| TIMELIN | $\text { IESS } 3$ | owered | 25／11 | High： Low： | $\begin{aligned} & 39.3 \\ & 30.0 \end{aligned}$ | $\begin{aligned} & 38.6 \\ & 24.7 \end{aligned}$ | 41.8 28.8 | $\begin{aligned} & 58.2 \\ & 40.9 \end{aligned}$ | $\begin{aligned} & 61.2 \\ & 49.7 \end{aligned}$ | $\begin{aligned} & 74.3 \\ & 58.1 \end{aligned}$ | $\begin{aligned} & 85.9 \\ & 69.3 \end{aligned}$ | $\begin{aligned} & 93.2 \\ & 58.1 \end{aligned}$ | $\begin{aligned} & 80.0 \\ & 60.4 \end{aligned}$ | $\begin{aligned} & 85.5 \\ & 66.5 \end{aligned}$ | $\begin{array}{l\|} \hline 89.8 \\ 69.6 \end{array}$ | $\begin{aligned} & \hline 80.6 \\ & 71.6 \end{aligned}$ |  |  | Target Price | Range |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| SAFETY <br> TECHN |  | Raised 3 <br> Raised 8 | $\begin{aligned} & 4 / 05 \\ & 24 / 12 \end{aligned}$ | $\begin{array}{\|c} \hline \text { LEGEN } \\ \hline \ldots \\ 11 . \\ \text { Re } \end{array}$ | DS <br> ative Pric | w＂$p$ Strength |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| TECH BETA |  | Raised $8 /$ | 24/12 | Options： |  | trengt |  |  |  |  |  |  |  |  |  |  |  |  |  | 160 |
|  | （1．00＝ | Market） |  | Shaded | si | rec |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 17 P | ECTIO |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | in | Total |  |  |  |  |  |  |  |  | 吅川川 |  |  |  |  |  |  |  | 80 |
|  | rice | in |  |  |  |  |  |  |  | 114＇י＇＂ | IIN |  |  | 1，11 |  |  |  |  |  |  |
| High |  | $35 \%$ |  |  |  |  |  |  | \％ |  |  |  | 1111 |  |  |  |  |  |  | 60 |
| Insider | Decisi | ons |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 40 |
|  | son | D J F | M A M | Hmant | 年 |  | 111111 |  |  |  |  |  | ． |  |  |  |  |  |  | 30 |
|  | $\begin{array}{llll}0 & 0 & 0 \\ 0 & 0 & 0\end{array}$ | $\begin{array}{llll}0 & 0 & 0 \\ 0 & 0 & 2\end{array}$ | $\begin{array}{lll} 1 & 1 \\ 0 & 0 & 0 \\ 0 & 0 & 0 \\ \hline \end{array}$ | ｜｜ा｜｜｜ |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | －20 |
| to Sell | 000 | 203 | 000 |  |  |  |  |  |  |  |  |  |  |  |  |  |  | \％TOT | T．RETURN 7／12 |  |
| Institu | ional D | Decision |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | THIS VLARITH．＊ |  |
|  | 302011 | 4 Q2011 | 102012 | Percent |  |  |  |  |  |  |  |  |  |  |  |  |  |  | STOCK INDEX |  |
| to Buy | 341 359 | 346 382 | 333 391 | shares |  |  |  |  |  |  |  |  |  |  |  |  |  |  | $\begin{array}{ll}-7.3 & -1.0 \\ 23.8 & 50.3\end{array}$ |  |
| to Sell Hld＇s（000） | $\begin{array}{r} 359 \\ 171781 \end{array}$ | 163773 | 159611 | traded |  |  |  |  |  |  |  |  |  |  |  |  |  | $\begin{aligned} & 3 \mathrm{yr} . \\ & 5 \mathrm{yr} . \end{aligned}$ | 73.8 50.3 <br> 9.0 24.0 |  |
| 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | $\bigcirc$ VAL | UE LINE PUB．LLC | 15－17 |
| 11.20 | 11.51 | 12.58 | 13.63 | 14.27 | 14.48 | 15.78 | 18.03 | 19.79 | 21.86 | 23.79 | 26.08 | 29.44 | 30.20 | 32.08 | 36.44 | 39.25 | 40.80 | Sales | sh A | 50.35 |
| 1.96 | 2.15 | 2.29 | 2.56 | 2.68 | 2.86 | 3.06 | 3.63 | 4.13 | 4.60 | 5.08 | 5.82 | 6.60 | 7.13 | 7.34 | 8.27 | 8.30 | 8.70 | ＂Cash | Fow＂per sh | 11.75 |
| 1.06 | 1.21 | 1.30 | 1.46 | 1.49 | 1.63 | 1.79 | 2.15 | 2.56 | 2.88 | 3.28 | 3.84 | 4.46 | 4.95 | 4.94 | 5.62 | 5.36 | 5.85 | Earning | sper sh AB | 8.55 |
| ． 23 | ． 26 | ． 29 | ． 34 | ． 37 | ． 38 | ． 39 | ． 40 | 60 | ． 72 | ． 86 | ． 98 | 1.14 | 1.32 | 1.48 | 1.64 | 1.80 | 2.00 | Div＇ds | Decl＇d per sh C■ | 2.80 |
| ． 59 | ． 70 | ． 73 | 1.24 | 1.48 | 1.43 | 1.02 | 1.04 | 1.07 | 1.28 | 1.87 | 2.28 | 2.68 | 2.96 | 2.75 | 2.82 | 3.30 | 3.35 | Cap＇IS | pending per sh | 3.95 |
| 5.15 | 5.46 | 6.31 | 6.87 | 7.54 | 8.83 | 9.59 | 11.40 | 12.18 | 13.26 | 15.63 | 17.89 | 20.30 | 21.69 | 23.65 | 22.48 | 20.90 | 23.05 | Book V | alue per sh D | 32.95 |
| 247.22 | 244.17 | 247.84 | 250.80 | 253.50 | 259.24 | 255.53 | 251.13 | 249.33 | 247.68 | 245.47 | 243.84 | 243.08 | 237.08 | 229.82 | 214.82 | 197.00 | 195.00 | Comm | Shs Outst＇g E | 190.00 |
| 18.5 | 19.7 | 25.6 | 24.4 | 18.5 | 20.8 | 19.1 | 15.9 | 18.0 | 19.3 | 18.8 | 19.5 | 19.0 | 13.7 | 14.9 | 14.5 | Bold figu | ures are | Avg A | ＇I P／E Ratio | 15.0 |
| 1.16 | 1.14 | 1.33 | 1.39 | 1.20 | 1.07 | 1.04 | ． 91 | ． 95 | 1.03 | 1.02 | 1.04 | 1.14 | ． 91 | ． 95 | ． 91 |  | Line | Relativ | P／E Ratio | 1.00 |
| 1．2\％ | 1．1\％ | ．9\％ | 1．0\％ | 1．3\％ | 1．1\％ | 1．1\％ | 1．2\％ | 1．3\％ | 1．3\％ | 1．4\％ | 1．3\％ | 1．3\％ | 1．9\％ | 2．0\％ | 2．0\％ | estim | a | Avg An | n＇I Div＇d Yield | 2．2\％ |
| CAPITA | STRUC | CTURE a | of 6／30 |  |  | 4033.1 | 4527.9 | 4934.7 | 5414.7 | 5840.2 | 6359.7 | 7155.9 | 7160.9 | 7372.3 | 7828.9 | 7735 | 7960 | Sales | nill）A | 9570 |
| Total De | bt \＄417 | 1.3 mill．D | ue in 5 | rs \＄1150 |  | 24．3\％ | 24．9\％ | 26．1\％ | 26．2\％ | 26．6\％ | 27．8\％ | 28．4\％ | 30．2\％ | 29．7\％ | 29．1\％ | 27．8\％ | 27．9\％ | Operati | ing Margin | 30．0\％ |
| LT Debt | \＄3760．6 | mill． | Intere | $\$ 180.0$ |  | 304.9 | 344.5 | 357.2 | 387.5 | 405.1 | 441.3 | 477.4 | 470.2 | 502.1 | 504.1 | 515 | 530 | Depre | tion（\＄mill） | 580 |
|  |  |  |  |  |  | 480.0 | 569.2 | 673.5 | 750.7 | 840.8 | 978.3 | 1127.9 | 1220.1 | 1185.2 | 1271.5 | 1120 | 1165 | Net Pro | （\＄mill） | 1655 |
| Leases， | Uncapit | lized An | ual ren | als \＄47．5 | mill． | 23．6\％ | 23．5\％ | 25．0\％ | 25．3\％ | 25．9\％ | 26．2\％ | 27．4\％ | 27．6\％ | 29．0\％ | 26．3\％ | 25．0\％ | 26．0\％ | Income | Tax Rate | 27．0\％ |
|  |  |  |  |  |  | 11．9\％ | 12．6\％ | 13．6\％ | 13．9\％ | 14．4\％ | 15．4\％ | 15．8\％ | 17．0\％ | 16．1\％ | 16．2\％ | 14．5\％ | 14．6\％ | Net Pro | fit Margin | 17．3\％ |
| Pension | Assets | ／11 \＄13 | 52.7 mill |  |  | 676.2 | 1295.2 | 1591.2 | 1675.9 | 1609.0 | 1651.8 | 2198.1 | 2869.9 | 2833.6 | 2845.1 | 2815 | 2245 | Workin | Cap＇l（\＄mill） | 925 |
|  |  |  |  | \＄1996 | mill． | 803.0 | 1184.0 | 1171.5 | 1060.8 | 957.0 | 955.7 | 953.2 | 1488.5 | 1495.4 | 2484.7 | 3700 | 3275 | Long－T | ram Debt（\＄mill） | 1900 |
| Preferre | d Stock | None |  |  |  | 2488.0 | 2897.0 | 3067.9 | 3284.0 | 3836.2 | 4362.0 | 4935.6 | 5142.7 | 5434.6 | 4828.2 | 4115 | 4495 | Shr．Eq | quity（\＄mill）${ }^{\text {D }}$ | 6265 |
| Commo | Stock | 199，554， | 920 shar |  |  | 15．3\％ | 14．5\％ | 16．5\％ | 18．0\％ | 18．1\％ | 18．9\％ | 19．6\％ | 18．9\％ | 17．7\％ | 18．2\％ | 15．5\％ | 16．0\％ | Return | on Total Cap＇l | 21．0\％ |
| MARKE | T CAP： | \＄15．2 bill | on（Larg | Cap） |  | 19．3\％ | 19．6\％ | 22．0\％ | 22．9\％ | 21．9\％ | 22．4\％ | 22．9\％ | 23．7\％ | 21．8\％ | 26．3\％ | 27．0\％ | 26．0\％ | Return | on Shr．Equity | 26．5\％ |
| CURRE | NT POSI | TION | 2010 | 2011 | ／30／12 | 15．2\％ | 16．2\％ | 17．2\％ | 17．3\％ | 16．4\％ | 16．9\％ | 17．2\％ | 17．6\％ | 15．4\％ | 18．9\％ | 18．5\％ | 17．0\％ | Retaine | d to Com Eq | 18．0\％ |
| $\begin{aligned} & \text { (\$MIL } \\ & \text { Cash As } \end{aligned}$ | L．） <br> ssets | $172$ | 44.21 |  |  | २२\% | $18 \%$ | $23 \%$ | $24 \%$ | $25 \%$ | 25\％ | $25 \%$ | 26\％ | 29\％ | 28\％ | 32\％ | 32\％ | All Div＇ | ds to Net Prof | 32\％ |

$\begin{array}{lllll}\text { Cash Assets } & 1744.2 & 1563.3 & 2188.5\end{array}$ $\begin{array}{llll}\text { Receivables } & 1205.4 & 1228.6 & 1160.3 \\ \text { Inventory（FIFO）} & 1145.3 & 1245 . & 123.1\end{array}$ $\begin{array}{lrrr}\text { Inventory（FIFO）} & 1145.3 & 1245.0 & 1239.1 \\ \text { Other } & 410.4 & 631.4 & 696.8\end{array}$
Current Assets
Accts Payable
Debt Due
Other
Current Liab．

| ANNUAL RATES | Past | Past | Est＇d＇09－＇＇11 |
| :--- | ---: | ---: | ---: |
| of change（per sh） | 10 Yrs． | 5 Yrs． | to＇15．＇17 |
| Sales | $9.0 \%$ | $8.5 \%$ | $7.5 \%$ |
| ＂Cash Flow＂ | $11.0 \%$ | $10.5 \%$ | $8.0 \%$ |
| Earnings | $13.0 \%$ | $12.0 \%$ | $8.5 \%$ |
| Dividends | $15.0 \%$ | $15.5 \%$ | $11.0 \%$ |
| Book Value | $11.5 \%$ | $10.5 \%$ | $8.0 \%$ |

Fiscal $\quad$ QUARTERLY SALES（\＄mill．）A $\quad$ Full

| Year |
| :--- | :--- | :--- | :--- | :--- |
| Ends | Dec． 31 Mar． 31 Jun． 30 Sep． 30 年 \(\begin{gathered}Fiscal \\

Year\end{gathered}\)

| 2009 | 1717.9 | 1725.0 | 1820.3 | 1897.7 | 7160.9 |
| :--- | :--- | :--- | :--- | :--- | :--- |


| 2010 | 1868.8 | 1799.4 | 1830.9 | 1873.2 | 7372.3 |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- |


| 2011 | 1842.0 | 1922.0 | 2014.1 | 2050.8 | 7828.9 |
| :---: | :---: | :---: | :---: | :---: | :--- |
| 2012 | F | F | 1980.5 | 1993.8 | 7735 |
| 2013 | 1855 | 1985 | 2045 | 2075 | 7960 |


| 2013 | 1855 | 1985 | 2045 | 2075 | 7960 |
| :--- | :--- | :--- | :--- | :--- | :--- |
| Fiscal | EARNINGS PER SHARE AB | Full |  |  |  |


| Year |
| :---: | :---: | :---: | :---: | :---: |
| Ends | Dec． 31 Mar． 31 Jun． 30 Sep． 30 | Fiscal |
| :---: |
| Year |


| Ends | Dec．31 | Mar． 31 | Jun． 30 | Sep． 30 | Year |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| 2009 | 1.25 | 1.16 | 1.30 | 1.25 | 4.95 |
| 2010 | 1.25 | 1.22 | 123 | 1.24 | 4.94 |


| 2010 | 1.25 | 1.22 | 1.23 | 1.24 | 4.94 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 2011 | 1.35 | 1.38 | 1.51 | 1.39 | 5.62 |
| 2012 | F | F | 1.52 | $\mathbf{1 . 4 1}$ | $\mathbf{5 . 3 6}$ |
| $\mathbf{2 0 1 3}$ | $\mathbf{1 . 3 4}$ | $\mathbf{1 . 4 0}$ | $\mathbf{1 . 5 5}$ | $\mathbf{1 . 5 6}$ | $\mathbf{5 . 8 5}$ |


| Cal－ <br> endar | QUARTERLY DIVIDENDS PAID C■ <br> Mar． 31 | Jun． 30 | Sep． 30 | Dec． 31 |
| :---: | :---: | :---: | :---: | :---: |


| 2008 | .57 | .285 | .285 | -- | 1.14 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 2009 | .66 | .33 | .33 | -- | 1.32 |
| 2010 | .74 | .37 | .37 | .41 | 1.89 |
| 2011 | .41 | .41 | .41 | .45 | 1.68 |

（A）Fiscal years end September 30th（B）Pri－

BUSINESS：Becton，Dickinson \＆Co．operates three segments： Medical（ $51 \%$ of＇ 11 sales）manufactures a broad array of medical devices；Diagnostics（ $32 \%$ ）provides products for the safe collection and transport of diagnostic specimens，as well as instrumentation and reagents used to detect infectious diseases，healthcare－ associated infections，and cancers；Biosciences（17\％）produces
Becton，Dickinson is in the process of selling its Discovery Labware unit． The division，which was housed in the Biosciences segment，is being purchased by Corning for approximately $\$ 730$ mil－ lion．The transaction remains subject to customary closing conditions，but should be completed by the end of the calendar year．The results of operations associated with the divestiture have been reclassified as discontinued operations，and our es－ timates have been updated．
The company put together a decent showing in the fiscal third quarter （years end September 30th）．Revenues were almost $\$ 2.0$ billion，up $2 \%$ from a year ago on an apples－to－apples basis．The Medical and Diagnostics segments both reported small growth，while the Bios－ ciences group posted a nominal top－line decline．Sales were hurt by unfavorable currency translation．Share earnings came in at $\$ 1.52$ ，which was up about $6 \%$ from a year ago．

## We have cut our top－and bottom－line

 targets．We clipped $\$ 240$ million from our fiscal 2012 sales call，due to global eco－ nomic softness，the pending sale of theresearch and clinical tools that facilitate the study of cells．＇11 re－ search \＆development：$\$ 476.5$ mill， $6.1 \%$ of sales．Employs about 29,400 ．Officers \＆directors own $1.3 \%$ of stock；State Street， $5.9 \%$ （12／11 proxy）．Chairman \＆CEO：Edward J．Ludwig．Incorporated： New Jersey．Address：One Becton Drive，Franklin Lakes，New Jer－ sey 07417．Telephone：201－847－6800．Internet：www．bd．com．
Discovery Labware business，and the likelihood of adverse foreign exchange rates．Indeed，we estimate that year－over－ year revenue growth will be just under 4\％，but currency translation will erode nearly two percentage points of the ad－ vance．We shaved $\$ 0.36$ a share from our full－year earnings target，though about $80 \%$ ，or $\$ 0.29$ ，of the revision is due to the aforementioned divestiture．
We look for strong profit growth in fiscal 2013．Indeed，we think share net will approach \＄5．85，which represents a 9\％advance from our fiscal 2012 target． The company＇s diabetes care products， pharmaceutical systems，and safety－ engineered offerings are all selling well， both at home and abroad．Ongoing share repurchases（the company is on pace to spend about $\$ 1.5$ billion on buybacks this fiscal year）will also help．
We like this neutrally ranked issue．It is ranked 1 for Safety；it is about as stable as they come（Beta：0．65）；and it offers a worthwhile dividend yield of $2.4 \%$ ．More over，thanks to solid growth prospects， long－term capital gains potential is good．
Erik A．Antonson
August 24， 2012

[^0] cludes nonrecurring：＇97，（6¢¢）；＇98，（47¢）；＇99，
（42¢）；＇01，（14¢）；； 03 ，（ $8 ¢$ ）；$\quad 04,(79 ¢) ; ~ ' 05$,
Dividends paid in late December，late March，


[^0]:    （A）Fiscal years end September 30th．（B）Pri－（114）；＇06，（35¢）；＇07，（35¢）；＇08，（11¢）；＇09，4¢； late June，and late September．－DRIP avail－ mary earnings thru＇97，diluted thereatter．Ex－＇10， 55 ；＇＇ 12 ， 22 c．Quarterly EPS may not sum．able．（D）Includes intangibles．In＇11：$\$ 2106.3$

