected estimated costs for product liability matters (net of recoveries), litigation-related defense costs of $15.1 million in connection with the WHP Pre-Trial Orders, and certain other litigation-related charges. In 2014, the amount reflected estimated costs for product liability matters (net of recoveries) and litigation-related defense costs of $30.1 million in connection with the WHP Pre-Trial Orders. In 2013, the amount reflected estimated costs for product liability matters (net of recoveries) and other litigation matters. See Note 10 of the notes to consolidated financial statements.

Gore Proceeds – See Note 10 of the notes to consolidated financial statements.

Restructuring and productivity initiative costs – In 2015 and 2014, the amounts reflected costs incurred in connection with separate productivity initiatives to streamline certain functions to better align resources to the company's business strategies. Key activities under these initiatives may include systems enhancements, the implementation of shared services centers designed to standardize and centralize certain functions or the outsourcing of certain services. Productivity initiative costs include consulting costs, primarily related to program creation and management, employee separation costs under the company's existing severance program, and other related costs. In 2015 and 2014, employee separation costs of $10.3 million and $1.7 million, respectively, were recognized related to these initiatives. In 2015, the amount also reflected employee separation costs of $7.9 million related to the elimination of certain positions and other terminations worldwide. In 2014, the amount also reflected employee separation costs of $7.5 million primarily to improve the overall cost structure in certain of the company's vascular businesses. In 2013, the amount reflected the reversal of certain restructuring costs incurred in 2012.

Acquisition-related items – The amounts for 2015, 2014 and 2013 consist of acquisition-related integration costs. The amount for 2015 also includes acquisition-related purchase accounting adjustments. See Note 2 of the notes to consolidated financial statements.

Gain on sale of investment – In 2014, the amount reflected the sale of an equity investment in an e-commerce technology company.

Gain on the EP Sale – See Note 2 of the notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Contribution to C. R. Bard Foundation, Inc. – The amount represents contributions to the C. R. Bard Foundation, Inc.

Divestiture-related charges – The amount reflected separation costs incurred in connection with the EP Sale. See Note 2 of the notes to consolidated financial statements.

Asset impairments – See Note 3 of the notes to consolidated financial statements.

14. Other Comprehensive Income

The changes in accumulated other comprehensive income (loss) by component are as follows:

(dollars in millions)	Derivative Instruments Designated as Cash Flow Hedges	Foreign Currency Translation Adjustments	Benefit Plans[C]	Total
Balance at December 31, 2012	$ (0.7)	$ 32.6	$(113.1)	$(81.2)
Other comprehensive income (loss) before reclassifications	1.7	14.7	58.0	74.4
Tax (provision) benefit[A]	(0.2)	—	(22.0)	(22.2)
Other comprehensive income (loss) before reclassifications, net of taxes	1.5	14.7	36.0	52.2
Reclassifications	(1.2)[B]	—	13.9	12.7
Tax provision (benefit)	0.4	—	(5.0)	(4.6)
Reclassifications, net of tax	(0.8)	—	8.9	8.1
Other comprehensive income (loss)	0.7	14.7	44.9	60.3
Balance at December 31, 2013	$ —	$ 47.3	$ (68.2)	$(20.9)
Other comprehensive income (loss) before reclassifications	$ 2.5	$ (50.4)	$ (39.9)	$(87.8)
Tax (provision) benefit[A]	(2.0)	—	14.9	12.9
Other comprehensive income (loss) before reclassifications, net of taxes	0.5	(50.4)	(25.0)	(74.9)
Reclassifications	0.6[B]	—	10.1	10.7
Tax provision (benefit)	(0.2)	—	(3.5)	(3.7)
Reclassifications, net of tax	0.4	—	6.6	7.0
Other comprehensive income (loss)	0.9	(50.4)	(18.4)	(67.9)
Balance at December 31, 2014	$ 0.9	$ (3.1)	$ (86.6)	$(88.8)

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(dollars in millions)	Derivative Instruments Designated as Cash Flow Hedges	Foreign Currency Translation Adjustments	Benefit Plans[C]	Total
Other comprehensive income (loss) before reclassifications	$ (2.6)	$ (91.1)	$ (40.9)	$(134.6)
Tax (provision) benefit[A]	0.7	—	14.6	15.3
Other comprehensive income (loss) before reclassifications, net of taxes	(1.9)	(91.1)	(26.3)	(119.3)
Reclassifications	(11.1)[B]	—	12.1	1.0
Tax provision (benefit)	3.4	—	(4.3)	(0.9)
Reclassifications, net of tax	(7.7)	—	7.8	0.1
Other comprehensive income (loss)	(9.6)	(91.1)	(18.5)	(119.2)
Balance at December 31, 2015	$ (8.7)	$ (94.2)	$(105.1)	$(208.0)

(A) Income taxes are not provided for foreign currency translation adjustments.
(B) See Note 6 of the notes to consolidated financial statements.
(C) These components are included in the computation of net periodic pension cost. See Note 12 of the notes to consolidated financial statements.

15. 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, develops, manufactures, packages, distributes and sells medical, surgical, diagnostic and patient care devices. The company sells a broad range of products to hospitals, individual healthcare professionals, extended care health facilities and alternate site facilities on a global basis. In general, the company's products are intended to be used once and then discarded or either temporarily or permanently implanted. The company's chief operating decision makers evaluate their various global product portfolios on a net sales basis and generally evaluate profitability and associated investment on an enterprise-wide basis due to shared geographic infrastructures.

Net sales based on the location of the external customer and identifiable assets by geographic region for the following years ended December 31 are:

(dollars in millions)	2015	2014	2013
Net sales			
United States	$2,378.4	$2,263.5	$2,014.1
Europe	439.5	488.5	474.4
Japan	157.9	164.4	164.0
Other	440.2	407.2	397.0
	$3,416.0	$3,323.6	$3,049.5
Long-lived assets			
United States	$ 582.7	$ 809.0	$ 612.5
Europe	51.4	56.5	52.3
Other	34.1	23.4	17.6
	$ 668.2	$ 888.9	$ 682.4

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Total net sales by product group category for the following years ended December 31 are:

(dollars in millions)	2015	2014	2013
Vascular	$ 970.3	$ 928.3	$ 830.0
Urology	845.0	835.9	776.6
Oncology	936.9	910.9	857.1
Surgical Specialties	572.3	555.1	499.0
Other	91.5	93.4	86.8
	$3,416.0	$3,323.6	$3,049.5

16. Unaudited Interim Financial Information

2015 (dollars in millions except per share amounts)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
Net sales	$819.7	$859.8	$865.7	$870.8	$3,416.0
Cost of goods sold	311.2	333.7	336.3	320.0	1,301.2
Income (loss) from operations before income taxes	184.6	59.2	(52.4)	158.0	349.4
Net income (loss)	139.8	(54.7)	(86.0)	136.3	135.4
Basic earnings (loss) per share available to common shareholders[A]	1.85	(0.74)	(1.16)	1.82	1.80
Diluted earnings (loss) per share available to common shareholders[A]	1.82	(0.74)[B]	(1.16)[B]	1.79	1.77

(A) Total per share amounts may not add due to rounding.

(B) Common share equivalents primarily from share-based compensation plans were not included in the computation of diluted weighted average shares outstanding because their effect would have been antidilutive.

The first quarter 2015 included litigation charges of $10.3 million, a net benefit from acquisition-related items of $9.2 million primarily consisting of a purchase accounting adjustment of $10.2 million associated with the reversal of a liability with respect to a certain revenue-based milestone, and restructuring and productivity initiative costs of $3.9 million. These items decreased net income by $2.6 million after tax, or $0.03 diluted earnings per share available to common shareholders.

The second quarter 2015 included litigation charges, net, of $343.7 million, a gain of $210.5 million related to the 2015 portion of the Gore Proceeds, restructuring and productivity initiative costs of $8.5 million, and net charges from acquisition-related items of $4.5 million. These items increased net loss by $209.0 million after tax, or $2.73 diluted loss per share available to common shareholders.

The third quarter 2015 included litigation charges of $241.1 million, restructuring and productivity initiative costs of $14.6 million, and acquisition-related items of $2.5 million primarily consisting of integration costs. These items increased net loss by $240.5 million after tax, or $3.14 diluted loss per share available to common shareholders.

The fourth quarter 2015 included net charges from acquisition-related items of $33.9 million primarily consisting of purchase accounting adjustments of $24.3 million and integration costs of $5.4 million, restructuring and productivity initiative costs of $14.5 million, and an asset impairment of $4.5 million. These items decreased net income by $28.3 million after tax, or $0.37 diluted earnings per share available to common shareholders.

C. R. BARD, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

2014 (dollars in millions except per share amounts)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
Net sales	$799.3	$ 827.1	$830.0	$867.2	$3,323.6
Cost of goods sold	309.5	320.7	308.9	319.5	1,258.6
Income (loss) from operations before income taxes	183.6	(92.8)	180.3	174.7	445.8
Net income (loss)	148.4	(119.4)	131.3	134.2	294.5
Basic earnings (loss) per share available to common shareholders[A]	1.89	(1.59)	1.73	1.76	3.83
Diluted earnings (loss) per share available to common shareholders[A]	1.86	(1.59)[B]	1.69	1.72	3.76

(A) Total per share amounts may not add due to rounding.

(B) Common share equivalents primarily from share-based compensation plans were not included in the computation of diluted weighted average shares outstanding because their effect would have been antidilutive.

The first quarter 2014 included a benefit of $10.9 million to the income tax provision as a result of the completion of IRS examinations for the tax years 2008 through 2010, a gain on sale of an equity investment of $7.1 million, and acquisition-related items of $3.1 million primarily consisting of integration costs. These items increased net income by $13.5 million after tax, or $0.17 diluted earnings per share available to common shareholders.

The second quarter 2014 included litigation charges, net, of $262.7 million, and acquisition-related items of $22.5 million primarily consisting of a purchase accounting adjustment of $20.7 million. These items increased net loss by $262.4 million after tax, or $3.37 diluted loss per share available to common shareholders.

The third quarter 2014 included litigation-related defense costs of $13.2 million incurred in connection with the WHP Pre-Trial Orders and an impairment charge for an IPR&D project of $6.2 million. These items decreased net income by $18.3 million after tax, or $0.24 diluted earnings per share available to common shareholders.

The fourth quarter 2014 included litigation-related defense costs of $12.7 million incurred in connection with the WHP Pre-Trial Orders, restructuring and productivity initiative costs of $10.1 million, and acquisition-related items of $7.5 million primarily consisting of a purchase accounting adjustment of $5.0 million. Also included was a credit of $3.5 million related to the excise tax paid on U.S. medical device sales in 2013 associated with an agreement reached with the IRS during 2014. These items decreased net income by $24.7 million after tax, or $0.32 diluted earnings per share available to common shareholders.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. 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 December 31, 2015. Based upon that evaluation, the company's Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2015, 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) were effective to accomplish their objectives at the reasonable assurance level. The scope of management's assessment of the effectiveness of the design and operation of the company's disclosure controls and procedures as of December 31, 2015 includes all of the company's consolidated operations except for those disclosure controls and procedures of Medicon, Inc. that are subsumed by internal control over financial reporting. The company acquired Medicon, Inc. on November 2, 2015. Medicon, Inc.'s operations represent 0.3% of the company's consolidated net sales for the year ended December 31, 2015 and assets associated with Medicon, Inc.'s operations represent 2.2% of the company's consolidated total assets as of December 31, 2015. There have been no changes in internal control over financial reporting for the year ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

Management's Report On Internal Control Over Financial Reporting is included in Item 8 and is incorporated herein by reference.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information with respect to Directors of the company is incorporated herein by reference to the material contained under the heading "Proposal No. 1 — Election of Directors" in the company's definitive Proxy Statement for its 2016 annual meeting of shareholders (the "2016 Proxy Statement").

Information with respect to Executive Officers of the company is contained at the end of Part I of this filing under the heading "Executive Officers of the Registrant" and is incorporated by reference into this Item.

The information contained under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the company's 2016 Proxy Statement is incorporated herein by reference.

The information contained under the caption "Corporate Governance — The Board of Directors and Committees of the Board" in the company's 2016 Proxy Statement is incorporated herein by reference.

Code of Ethics

The company has adopted, and has posted on its website at *www.crbard.com*, a Business Ethics Policy, which includes a Code of Ethics for Senior Financial Officers that applies to the company's Chief Executive Officer, Chief Financial Officer and Controller. To the extent required, the company intends to disclose any amendments to, or waivers from, the Code of Ethics on its website.

Item 11. Executive Compensation

The information contained under the captions "Executive Officer Compensation," "Director Compensation," "Corporate Governance — The Board of Directors and Committees of the Board — Compensation Committee — Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" in the company's 2016 Proxy Statement is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information contained under the captions "Security Ownership of Certain Beneficial Owners," "Security Ownership of Management" and "Equity Compensation Plan Information" in the company's 2016 Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information contained under the captions "Related Person Transactions" and "Corporate Governance — Director Independence" in the company's 2016 Proxy Statement is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information contained under the caption "Proposal No. 2 — Ratification of the Appointment of KPMG LLP as Independent Registered Public Accounting Firm" in the company's 2016 Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)

1. Financial Statements. See Index to Consolidated Financial Statements at Item 8, page II-23 of this report.

2. Financial Statement Schedules.

Schedule II. Valuation and Qualifying Accounts for the years ended December 31, 2015, 2014 and 2013.

(dollars in millions)	Balance Beginning of Year	Charges to Costs and Expenses	Deductions[1]	Balance End of Year
Year Ended December 31, 2015				
Allowance for inventory obsolescence	$ 36.5	$ 26.3	$ (28.3)	$ 34.5
Allowance for doubtful accounts	10.1	1.1	(3.7)	7.5
Totals	$ 46.6	$ 27.4	$ (32.0)	$ 42.0

(dollars in millions)	Balance Beginning of Year	Charges to Costs and Expenses	Deductions[1]	Balance End of Year
Year Ended December 31, 2014				
Allowance for inventory obsolescence	$ 31.3	$ 21.6	$ (16.4)	$ 36.5
Allowance for doubtful accounts	11.6	1.7	(3.2)	10.1
Totals	$ 42.9	$ 23.3	$ (19.6)	$ 46.6

(dollars in millions)	Balance Beginning of Year	Charges to Costs and Expenses	Deductions[1]	Balance End of Year
Year Ended December 31, 2013				
Allowance for inventory obsolescence	$ 30.7	$ 21.2	$ (20.6)	$ 31.3
Allowance for doubtful accounts	12.4	1.3	(2.1)	11.6
Totals	$ 43.1	$ 22.5	$ (22.7)	$ 42.9

(1) Includes writeoffs and the impact of foreign currency exchange rates.

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

3. Exhibits

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and should not be relied upon for that purpose. In particular, any representations and warranties made by the company in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

Number	
3.1	Amended and Restated By-Laws, effective as of February 12, 2014, filed as Exhibit 3b to the company's February 19, 2014 Form 8-K, is incorporated herein by reference.
3.2	Restated Certificate of Incorporation, effective June 18, 2012, filed as Exhibit 3b to the company's June 15, 2012 Form 8-K, is incorporated herein by reference.
4.1	Form of Indenture, dated as of December 1, 1996 between C. R. Bard, Inc. and The Chase Manhattan Bank, N.A., as trustee, filed as Exhibit 4.1 to the company's Registration Statement on Form S-3, File No. 333-05997, is incorporated herein by reference.
4.2	Indenture, dated December 20, 2010, between C. R. Bard, Inc. and Wells Fargo Bank, National Association, as Trustee filed as Exhibit 4.1 to the company's December 20, 2010 Form 8-K, is incorporated herein by reference.
4.3	First Supplemental Indenture, dated December 20, 2010, between C. R. Bard, Inc. and Wells Fargo Bank, National Association, as Trustee filed as Exhibit 4.2 to the company's December 20, 2010 Form 8-K, is incorporated herein by reference.
4.4	Second Supplemental Indenture, dated October 30, 2012, between C. R. Bard, Inc. and Wells Fargo Bank, National Association, as Trustee filed as Exhibit 4.1 to the company's October 30, 2012 Form 8-K, is incorporated herein by reference.
4.5	Form of 2.875% Notes due 2016, filed as Exhibit 4.3 to the company's December 20, 2010 Form 8-K (included as Exhibit A in Exhibit 4.2 to the company's December 20, 2010 Form 8-K), is incorporated herein by reference.
4.6	Form of 4.400% Notes due 2021, filed as Exhibit 4.4 to the company's December 20, 2010 Form 8-K (included as Exhibit B in Exhibit 4.2 to the company's December 20, 2010 Form 8-K), is incorporated herein by reference.
4.7	Form of 1.375% Notes due 2018, filed as Exhibit 4.2 to the company's October 30, 2012 Form 8-K (included as Exhibit A in Exhibit 4.1 to the company's October 30, 2012 Form 8-K), is incorporated herein by reference.
10.1*	C. R. Bard, Inc. Agreement and Plans Trust amended and restated as of September 29, 2004, filed as Exhibit 10f to the company's December 31, 2004 Annual Report on Form 10-K, is incorporated herein by reference.
10.2*	C. R. Bard, Inc. Supplemental Executive Retirement Plan, as of July 13, 1988, filed as Exhibit 10p to the company's December 31, 1993 Annual Report on Form 10-K, is incorporated herein by reference.
10.3*	1993 Long Term Incentive Plan of C. R. Bard, Inc., as amended effective October 9, 2002, filed as Exhibit 10q to the company's September 30, 2002 Form 10-Q, is incorporated herein by reference.
10.4*	C. R. Bard, Inc. Management Stock Purchase Plan, amended and restated as of July 10, 2002, filed as Exhibit 10z to the company's December 31, 2002 Annual Report on Form 10-K, is incorporated herein by reference.

Number	
10.5*	Letter agreement entered into by the company with John H. Weiland dated December 12, 1995, filed as Exhibit 10at to the company's December 31, 2004 Annual Report on Form 10-K, is incorporated herein by reference.
10.6*	Form of Stock Option Agreement under the 2005 Directors' Stock Award Plan of C. R. Bard, Inc., filed as Exhibit 10ba to the company's June 30, 2005 Form 10-Q, is incorporated herein by reference.
10.7*	Stock Equivalent Plan for Outside Directors of C. R. Bard, Inc. (as Amended and Restated), effective as of December 14, 2011, filed as Exhibit 10bb to the company's December 31, 2011 Annual Report on Form 10-K, is incorporated herein by reference.
10.8*	Form of Restricted Stock Award Agreement under the 2005 Directors' Stock Award Plan of C. R. Bard, Inc., filed as Exhibit 10bd to the company's September 30, 2005 Form 10-Q, is incorporated herein by reference.
10.9*	Form of Supplemental Insurance/Retirement Plan Agreement (as Amended and Restated) between the company and its executive officers, including each of its named executive officers, filed as Exhibit 10be to the company's September 30, 2005 Form 10-Q, is incorporated herein by reference.
10.10*	Form of Amended and Restated Change of Control Agreement between the company and its executive officers, including each of its named executive officers, filed as Exhibit 10bf to the company's September 30, 2005 Form 10-Q, is incorporated herein by reference.
10.11*	2005 Directors' Stock Award Plan of C. R. Bard, Inc. (as Amended and Restated), filed as Exhibit 10bj to the company's March 31, 2006 Form 10-Q, is incorporated herein by reference.
10.12*	1998 Employee Stock Purchase Plan of C. R. Bard, Inc. (as Amended and Restated), filed as Exhibit 10bk to the company's March 31, 2006 Form 10-Q, is incorporated herein by reference.
10.13*	Employee Stock Purchase Plan of C. R. Bard, Inc. (as Amended and Restated), filed as Exhibit B to the company's March 16, 2012 Schedule 14A, is incorporated herein by reference.
10.14*	Management Stock Purchase Program Elective and Premium Share Units Terms and Conditions (as Amended and Restated), under the company's 2003 Long Term Incentive Plan, filed as Exhibit 10bp to the company's December 31, 2007 Annual Report on Form 10-K, is incorporated herein by reference.
10.15*	Form of Deferred Compensation Contract, Deferral of Directors' Fees of C. R. Bard, Inc. (as Amended and Restated) filed as Exhibit 10bq of the company's December 31, 2007 Annual Report on Form 10-K, is incorporated herein by reference.
10.16*	Form of Aircraft Time Sharing Agreement between the company and certain of its named executive officers, filed as Exhibit 10bt to the company's September 30, 2008 Form 10-Q, is incorporated herein by reference.
10.17*	Executive Bonus Plan of C. R. Bard, Inc., effective as of January 1, 2009, filed as Exhibit 10bu to the company's December 31, 2008 Annual Report on Form 10-K, is incorporated herein by reference.
10.18*	2003 Long Term Incentive Plan of C. R. Bard, Inc. (as Amended and Restated), filed as Exhibit 10bw to the company's April 21, 2010 Form 8-K, is incorporated herein by reference.
10.19*	2012 Long Term Incentive Plan of C. R. Bard, Inc. as amended and restated, filed as Exhibit A to the company's March 16, 2012 definitive Proxy Statement on Schedule 14A, is incorporated herein by reference.
10.20*	2005 Directors' Stock Award Plan of C. R. Bard, Inc. (as Amended and Restated) (effective as of December 8, 2010), filed as Exhibit 10bw to the company's December 31, 2010 Annual Report on Form 10-K, is incorporated herein by reference.

Number	
10.21*	Executive Choice Plan of C. R. Bard, Inc., filed as Exhibit 10bx to the company's December 31, 2010 Annual Report on Form 10-K, is incorporated herein by reference.
10.22*	Form of Stock Option Award Certificate and Form of Stock Option Terms and Conditions under the Company's 2003 Long Term Incentive Plan, filed as Exhibit 10by to the company's December 31, 2010 Annual Report on Form 10-K, is incorporated herein by reference.
10.23*	Form of Restricted Stock Award Certificate and Form of Restricted Stock/Restricted Stock Units Terms and Conditions under the Company's 2003 Long Term Incentive Plan, filed as Exhibit 10bz to the company's December 31, 2010 Annual Report on Form 10-K, is incorporated herein by reference.
10.24*	Form of Change of Control Agreement between the company and certain of its officers, filed as Exhibit 10ca to the company's December 31, 2010 Annual Report on Form 10-K, is incorporated herein by reference.
10.25	Master confirmation agreement with Goldman, Sachs & Co., dated as of December 15, 2010, between Goldman, Sachs & Co. and C. R. Bard, Inc., filed as Exhibit 10cb to the company's December 31, 2010 Annual Report on Form 10-K, is incorporated herein by reference.***
10.26	Supplemental confirmation agreement, dated as of December 15, 2010, between Goldman, Sachs & Co. and C. R. Bard, Inc., filed as Exhibit 10cc to the company's December 31, 2010 Annual Report on Form 10-K, is incorporated herein by reference.***
10.27	Credit Agreement dated as of October 12, 2011, among C. R. Bard, Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated (as Joint Lead Arrangers and Joint Bookrunners), JPMorgan Chase Bank, N.A. (as Administrative Agent), Bank of America, N.A. (as Syndication Agent) and Barclays Bank PLC, Goldman Sachs Bank USA, Wells Fargo Bank, National Association and Royal Bank of Canada (each as Documentation Agents), filed as Exhibit 10ce to the company's September 30, 2011 Form 10-Q, is incorporated herein by reference.
10.28	Cooperation Agreement, dated January 20, 2012, by and among C. R. Bard, Inc., ValueAct Capital Master Fund, L.P., VA Partners I, LLC, ValueAct Capital Management, L.P., ValueAct Capital Management, LLC and G. Mason Morfit, filed as Exhibit 10cf to the company's January 20, 2012 Form 8-K, is incorporated herein by reference.
10.29*	Form of Restricted Stock Units Award Certificate and Form of Restricted Stock Units Terms and Conditions under the Company's 2003 Long Term Incentive Plan, filed as Exhibit 10cg to the company's December 31, 2011 Annual Report on Form 10-K, is incorporated herein by reference.
10.30*	Form of Performance Long-Term Incentive Award Certificate and Form of Performance Long-Term Incentive Award Terms and Conditions under the Company's 2003 Long Term Incentive Plan, filed as Exhibit 10ci to the company's March 31, 2012 Form 10-Q, is incorporated herein by reference.
10.31*	Incentive-Based Compensation Recovery ("Clawback") Policy, titled as Exhibit 10.31 to the company's December 31, 2014 Form 10-K, is incorporated herein by reference.
10.32*	2005 Directors' Stock Award Plan of C. R. Bard, Inc. (as Amended and Restated), filed as Exhibit 10.32 to the company's December 31, 2012 Annual Report on Form 10-K, is incorporated herein by reference.
10.33*	2012 Long Term Incentive Plan of C. R. Bard, Inc. as amended and restated, filed as Exhibit 10.34 to the company's April 19, 2013 Form 8-K, is incorporated herein by reference.
10.34*	2005 Directors' Stock Award Plan of C. R. Bard, Inc. (as Amended and Restated), filed as Exhibit 10.34 to the company's September 30, 2013 Form 10-Q, is incorporated herein by reference.

Number	
10.35	Amendment No. 1, dated as of September 26, 2013, to Credit Agreement dated as of October 12, 2011, among C. R. Bard, Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated (as Joint Lead Arrangers and Joint Bookrunners), JPMorgan Chase Bank, N.A. (as Administrative Agent), Bank of America, N.A. (as Syndication Agent) and Barclays Bank PLC, Goldman Sachs Bank USA, Wells Fargo Bank, National Association and Royal Bank of Canada (each as Documentation Agents), filed as Exhibit 10.35 to the company's September 30, 2013 Form 10-Q, is incorporated herein by reference.
10.36*	Form of Restricted Stock Units Award Certificate and Form of Restricted Stock Units Terms and Conditions under the company's 2012 Long Term Incentive Plan, filed as Exhibit 10.36 to the company's December 31, 2013 Annual Report on Form 10-K, is incorporated herein by reference.
10.37*	Form of Stock Option Award Certificate and Form of Stock Option Terms and Conditions under the company's 2012 Long Term Incentive Plan, filed as Exhibit 10.37 to the company's December 31, 2013 Annual Report on Form 10-K, is incorporated herein by reference.
10.38*	Executive Bonus Plan of C. R. Bard, Inc., effective January 1, 2014, filed as Exhibit 10.39 to the company's March 31, 2014 Form 10-Q, is incorporated herein by reference.
10.39*	2012 Long Term Incentive Plan of C. R. Bard, Inc. (as Amended and Restated), effective April 16, 2014, filed as Exhibit 10.38 to the company's April 17, 2014 Form 8-K, is incorporated herein by reference.
10.40	Amendment No. 2, dated as of November 18, 2014, to Credit Agreement dated as of October 12, 2011, among C. R. Bard, Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated (as Joint Lead Arrangers and Joint Bookrunners), JPMorgan Chase Bank, N.A. (as Administrative Agent), Bank of America, N.A. (as Syndication Agent) and Barclays Bank PLC, Goldman Sachs Bank USA, Wells Fargo Bank, National Association and Royal Bank of Canada (each as Documentation Agents), titled as Exhibit 10.40 to the company's December 31, 2014 Form 10-K, is incorporated herein by reference.
10.41	2012 Long-Term Incentive Plan of C. R. Bard, Inc. (as Amended and Restated), effective April 15, 2015, filed as Exhibit 10.41 to the company's April 17, 2015 Form 8-K, is incorporated herein by reference.
10.42	Amendment No. 3, dated as of November 23, 2015, to Credit Agreement dated as of October 12, 2011, among C. R. Bard, Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated (as Joint Lead Arrangers and Joint Bookrunners), JPMorgan Chase Bank, N.A. (as Administrative Agent), Bank of America, N.A. (as Syndication Agent) and Barclays Bank PLC, Goldman Sachs Bank USA, Wells Fargo Bank, National Association and Royal Bank of Canada (each as Documentation Agents).**
12.1	Computation of Ratio of Earnings to Fixed Charges**
21	Subsidiaries of the Registrant**
23.1	Consent of Independent Registered Public Accounting Firm**
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer**
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer**
32.1	Section 1350 Certification of Chief Executive Officer**
32.2	Section 1350 Certification of Chief Financial Officer**
99	Form of indemnity agreement between the company and each of its directors and officers, filed as Exhibit 99 to the company's December 31, 1993 Annual Report on Form 10-K, is incorporated herein by reference.

Number	
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**
*	Each of these exhibits constitutes a management contract or a compensatory plan or arrangement.
**	Filed herewith.
***	An application for confidential treatment for selected portions of these agreements was granted by the Securities and Exchange Commission.

Signatures

Pursuant to the requirements of Section 13 or 15(d) 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)

Date: February 12, 2016

By: /S/ CHRISTOPHER S. HOLLAND
Christopher S. Holland
Senior Vice President and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/S/ TIMOTHY M. RING **Timothy M. Ring**	Chairman and Chief Executive Officer and Director (Principal Executive Officer)	February 12, 2016
/S/ JOHN H. WEILAND **John H. Weiland**	President and Chief Operating Officer and Director	February 12, 2016
/S/ CHRISTOPHER S. HOLLAND **Christopher S. Holland**	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 12, 2016
/S/ FRANK LUPISELLA JR. **Frank Lupisella Jr.**	Vice President and Controller (Principal Accounting Officer)	February 12, 2016
/S/ DAVID M. BARRETT **David M. Barrett**	Director	February 12, 2016
/S/ MARC C. BRESLAWSKY **Marc C. Breslawsky**	Director	February 12, 2016
/S/ ROBERT M. DAVIS **Robert M. Davis**	Director	February 12, 2016
/S/ HERBERT L. HENKEL **Herbert L. Henkel**	Director	February 12, 2016
/S/ JOHN C. KELLY **John C. Kelly**	Director	February 12, 2016
/S/ DAVID F. MELCHER **David F. Melcher**	Director	February 12, 2016
/S/ GAIL K. NAUGHTON **Gail K. Naughton**	Director	February 12, 2016
/S/ TOMMY G. THOMPSON **Tommy G. Thompson**	Director	February 12, 2016
/S/ ANTHONY WELTERS **Anthony Welters**	Director	February 12, 2016
/S/ TONY L. WHITE **Tony L. White**	Director	February 12, 2016

Exhibit 10.42

EXECUTION COPY

AMENDMENT NO. 3

Dated as of November 23, 2015

to

CREDIT AGREEMENT

Dated as of October 12, 2011

THIS AMENDMENT NO. 3 (this "Amendment") is made as of November 23, 2015 by and among C. R. Bard, Inc., a New Jersey corporation (the "Borrower"), the financial institutions listed on the signature pages hereof and JPMorgan Chase Bank, N.A., as Administrative Agent (the "Administrative Agent'), under that certain Credit Agreement dated as of October 12, 2011 by and among the Borrower, the Lenders from time to time party thereto and the Administrative Agent (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Credit Agreement.

WHEREAS, the Borrower has requested that the requisite Lenders and the Administrative Agent agree to provide additional commitments under and make certain amendments to the Credit Agreement;

WHEREAS, the Borrower, the Lenders party hereto and the Administrative Agent have so agreed on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Lenders party hereto and the Administrative Agent hereby agree to enter into this Amendment.

1. Amendments to the Credit Agreement. Effective as of the Amendment No. 3 Effective Date (as defined below), the parties hereto agree that the Credit Agreement shall be amended as follows:

(a) The definition of "Commitment" appearing in Section 1.01 of the Credit Agreement is amended to restate the final two sentences thereof in their entirety to read as follows:

> The amount of each Lender's Commitment as of the Amendment No. 3 Effective Date is set forth on Schedule 1.01, or in the Assignment and Assumption or other agreement pursuant to which such Lender shall have assumed its Commitment, as applicable. As of the Amendment No. 3 Effective Date, the aggregate amount of the Commitments is $1,000,000,000.

(b) The definition of "Commitment Termination Date" appearing in Section 1.01 of the Credit Agreement is amended to delete the reference to "November 18, 2019" appearing therein and to replace such reference with "November 23, 2020".

(c) Section 1.01 of the Credit Agreement is amended to add the following definitions thereto in proper alphabetical order and, where applicable, replace the corresponding previously existing definitions:

"Amendment No. 3 Effective Date" means November 23, 2015.

"Anti-Corruption Laws" means the United States Foreign Corrupt Practices Act of 1977, as amended, and all similar laws, rules, and regulations of any jurisdiction applicable to the Borrower or any of its Subsidiaries prohibiting bribery or corruption.

"OFAC" means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Sanctioned Country" means, at any time, a country or territory which is the subject or target of any Sanctions (as of the Amendment No. 3 Effective Date, Crimea, Cuba, Iran, North Korea, Sudan and Syria).

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person 50 percent or more owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

"Sanctions" means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union, or Her Majesty's Treasury of the United Kingdom.

(d) Section 1.04 of the Credit Agreement is amended to add a new sentence at the end thereof as follows:

Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (previously referred to as Statement of Financial Accounting Standards 159) (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at "fair value", as defined therein and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof.

(e) Section 2.03(a) of the Credit Agreement is amended to delete the reference to "12:00 noon", appearing in clauses (i) and (ii) thereof and, in each case, to replace such references with "1:00 p.m.".

(f) Section 2.06(c) of the Credit Agreement is amended to delete the reference to "$1,000,000,000" appearing in subclause (ii) thereof and to replace such reference with "$1,500,000,000".

(g) Section 2.17(a) of the Credit Agreement is amended to delete the reference to "the Swingline Lender agrees to make Swingline Loans" appearing therein and to replace such reference with "the Swingline Lender may in its sole discretion make Swingline Loans".

(h) A new Section 3.13 is added to the Credit Agreement immediately following Section 3.12 of the Credit Agreement as follows:

SECTION 3.13. Anti-Corruption Laws and Sanctions. The Borrower has implemented and maintains in effect policies and procedures reasonably designed to promote compliance by the Borrower, its Subsidiaries and their respective directors, officers and employees with Anti-Corruption Laws and applicable Sanctions, and the Borrower, its Subsidiaries and, to the knowledge of the Borrower, their respective employees, officers and directors, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of the Borrower, any Subsidiary or to the knowledge of the Borrower, any of their respective directors, officers or employees is a Sanctioned Person. No Borrowing, Letter of Credit or use of proceeds will violate any Anti-Corruption Law or any Sanctions applicable to any party hereto.

(i) Schedule 1.01 to the Credit Agreement is amended and restated in its entirety in the form of Schedule 1.01 attached hereto.

2. New Lenders. The parties hereto hereby acknowledge and agree that:

(a) Each of the undersigned financial institutions that is not a party to the Credit Agreement prior to the Amendment No. 3 Effective Date (each, an "New Lender") agrees to be bound by the provisions of the Credit Agreement and agrees that it shall, on the Amendment No. 3 Effective Date, become a Lender for all purposes of the Credit Agreement, with a Commitment as set forth on Schedule 1.01 attached hereto.

(b) Each undersigned New Lender (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Amendment and to consummate the transactions contemplated hereby and by the Credit Agreement and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to become a Lender, (iii) from and after the Amendment No. 3 Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and shall have the obligations of a Lender thereunder, and (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent, any Lender or any Issuing Bank; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, any Lender or any Issuing Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement and the other Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement and the other Loan Documents are required to be performed by it as a Lender.

3. Departing Lenders. The parties hereto hereby acknowledge and agree that:

(a) Santander Bank, N.A. (the "Departing Lender") is entering into this Amendment solely to evidence its exit from the Credit Agreement and shall have absolutely no obligation hereunder. Upon the effectiveness hereof and the payment described in Section 3(b)(ii), the Departing Lender shall no longer (i) constitute a "Lender" for all purposes under the Loan Documents, (ii) be a party to the Credit Agreement and (iii) have any obligations under any of the Loan Documents, in each case, without further action required on the part of any Person; and

(b) Upon the effectiveness hereof: (i) the Departing Lender's "Commitment" under the Credit Agreement shall be terminated, (ii) the Departing Lender shall have received payment in full in immediately available funds of all of its Loans, all interest thereon and all other amounts payable to it under the Credit Agreement, (iii) the Departing Lender shall not be a Lender hereunder as evidenced by its execution and delivery of its signature page hereto and (iv) the defined term "Lenders" in the Credit Agreement shall exclude the Departing Lender.

4. Conditions of Effectiveness. The effectiveness of this Amendment (the "Amendment No. 3 Effective Date") is subject to the satisfaction of the following conditions precedent:

(a) The Administrative Agent shall have received counterparts of this Amendment duly executed by the Borrower, the Lenders (including the New Lenders and the Departing Lender), the Issuing Banks, the Swingline Lender and the Administrative Agent.

(b) The Administrative Agent shall have received favorable written opinions (addressed to the Administrative Agent and the Lenders and dated the Amendment No. 3 Effective Date) of (i) Drinker Biddle & Reath LLP, special New Jersey counsel for the Borrower and (ii) Weil, Gotshal & Manges LLP, special New York counsel for the Borrower, each covering such matters relating to the Borrower, this Amendment or the Credit Agreement as amended hereby as the Administrative Agent shall reasonably request (and the Borrower hereby instructs such counsels to deliver such opinions to the Lenders and the Administrative Agent).

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Borrower, the authorization of this Amendment and the Credit Agreement as amended hereby, and any other matters relevant hereto, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

(d) The Administrative Agent shall have received a certificate, dated the Amendment No. 3 Effective Date and signed by the President, a Vice President or a Financial Officer of the Borrower, confirming compliance with the conditions set forth in clauses (a) and (b) of the first sentence of Section 4.02 of the Credit Agreement (excluding, however, the first parenthetical clause in such clause (a)).

(e) The Administrative Agent shall have received, for the account of each Lender (including each New Lender but excluding the Departing Lender), an upfront fee in an amount equal to the amount previously disclosed to the Lenders.

(f) The Administrative Agent shall have received payment of the Administrative Agent's and its affiliates' fees and reasonable out-of-pocket expenses (including the reasonable fees and expenses of Latham & Watkins LLP, counsel to the Administrative Agent, that are due and payable on or prior to the Amendment No. 3 Effective Date and for which an invoice has been presented to the Borrower at least one Business Day prior to the Amendment No. 3 Effective Date) in connection with this Amendment.

5. Representations and Warranties of the Borrower. The Borrower hereby represents and warrants as follows:

(a) This Amendment and the Credit Agreement as modified hereby constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with their terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) As of the date hereof and after giving effect to the terms of this Amendment, (i) no Default has occurred and is continuing and (ii) the representations and warranties of the Borrower set forth in the Credit Agreement are true and correct in all material respects (or, in the case of any such representations and warranties qualified as to materiality, in all respects) on and as of the date hereof (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date).

6. Reference to and Effect on the Credit Agreement.

(a) Upon the effectiveness hereof, each reference to the Credit Agreement in the Credit Agreement or any other Loan Document shall mean and be a reference to the Credit Agreement as amended hereby.

(b) The Credit Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) Except as expressly set forth herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Credit Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

(d) On the Amendment No. 3 Effective Date, the Administrative Agent shall make such reallocations of each Lender's Applicable Percentage of the Revolving Credit Exposure under the Credit Agreement as are necessary in order that the Revolving Credit Exposure with respect to such Lender reflects such Lender's Applicable Percentage of the Revolving Credit Exposure under the Credit Agreement as amended hereby. Each Departing Lender and each Lender hereby waives any compensation by the Borrower of any and all losses, costs and expenses incurred by such Departing Lender or Lender solely in connection with the sale and assignment of any Eurodollar Loans and the reallocation described in this clause (d) and occurring on the Amendment No. 3 Effective Date that would otherwise be due to such Departing Lender or Lender pursuant to Section 2.13 of the Credit Agreement.

(e) This Amendment is a "Loan Document" under (and as defined in) the Credit Agreement.

7. Governing Law. This Amendment shall be construed in accordance with and governed by the law of the State of New York.

8. Submission to Jurisdiction. The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Amendment, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Amendment shall affect any right that the Administrative Agent, any Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Amendment against the Borrower or its properties in the courts of any jurisdiction.

9. Headings. Section headings used in this Amendment are for convenience of reference only, are not part of this Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Amendment.

10. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by fax or other electronic transmission (including, without limitation, PDF) shall be effective as delivery of a manually executed counterpart of this Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

C. R. BARD, INC.,
as the Borrower

By: /s/ Christopher S. Holland
Name: Christopher S. Holland
Title: Senior Vice President and Chief Financial Officer

By: /s/ Scott T. Lowry
Name: Scott T. Lowry
Title: Vice President and Treasurer

JPMORGAN CHASE BANK, N.A.,
individually as a Lender, as an Issuing Bank, as Swingline Lender and as Administrative Agent

By: /s/ Joon Hur
Name: Joon Hur
Title: Vice President

Signature Page to Amendment No. 3 to
Credit Agreement dated as of October 12, 2011
C. R. Bard, Inc.

BANK OF AMERICA, N.A.,
individually as a Lender, as an Issuing Bank and as Syndication Agent

By: /s/ David J. Bardwil
Name: David J. Bardwil
Title: Senior Vice President

Signature Page to Amendment No. 3 to
Credit Agreement dated as of October 12, 2011
C. R. Bard, Inc.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Joe Ellerbroek
Name: Joe Ellerbroek
Title: Vice President

Signature Page to Amendment No. 3 to
Credit Agreement dated as of October 12, 2011
C. R. Bard, Inc.

GOLDMAN SACHS BANK USA,
as a Lender

By: /s/ Rebecca Kratz
Name: Rebecca Kratz
Title: Authorized Signatory

BARCLAYS BANK PLC,
as a Lender

By: /s/ Vanessa Kurbatskiy
Name: Vanessa Kurbatskiy
Title: Vice President

Signature Page to Amendment No. 3 to
Credit Agreement dated as of October 12, 2011
C. R. Bard, Inc.

ROYAL BANK OF CANADA,
as a Lender

By: /s/ Eric D. Koppelson
Name: Eric D. Koppelson
Title: Authorized Signatory

Signature Page to Amendment No. 3 to
Credit Agreement dated as of October 12, 2011
C. R. Bard, Inc.

TD BANK, N.A.,
as a Lender

By: /s/ Steve Levi
Name: Steve Levi
Title: Senior Vice President

Signature Page to Amendment No. 3 to
Credit Agreement dated as of October 12, 2011
C. R. Bard, Inc.

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
as a Lender

By: /s/ Brian McNany
Name: Brian McNany
Title: Director

Signature Page to Amendment No. 3 to
Credit Agreement dated as of October 12, 2011
C. R. Bard, Inc.

U.S. BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Jennifer Hwang
Name: Jennifer Hwang
Title: Senior Vice President

Signature Page to Amendment No. 3 to
Credit Agreement dated as of October 12, 2011
C. R. Bard, Inc.

HSBC BANK USA, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Robert Moravac
Name: Robert Moravac
Title: Vice President

Signature Page to Amendment No. 3 to
Credit Agreement dated as of October 12, 2011
C. R. Bard, Inc.

MIZUHO BANK, LTD.,
as a Lender

By: /s/ Bertram H. Tang
Name: Bertram H. Tang
Title: Authorized Signatory

Signature Page to Amendment No. 3 to
Credit Agreement dated as of October 12, 2011
C. R. Bard, Inc.

BANK OF CHINA,
as a Lender

By: /s/ Haifeng Xu
Name: Haifeng Xu
Title: Executive Vice President

The undersigned Departing Lender hereby acknowledges and agrees that, from and after the Amendment No. 3 Effective Date, it is no longer a party to the Credit Agreement

SANTANDER BANK, N.A. (f/k/a Sovereign Bank, N.A.),
as a Departing Lender

By: /s/ Justin Kleeberg
Name: Justin Kleeberg
Title: Executive Director

Exhibit 12.1 - Computation of Ratio of Earnings to Fixed Charges

(dollars in millions)	2015	2014	2013	2012	2011
Earnings from operations before taxes	$349.4	$445.8	$1,213.4	$732.4	$510.8
Add (Deduct):					
Fixed charges	52.8	52.9	52.4	46.1	42.7
Undistributed earnings of equity investments	0.4	0.3	(1.0)	(9.6)	(3.8)
Earnings available for fixed charges	$402.6	$499.0	$1,264.8	$768.9	$549.7
Fixed charges:					
Interest, including amounts capitalized(1)	$ 44.9	$ 44.8	$ 45.0	$ 39.6	$ 36.4
Proportion of rent expense deemed to represent interest factor	7.9	8.1	7.4	6.5	6.3
Fixed charges	$ 52.8	$ 52.9	$ 52.4	$ 46.1	$ 42.7
Ratio of earnings to fixed charges	7.63	9.43	24.14	16.68	12.87

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

Exhibit 21

Subsidiaries of the Registrant

The following table lists, as of December 31, 2015, the company and its significant subsidiaries and indicates the jurisdiction of organization of each subsidiary:

	Where Incorporated
C. R. Bard, Inc. (Registrant)	New Jersey
Bard Access Systems, Inc.	Utah
Bard Acquisition Sub, Inc.	Delaware
Bard ASDI, Inc.	New Jersey
Bard Australia Pty. Limited	Australia
Bard Benelux N.V.	Belgium
Bard Brachytherapy, Inc.	Delaware
Bard Brasil Industria e Comercio de Produtos Para e Saude Ltda.	Brazil
Bard Brasil-Serviços em Equipamentos Médicos Ltda.	Brazil
Bard Canada Inc.	Canada
Bard Chile S.p.A.	Chile
Bard Colombia S.A.S.	Colombia
Bard Czech Republic s.r.o.	Czech Republic
Bard de España, S.A.	Spain
Bard Devices, Inc.	Delaware
Bard Dublin ITC Limited	Ireland
Bard EMEA Finance Center Sp. z.o.o.	Poland
Bard European Distribution Center N.V.	Belgium
Bard Finance B.V. & KG	Germany
Bard Finance S.a.r.l.	Luxembourg
Bard Financial Services Ltd.	England
Bard Finland OY	Finland
Bard France S.A.S.	France
Bard Healthcare Science (Shanghai) Limited	China
Bard Healthcare, Inc.	Texas
Bard Hellas S.A.	Greece
Bard Holding SAS	France
Bard Holdings GmbH & Co KG	Germany
Bard Holdings Limited	England
Bard Holdings Netherlands BV	The Netherlands
Bard Hong Kong Limited	Hong Kong
Bard India Healthcare Pvt. Ltd.	India
Bard International Holdings, BV	The Netherlands
Bard International, Inc.	Delaware
Bard Istanbul Sağlik Hizmetleri Limited Şirketi	Turkey
Bard Korea Limited	Korea
Bard Limited	England
Bard Medica S.A.	Switzerland
Bard Medical Devices (Beijing) Co., Ltd.	China
Bard Medical R&D (Shanghai) Co. Ltd.	China
Bard Medical S.A. (Proprietary) Limited	South Africa
Bard Mexico Realty, S. de R.L. de C.V.	Mexico
Bard MRL Acquisition Corp.	Delaware
Bard Netherlands CV	The Netherlands
Bard Norden AB	Sweden
Bard Norway AS	Norway
Bard Operations Center S.a.r.l.	Luxembourg
Bard Pacific Health Care Company Ltd.	Taiwan
Bard Peripheral Vascular, Inc.	Arizona
Bard Poland Sp. z.o.o.	Poland
Bard Reynosa S.A. de C.V.	Mexico
Bard S.r.l.	Italy
Bard Sendirian Berhad	Malaysia
Bard Shannon Limited	Ireland

Exhibit 21

Subsidiaries of the Registrant (continued)

	Where Incorporated
Bard Singapore Private Limited	Singapore
Bard Sourcing Office Singapore Pte. Ltd.	Singapore
Bard Sweden AB	Sweden
Bard UK Newco Ltd.	England
Bard Verwaltung GmbH (f/k/a Angiomed GmbH)	Germany
Bridger Biomed, Inc.	Montana
C. R. Bard (Portugal) Productos e Artigos Medicos e Farmaceuticos, Lda.	Portugal
C. R. Bard GmbH	Germany
C. R. Bard Netherlands Sales BV	The Netherlands
C. R. Bard, LLC	Delaware
Cardial S.A.S.	France
Clearstream Technologies Group Limited	Ireland
Clearstream Technologies Limited	Ireland
Davol Inc.	Delaware
Davol International Limited	England
Davol Surgical Innovations, S.A. de C.V.	Mexico
DVL Acquisition Sub, Inc.	Delaware
Dymax Corporation	Pennsylvania
Embo Medical Ltd.	Ireland
Flowcardia, Inc.	Delaware
Flowcardia, LLC	Delaware
Gamer Lasertechnik GmbH	Germany
Gesco International Inc.	Massachusetts
Gesco International LLC	Massachusetts
Kabushiki Kaisha Medicon (Medicon, Inc.)	Japan
Limited Liability Company Bard Rus	Russia
Loma Vista Medical, Inc.	Delaware
Loma Vista Medical, LLC	Delaware
Lutonix, Inc.	Delaware
Medafor, Inc.	Minnesota
MedChem Products, Inc.	Massachusetts
Medivance, Inc.	Delaware
Navarre Biomedical, LLC	Minnesota
Navarre Biomedical, Ltd.	Minnesota
Neomend, Inc.	Delaware
Now Medical Distribution, Inc.	Delaware
Now Medical Distribution, LLC	Delaware
Productos Bard de Mexico S.A. de C.V.	Mexico
Productos Para el Cuidado de la Salud, S.A. de C.V.	Mexico
ProSeed, Inc.	New Jersey
Roberts Laboratories, Inc.	Arizona
Rochester Medical Corporation	Minnesota
Rochester Medical Ltd.	England
SenoRx, Inc.	Delaware
SenoRx, LLC	Delaware
Specialized Health Products International, Inc.	Delaware
Specialized Health Products International, LLC	Delaware
Specialized Health Products, Inc.	Utah
Vas-Cath, Inc.	Canada
Vascular Pathways Europe Limited	England
Vascular Pathways, Inc.	Delaware
Venetec International, Inc.	Delaware
Venetec International, LLC	Delaware
Y-Med, Inc.	Delaware
Y-Med, LLC	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors of
C. R. Bard, Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-197194, 333-189705, 333-182239, 333-86668, 333-59156, 333-55684, 333-78089, 333-51793, 333-69857, 333-30217, 333-07189, 33-63147, 33-35544, 33-64874, 333-104683, 333-135098, 333-151740, 333-159928, 333-167576 and 333-205849) on Form S-8 and (Nos. 333-05997 and 333-171166) on Form S-3 of C. R. Bard, Inc. and subsidiaries of our reports dated February 12, 2016, with respect to the consolidated balance sheets of C. R. Bard, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, shareholders' investment, and cash flows for each of the years in the three-year period ended December 31, 2015, and the related consolidated financial statement schedule and the effectiveness of internal control over financial reporting as of December 31, 2015 which reports appear in the December 31, 2015 annual report on Form 10-K of C. R. Bard, Inc.

Our report includes an explanatory paragraph indicating that management excluded from its assessment of the effectiveness of the company's internal control over financial reporting as of December 31, 2015, internal control over financial reporting associated with Medicon, Inc., representing approximately 0.3% of C. R. Bard, Inc.'s consolidated net sales for the year ended December 31, 2015 and assets associated with Medicon, Inc.'s operations representing 2.2% of C. R. Bard, Inc.'s consolidated total assets as of December 31, 2015. Our audit of internal control over financial reporting also excluded an evaluation of the internal control over financial reporting of Medicon, Inc.

/s/ KPMG LLP
Short Hills, New Jersey
February 12, 2016

EXHIBIT 31.1
Certification of Chief Executive Officer

I, Timothy M. Ring, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2015 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: February 12, 2016

/s/ Timothy M. Ring
Timothy M. Ring
Chief Executive Officer

EXHIBIT 31.2
Certification of Chief Financial Officer

I, Christopher S. Holland, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2015 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: February 12, 2016

/s/ Christopher S. Holland
Christopher S. Holland
Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

**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 annual report of C. R. Bard, Inc. on Form 10-K for the year ended December 31, 2015, 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: February 12, 2016

EXHIBIT 32.2

**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 annual report of C. R. Bard, Inc. on Form 10-K for the year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher S. Holland, 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/ Christopher S. Holland

Name: Christopher S. Holland
Date: February 12, 2016