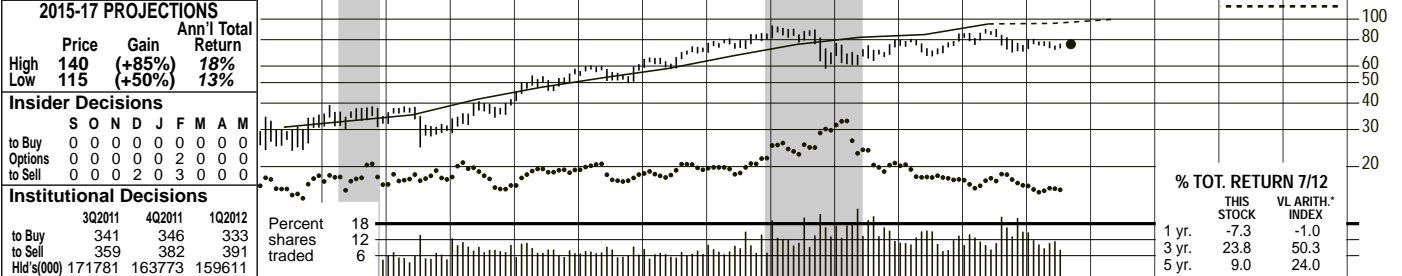


BECTON, D'SON. NYSE-BDX

RECENT PRICE **76.06** P/E RATIO **13.4** (Trailing: 13.8, Median: 18.0) RELATIVE P/E RATIO **0.92** DIV'D YLD **2.4%** VALUE LINE

| | | | | | | | | | | | | | | | | | | | |
|--------------------------------------|---|------|------|------|------|------|------|------|------|------|------|------|--|--|--|--|--|--|--------------------|
| TIMELINESS 3 Lowered 11/25/11 | High: 39.3 | 38.6 | 41.8 | 58.2 | 61.2 | 74.3 | 85.9 | 93.2 | 80.0 | 85.5 | 89.8 | 80.6 | | | | | | | Target Price Range |
| SAFETY 1 Raised 3/4/05 | Low: 30.0 | 24.7 | 28.8 | 40.9 | 49.7 | 58.1 | 69.3 | 58.1 | 60.4 | 66.5 | 69.6 | 71.6 | | | | | | | 2015 2016 2017 |
| TECHNICAL 2 Raised 8/24/12 | LEGENDS — 11.5 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded areas indicate recessions | | | | | | | | | | | | | | | | | | |
| BETA .65 (1.00 = Market) | | | | | | | | | | | | | | | | | | | |



| 2015-17 PROJECTIONS | | | | | | | | | | | | | | | | | | | © VALUE LINE PUB. LLC | | 15-17 | | | | | | | |
|---------------------|--------|-------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|-----------------------|--------------------|-------|-------|------------|-----------------|------|------|-----|------|
| Price | Gain | Ann'l Total | | | | | | | | | | | | | | | | | | % TOT. RETURN 7/12 | | | | | | | | |
| High | Low | Return | | | | | | | | | | | | | | | | | | 1 yr. | 3 yr. | 5 yr. | THIS STOCK | VL ARITH. INDEX | | | | |
| 140 | (+85%) | 18% | | | | | | | | | | | | | | | | | | 1 yr. | 3 yr. | 5 yr. | -7.3 | -1.0 | 23.8 | 50.3 | 9.0 | 24.0 |
| 115 | (+50%) | 13% | | | | | | | | | | | | | | | | | | | | | | | | | | |

| 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | Sales per sh ^A | | 50.35 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------|---------------|-----------------------------------|--|--------|
| 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 | "Cash Flow" per sh | | 11.75 |
| 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 | 8.70 | 8.70 | Earnings per sh ^{AB} | | 8.55 |
| 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 | Div'ds Decl'd per sh ^C | | 2.80 |
| .23 | .26 | .29 | .34 | .37 | .38 | .39 | .40 | .60 | .72 | .86 | .98 | 1.14 | 1.32 | 1.48 | 1.64 | 1.80 | 2.00 | Cap'l Spending per sh | | 3.95 |
| .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 | Book Value per sh ^D | | 32.95 |
| 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 | Common Shs Outst'g ^E | | 190.00 |
| 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 | Avg Ann'l P/E Ratio | | 15.0 |
| 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 | Relative P/E Ratio | | 1.00 | | |
| 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 | Avg Ann'l Div'd Yield | | 2.2% | | |
| 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% | Avg Ann'l Div'd Yield | | 2.2% | | |

| CAPITAL STRUCTURE as of 6/30/12 | | | | | | | | | | | | | | | | | | | Sales (\$mill) ^A | | 9570 |
|---|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------------|--------------|-------------------------|--|-------|--|--|-----------------------------|--|------|
| Total Debt \$4171.3 mill. Due in 5 Yrs \$1150 mill. | | 4033.1 | 4527.9 | 4934.7 | 5414.7 | 5840.2 | 6359.7 | 7155.9 | 7160.9 | 7372.3 | 7828.9 | 7735 | 7960 | Operating Margin | | 30.0% | | | | | |
| LT Debt \$3760.6 mill. LT Interest \$180.0 mill. (47% of Capital) | | 24.3% | 24.9% | 26.1% | 26.2% | 26.6% | 27.8% | 28.4% | 30.2% | 29.7% | 29.1% | 27.8% | 27.9% | Depreciation (\$mill) | | 580 | | | | | |
| Leases, Uncapitalized Annual rentals \$47.5 mill. | | 304.9 | 344.5 | 357.2 | 387.5 | 405.1 | 441.3 | 477.4 | 470.2 | 502.1 | 504.1 | 515 | 530 | Net Profit (\$mill) | | 1655 | | | | | |
| Pension Assets-9/11 \$1352.7 mill. Oblig. \$1996.4 mill. | | 480.0 | 569.2 | 673.5 | 750.7 | 840.8 | 978.3 | 1127.9 | 1220.1 | 1185.2 | 1271.5 | 1120 | 1165 | Income Tax Rate | | 27.0% | | | | | |
| Preferred Stock None | | 23.6% | 23.5% | 25.0% | 25.3% | 25.9% | 26.2% | 27.4% | 27.6% | 29.0% | 26.3% | 25.0% | 26.0% | Net Profit Margin | | 17.3% | | | | | |
| Common Stock 199,554,920 shares | | 11.9% | 12.6% | 13.6% | 13.9% | 14.4% | 15.4% | 15.8% | 17.0% | 16.1% | 16.2% | 14.5% | 14.6% | Working Cap'l (\$mill) | | 925 | | | | | |
| MARKET CAP: \$15.2 billion (Large Cap) | | 676.2 | 1295.2 | 1591.2 | 1675.9 | 1609.0 | 1651.8 | 2198.1 | 2869.9 | 2833.6 | 2845.1 | 2815 | 2245 | Long-Term Debt (\$mill) | | 1900 | | | | | |
| CURRENT POSITION (SMILL.) | | 803.0 | 1184.0 | 1171.5 | 1060.8 | 957.0 | 955.7 | 953.2 | 1488.5 | 1495.4 | 2484.7 | 3700 | 3275 | Return on Total Cap'l | | 21.0% | | | | | |
| Cash Assets | | 2488.0 | 2897.0 | 3067.9 | 3284.0 | 3836.2 | 4362.0 | 4935.6 | 5142.7 | 5434.6 | 4828.2 | 4115 | 4495 | Return on Shr. Equity | | 26.5% | | | | | |
| Receivables | | 15.3% | 14.5% | 16.5% | 18.0% | 18.1% | 18.9% | 19.6% | 18.9% | 17.7% | 18.2% | 15.5% | 16.0% | Retained to Com Eq | | 18.0% | | | | | |
| Inventory (FIFO) | | 19.3% | 19.6% | 22.0% | 22.9% | 21.9% | 22.4% | 22.9% | 23.7% | 21.8% | 26.3% | 27.0% | 26.0% | All Div'ds to Net Prof | | 32% | | | | | |
| Other | | 15.2% | 16.2% | 17.2% | 17.3% | 16.4% | 16.9% | 17.2% | 17.6% | 15.4% | 18.9% | 18.5% | 17.0% | | | | | | | | |
| Current Assets | | 22% | 18% | 23% | 24% | 25% | 25% | 25% | 26% | 29% | 28% | 32% | 32% | | | | | | | | |
| Accts Payable | | | | | | | | | | | | | | | | | | | | | |
| Debt Due | | | | | | | | | | | | | | | | | | | | | |
| Other | | | | | | | | | | | | | | | | | | | | | |
| Current Liab. | | | | | | | | | | | | | | | | | | | | | |

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 research and clinical tools that facilitate the study of cells. '11 research & 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 Jersey 07417. Telephone: 201-847-6800. Internet: www.bd.com.

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 million. 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 estimates 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 Biosciences 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 economic softness, the pending sale of the 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 advance. 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%. Moreover, thanks to solid growth prospects, long-term capital gains potential is good.

Erik A. Antonson August 24, 2012

Company's Financial Strength A++ Stock's Price Stability 100 Price Growth Persistence 65 Earnings Predictability 100

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