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

FORM 10-Q

(Mark One)

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2016

OR

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

For the transition period from__________ to __________

Commission file number 001-4802

Becton, Dickinson and Company
(Exact name of registrant as specified in its charter)

New Jersey	**22-0760120**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1 Becton Drive, Franklin Lakes, New Jersey 07417-1880
(Address of principal executive offices)
(Zip Code)

(201) 847-6800
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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 ý No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, 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 ý No ¨

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	ý	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	¨

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No ý

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Common Stock	Shares Outstanding as of December 31, 2016
Common stock, par value $1.00	212,825,085

BECTON, DICKINSON AND COMPANY
FORM 10-Q
For the quarterly period ended December 31, 2016

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ITEM 1. FINANCIAL STATEMENTS

BECTON, DICKINSON AND COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
Millions of dollars

	December 31, 2016 (Unaudited)	September 30, 2016
Assets		
Current Assets:		
Cash and equivalents	$ 919	$ 1,541
Short-term investments	18	27
Trade receivables, net	1,518	1,618
Current portion of net investment in sales-type leases	346	339
Inventories:		
Materials	298	316
Work in process	275	274
Finished products	1,119	1,129
	1,692	1,719
Assets held for sale	50	642
Prepaid expenses and other	643	480
Total Current Assets	5,187	6,367
Property, Plant and Equipment	8,101	8,419
Less allowances for depreciation and amortization	4,273	4,518
Property, Plant and Equipment, Net	3,827	3,901
Goodwill	7,363	7,419
Customer Relationships, Net	2,965	3,022
Developed Technology, Net	2,580	2,655
Other Intangibles, Net	584	604
Capitalized Software, Net	68	70
Net Investment in Sales-Type Leases, Less Current Portion	816	796
Other Assets	927	753
Total Assets	$ 24,318	$ 25,586
Liabilities and Shareholders' Equity		
Current Liabilities:		
Short-term debt	$ 1,974	$ 1,001
Payables and accrued expenses	2,596	3,210
Liabilities held for sale	—	189
Total Current Liabilities	4,570	4,400
Long-Term Debt	9,043	10,550
Long-Term Employee Benefit Obligations	1,323	1,319
Deferred Income Taxes and Other	1,798	1,684
Commitments and Contingencies (See Note 5)		
Shareholders' Equity		
Common stock	333	333
Capital in excess of par value	4,713	4,693
Retained earnings	13,133	12,727
Deferred compensation	23	22
Common stock in treasury - at cost	(8,457)	(8,212)
Accumulated other comprehensive loss	(2,162)	(1,929)
Total Shareholders' Equity	7,583	7,633
Total Liabilities and Shareholders' Equity	$ 24,318	$ 25,586

Amounts may not add due to rounding.
See notes to condensed consolidated financial statements

BECTON, DICKINSON AND COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
Millions of dollars, except per share data
(Unaudited)

	Three Months Ended December 31,	
	2016	2015
Revenues	$ 2,922	$ 2,986
Cost of products sold	1,470	1,578
Selling and administrative expense	709	748
Research and development expense	182	187
Acquisitions and other restructurings	87	121
Other operating income (See Note 5)	(336)	—
Total Operating Costs and Expenses	2,111	2,635
Operating Income	811	352
Interest expense	(95)	(97)
Interest income	5	6
Other (expense) income, net	(29)	6
Income Before Income Taxes	692	266
Income tax provision	131	37
Net Income	562	229
Basic Earnings per Share	$ 2.64	$ 1.08
Diluted Earnings per Share	$ 2.58	$ 1.06
Dividends per Common Share	$ 0.73	$ 0.66

Amounts may not add due to rounding.
See notes to condensed consolidated financial statements

BECTON, DICKINSON AND COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Millions of dollars
(Unaudited)

	Three Months Ended December 31,	
	2016	2015
Net Income	$ 562	$ 229
Other Comprehensive Income (Loss), Net of Tax		
Foreign currency translation adjustments	(275)	(116)
Defined benefit pension and postretirement plans	15	12
Net unrealized losses on cash flow hedges, net of reclassifications	28	3
Other Comprehensive Loss, Net of Tax	(233)	(101)
Comprehensive Income	$ 329	$ 127

Amounts may not add due to rounding.
See notes to condensed consolidated financial statements

BECTON, DICKINSON AND COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Millions of dollars
(Unaudited)

	Three Months Ended December 31,	
	2016	2015
Operating Activities		
Net income	$ 562	$ 229
Adjustments to net income to derive net cash provided by operating activities:		
Depreciation and amortization	262	289
Share-based compensation	61	76
Deferred income taxes	21	(29)
Change in operating assets and liabilities	(506)	(237)
Pension obligation	25	21
Excess tax benefits from payments under share-based compensation plans	27	—
Other, net	(136)	114
Net Cash Provided by Operating Activities	315	463
Investing Activities		
Capital expenditures	(112)	(134)
Proceeds from sale of investments, net	16	14
Proceeds from divestitures, net	167	—
Other, net	(23)	(25)
Net Cash Provided by (Used for) Investing Activities	48	(145)
Financing Activities		
Change in short-term debt	700	—
Proceeds from long-term debt	1,054	—
Payments of debt	(2,189)	—
Repurchase of common stock	(220)	—
Excess tax benefits from payments under share-based compensation plans	—	44
Dividends paid	(156)	(140)
Other, net	(144)	(49)
Net Cash Used for Financing Activities	(955)	(145)
Effect of exchange rate changes on cash and equivalents	(30)	(14)
Net (decrease) increase in cash and equivalents	(622)	158
Opening Cash and Equivalents	1,541	1,424
Closing Cash and Equivalents	$ 919	$ 1,583

Amounts may not add due to rounding.
See notes to condensed consolidated financial statements

Note 1 – Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, in the opinion of the management of the Company, include all adjustments which are of a normal recurring nature, necessary for a fair presentation of the financial position and the results of operations and cash flows for the periods presented. However, the financial statements do not include all information and accompanying notes required for a presentation in accordance with U.S. generally accepted accounting principles. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company’s 2016 Annual Report on Form 10-K. Within the financial statements and tables presented, certain columns and rows may not add due to the use of rounded numbers for disclosure purposes. Percentages and earnings per share amounts presented are calculated from the underlying amounts. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year.

Note 2 – Accounting Changes

New Accounting Principles Adopted

On October 1, 2016, the Company prospectively adopted amended requirements issued by the Financial Accounting Standards Board ("FASB") relating to the timing of recognition and classification of share-based compensation award-related income tax effects. Upon the settlement of awards in the first quarter of fiscal year 2017, the Company recorded a tax benefit of $27 million to *Income tax provision* within its consolidated statement of income. The Company expects to record additional tax benefits throughout fiscal year 2017. These tax benefits were recorded within *Capital in excess of par value* on the Company's condensed consolidated balance sheet in the prior-year period. Because these excess tax benefits are no longer recorded in *Capital in excess of par value,* the current-year period adjustment for the dilutive impact of share equivalents from share-based plans, which is used in the Company's computation of diluted earnings per share, increased by approximately 1 million shares. Also per the amended guidance, the Company classified the $27 million of excess tax benefits on its condensed consolidated statement of cash flows within *Net Cash Provided by Operating Activities*, rather than *Net Cash Used for Financing Activities,* which included the excess tax benefits for the first quarter of fiscal year 2016. The amended guidance allows entities to account for award forfeitures as they occur; however, the Company has elected to continue its determination of compensation cost recognized in each period based upon an estimate of expected future forfeitures.

New Accounting Principles Not Yet Adopted

In February 2016, the FASB issued a new lease accounting standard which requires lessees to recognize lease assets and lease liabilities on the balance sheet. The new standard also requires expanded disclosures regarding leasing arrangements. The Company is currently evaluating the impact that this new lease accounting standard will have on its consolidated financial statements upon its adoption of the standard on October 1, 2019.

In May 2014, the FASB issued a new revenue recognition standard. Under this standard, revenue will be recognized upon the transfer of goods or services to customers and the amount of revenue recognized will reflect the consideration to which a reporting entity expects to be entitled in exchange for those goods or services. The Company intends to adopt the standard, as required, on October 1, 2018 and is currently in the process of completing the initial assessment of the impact that this new revenue recognition standard will have on its consolidated financial statements.

Note 3 – Accumulated Other Comprehensive Income (Loss)

The components and changes of *Accumulated other comprehensive income (loss)* for the three-month period ended December 31, 2016 were as follows:

(Millions of dollars)	Total	Foreign Currency Translation	Benefit Plans	Cash Flow Hedges
Balance at September 30, 2016	$ (1,929)	$ (1,011)	$ (883)	$ (35)
Other comprehensive (loss) income before reclassifications, net of taxes	(251)	(275)	—	24
Amounts reclassified into income, net of taxes	18	—	15	4
Balance at December 31, 2016	$ (2,162)	$ (1,287)	$ (868)	$ (7)

The amount recognized in other comprehensive income during the three-month period ended December 31, 2016 relating to cash flow hedges represented unrealized gains on forward starting interest rate swaps entered into in fiscal year 2016, which are further discussed in Note 12. The tax provision relating to these gains was $15 million for the three-month period ended December 31, 2016.

Reclassifications out of *Accumulated other comprehensive income (loss)* were as follows:

	Three Months Ended December 31,	
(Millions of dollars)	2016	2015
Benefit Plans		
Reclassification of losses into income	$ 22	$ 19
Associated tax benefits	(7)	(6)
Amounts reclassified into income, net of taxes (A)	$ 15	$ 12
Cash Flow Hedges		
Reclassification of losses into income	$ 6	$ 4
Associated tax benefits	(2)	(2)
Amounts reclassified into income, net of taxes (B)	$ 4	$ 3

(A) These reclassifications were not recorded into income in their entirety and were included in the computation of net periodic benefit plan costs. Additional details regarding the Company's benefit plans are provided in Note 8.

(B) These reclassifications were recorded to *Interest expense* and *Cost of products sold.* Additional details regarding the Company's cash flow hedges are provided in Note 12.

Note 4 – Earnings per Share

The weighted average common shares used in the computations of basic and diluted earnings per share (shares in thousands) were as follows:

	Three Months Ended December 31,	
	2016	2015
Average common shares outstanding	213,064	211,689
Dilutive share equivalents from share-based plans (A)	4,675	4,605
Average common and common equivalent shares outstanding – assuming dilution	217,739	216,294

(A) The prior-period adjustment to calculate diluted share equivalents from share-based plans included excess tax benefits relating to share-based compensation awards. Upon the Company's adoption, as discussed in Note 2, of new accounting requirements relating to share-based compensation award-related income tax effects, the current-year period adjustment excluded these excess tax benefits.

Using proceeds received from the divestiture of the Respiratory Solutions business in the first quarter of fiscal year 2017, the Company repurchased approximately1.3 million shares of its common stock under an accelerated share repurchase agreement. The repurchased shares were recorded as a $220 million increase to *Common stock in treasury.*

Note 5 – Contingencies

Given the uncertain nature of litigation generally, the Company is not able in all cases to estimate the amount or range of loss that could result from an unfavorable outcome of the litigation to which the Company is a party. In accordance with U.S. generally accepted accounting principles, the Company establishes accruals to the extent probable future losses are estimable (in the case of environmental matters, without considering possible third-party recoveries). In view of the uncertainties discussed below, the Company could incur charges in excess of any currently established accruals and, to the extent available, liability insurance. In the opinion of management, any such future charges, individually or in the aggregate, could have a material adverse effect on the Company’s consolidated results of operations and consolidated cash flows.

In June 2007, Retractable Technologies, Inc. (“RTI”) filed a complaint against the Company under the caption Retractable Technologies, Inc. vs. Becton Dickinson and Company (Civil Action No. 2:07-cv-250, U.S. District Court, Eastern District of Texas) alleging that the BD Integra™ syringes infringe patents licensed exclusively to RTI. In its complaint, RTI also alleged that the Company engaged in false advertising with respect to certain of the Company’s safety-engineered products in violation of the Lanham Act; acted to exclude RTI from various product markets and to maintain its market share through, among other things, exclusionary contracts in violation of state and federal antitrust laws; and engaged in unfair competition. In January 2008, the Court severed the patent and non-patent claims into separate cases, and stayed the non-patent claims during the pendency of the patent claims at the trial court level. On April 1, 2008, RTI filed a complaint against BD under the caption Retractable Technologies, Inc. and Thomas J. Shaw v. Becton Dickinson and Company (Civil Action No. 2:08-cv-141, U.S. District Court, Eastern District of Texas) alleging that the BD Integra™ syringes infringe another patent licensed exclusively to RTI. On August 29, 2008, the Court ordered the consolidation of the patent cases. RTI was subsequently awarded $5 million in damages at a jury trial with respect to the patent claims, which has been paid, and the patent cases are now concluded.

On September 19, 2013, a jury returned a verdict against BD with respect to RTI’s Lanham Act claim and claim for attempted monopolization based on deception in the safety syringe market. The jury awarded RTI $113.5 million for its attempted monopolization claim (which would be trebled under the antitrust statute). The jury’s verdict rejected RTI’s monopolization claims in the markets for safety syringes, conventional syringes and safety IV catheters; its attempted monopolization claims in the markets for conventional syringes and safety IV catheters; and its claims for contractual restraint of trade and exclusive dealing in the markets for safety syringes, conventional syringes and safety IV catheters. In connection with the verdict, the Company recorded a pre-tax charge of approximately $341 million in the fourth quarter of fiscal year 2013. With respect to RTI's requested injunction relief, in November 2014, the Court granted RTI’s request that BD be ordered to issue certain corrective statements regarding its advertising and enjoined from making certain advertising claims. The Court denied RTI’s request for injunctive relief relating to BD’s contracting practices and BD’s safety syringe advertising, finding that RTI failed to prove that BD’s contracting practices violated the antitrust laws or that BD’s safety syringe advertising is false. On January 14, 2015, the Court granted in part and denied in part BD’s motion for a stay of the injunction. The Court held that, pending appeal, BD would not be required to send the corrective advertising notices to end-user customers, but only to employees, distributors and Group Purchasing Organizations. On January 15, 2015, the Court entered its Final Judgment in the case ordering that RTI recovers $341 million for its attempted monopolization claim and $12 million for attorneys’ fees, and awarded pre and post-judgment interest and costs. On February 3, 2015, the Court of Appeals for the Fifth Circuit denied BD’s motion for a stay of the injunction pending the final appeal, and BD thereafter complied with the Court’s order. On April 23, 2015, the Court granted BD’s motion to eliminate the award of pre-judgment interest, and entered a new Final Judgment. BD thereafter appealed to the Court of Appeals challenging the entirety of the Final Judgment. On December 2, 2016, the Court of Appeals issued an opinion reversing the judgment as to RTI’s attempted monopolization claim and rendered judgment on that claim in favor of BD. As a result, the Company reversed $336 million of reserves associated with this judgment. The Court of Appeals affirmed the judgment for Lanham Act liability, and remanded the case to the district court to consider whether and if so how much profit should be disgorged by BD on that claim. The Court of Appeals vacated and remanded the injunction ordered by the Court. On January 31, 2017, RTI filed a petition for a writ of certiorari with the U.S. Supreme Court.

On July 17, 2015, a class action complaint was filed against the Company in the U.S. District Court for the Southern District of Georgia. The plaintiffs, Glynn-Brunswick Hospital Authority, trading as Southeast Georgia Health System, and Southeast Georgia Health System, Inc., seek to represent a class of acute care purchasers of BD syringes and IV catheters. The complaint alleges that BD monopolized the markets for syringes and IV catheters through contracts, theft of technology, false advertising, acquisitions, and other conduct. The complaint seeks treble damages but does not specify the amount of alleged damages. The Company filed a motion to dismiss the complaint which was granted on January 29, 2016. On September 23, 2016, the court denied plaintiffs' motion to alter or amend the judgment to allow plaintiffs to file an amended complaint, and plaintiffs appealed that decision to the Eleventh Circuit Court of Appeals. The plaintiffs thereafter voluntarily dismissed their appeal, and the Court of Appeals dismissed the case on November 21, 2016.

The Company believes that it has meritorious defenses to each of the above-mentioned suits pending against the Company and is engaged in a vigorous defense of each of these matters.

The Company is also involved both as a plaintiff and a defendant in other legal proceedings and claims that arise in the ordinary course of business.

The Company is a potentially responsible party to a number of federal administrative proceedings in the United States brought under the Comprehensive Environment Response, Compensation and Liability Act, also known as "Superfund," and similar state laws. The affected sites are in varying stages of development. In some instances, the remedy has been completed, while in others, environmental studies are underway or commencing. For several sites, there are other potentially responsible parties that may be jointly or severally liable to pay all cleanup costs.

Note 6 – Segment Data

The Company's organizational structure is based upon two principal business segments: BD Medical ("Medical") and BD Life Sciences ("Life Sciences"). These segments are strategic businesses that are managed separately because each one develops, manufactures and markets distinct products and services. The Company evaluates performance of its business segments and allocates resources to them primarily based upon operating income. Segment operating income represents revenues reduced by product costs and operating expenses. As more fully discussed in Note 9, the Company sold a 50.1% controlling financial interest in its Respiratory Solutions business, a component of the Medical segment, in October 2016. This transaction did not meet the criteria established for reporting discontinued operations and as such, the prior-year period included $208 million of revenues which did not occur in the current-year period.

Financial information for the Company's segments was as follows:

	Three Months Ended December 31,	
(Millions of dollars)	**2016**	**2015**
Revenues (A)		
Medical	$ 1,964	$ 2,054
Life Sciences	958	933
Total Revenues	$ 2,922	$ 2,986
Income Before Income Taxes		
Medical	$ 548	$ 465
Life Sciences	198	202
Total Segment Operating Income	747	667
Acquisitions and other restructurings	(87)	(121)
Net interest expense	(89)	(91)
Other unallocated items (B)	121	(189)
Income Before Income Taxes	$ 692	$ 266

(A) Intersegment revenues are not material.

(B) Primarily comprised of foreign exchange, corporate expenses, and share-based compensation expense. The amount for thethree months ended December 31, 2016 also included a $336 million reversal of certain reserves related to an appellate court decision which, among other things, reversed an unfavorable antitrust judgment in the RTI case. Additional disclosures regarding this legal matter are provided Note 5.

Revenues by geographic areas were as follows:

(Millions of dollars)	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015
Revenues		
United States	$ 1,630	$ 1,691
International	1,292	1,295
Total Revenues	$ 2,922	$ 2,986

Note 7 – Share-Based Compensation

The Company grants share-based awards under the 2004 Employee and Director Equity-Based Compensation Plan (the "2004 Plan"), which provides long-term incentive compensation to employees and directors. The Company believes that such awards align the interests of its employees and directors with those of its shareholders.

The fair values of stock appreciation rights granted during the annual share-based grants in November of 2016 and 2015, respectively, were estimated on the date of grant using a lattice-based binomial valuation model based on the following assumptions:

	2017	2016
Risk-free interest rate	2.33 %	2.17 %
Expected volatility	20.00 %	19.00 %
Expected dividend yield	1.71 %	1.76 %
Expected life	7.5 years	7.6 years
Fair value derived	$ 33.81	$ 27.69

The fair value of share-based payments is recognized as compensation expense in net income. For the three months ended December 31, 2016 and 2015, compensation expense charged to income was $61 million and $76 million, respectively.

The amount of unrecognized compensation expense for all non-vested share-based awards as of December 31, 2016 was approximately $293 million, which is expected to be recognized over a weighted-average remaining life of approximately 2.4 years.

Note 8 – Benefit Plans

The Company has defined benefit pension plans covering certain employees in the United States and certain foreign locations. The Company also provides certain postretirement healthcare and life insurance benefits to qualifying domestic retirees. Other postretirement benefit plans in foreign countries are not material. The measurement date used for the Company's employee benefit plans is September 30.

Net pension and postretirement cost included the following components for the three months ended December 31:

	Pension Plans		Other Postretirement Benefits	
(Millions of dollars)	2016	2015	2016	2015
Service cost	$ 24	$ 21	$ 1	$ 1
Interest cost	16	19	1	1
Expected return on plan assets	(30)	(29)	—	—
Amortization of prior service credit	(4)	(4)	(1)	(1)
Amortization of loss	25	20	—	—
Net pension and postretirement cost	$ 32	$ 28	$ 1	$ 1

The amounts provided above for amortization of prior service credit and amortization of loss represent the reclassifications of prior service credits and net actuarial losses that were recognized in *Accumulated other comprehensive income (loss)* in prior periods.

Postemployment benefit costs were $10 million for the three-months ended December 31, 2016 and 2015. Employee termination costs associated with the Company's restructuring activities are provided in Note 10.

Note 9 – Divestiture

Respiratory Solutions

On October 3, 2016, the Company sold a 50.1% controlling financial interest in its Respiratory Solutions business, a component of the Medical segment, to form a joint venture. The Company retained a 49.9% non-controlling interest in the new standalone entity. The buyer will control the operations and governance of the new entity. The Company will account for its remaining interest in the new entity as an equity method investment and will record its share of the new entity's earnings or losses, on a one-quarter lag beginning on January 1, 2017, to *Other income (expense), net.* The Company has agreed to various contract manufacturing and certain logistical and transition services agreements with the new entity for a period of up to two years after the sale. The historical financial results for the Respiratory Solutions business, which included approximately $208 million of revenues for the three months ended December 31, 2015, have not been classified as a discontinued operation.

Note 10 – Business Restructuring Charges

In connection with the Company's fiscal year 2015 acquisition of CareFusion and other portfolio rationalization initiatives, the Company incurred restructuring costs during the three months ended December 31, 2016, which were recorded as *Acquisitions and other restructurings*. Restructuring liability activity for the three months ended December 31, 2016 was as follows:

(Millions of dollars)	Employee Termination	Other	Total
Balance at September 30, 2016	$ 67	$ 2	$ 69
Charged to expense	9	26	35
Cash payments	(11)	(17)	(28)
Non-cash settlements	—	(4)	(4)
Other adjustments	—	(5)	(5)
Balance at December 31, 2016	$ 65	$ 2	$ 67

Note 11 – Intangible Assets

Intangible assets consisted of:

	December 31, 2016		September 30, 2016	
(Millions of dollars)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets				
Customer relationships	$ 3,360	$ 395	$ 3,360	$ 339
Developed technology	3,385	805	3,409	754
Product rights	115	41	125	43
Trademarks	405	50	405	45
Patents and other	351	261	349	254
Amortized intangible assets	$ 7,616	$ 1,553	$ 7,648	$ 1,435
Unamortized intangible assets				
Acquired in-process research and development	$ 64		$ 66	
Trademarks	2		2	
Unamortized intangible assets	$ 66		$ 68	

Intangible amortization expense for the three months ended December 31, 2016 and 2015 was $137 million and $152 million, respectively.

The following is a reconciliation of goodwill by business segment:

(Millions of dollars)	Medical	Life Sciences	Total
Goodwill as of September 30, 2016	$ 6,688	$ 731	$ 7,419
Divestiture (A)	(25)	—	(25)
Currency translation	(25)	(7)	(32)
Goodwill as of December 31, 2016	$ 6,639	$ 724	$ 7,363

(A) Represents goodwill derecognized upon the Company's sale of a 50.1% controlling financial interest in the Respiratory Solutions business, as further discussed in Note 9.

Note 12 – Derivative Instruments and Hedging Activities

The Company uses derivative instruments to mitigate certain exposures. The effects these derivative instruments and hedged items have on financial position, financial performance, and cash flows are provided below.

Foreign Currency Risks and Related Strategies

The Company has foreign currency exposures throughout Europe, Greater Asia, Canada and Latin America. Transactional currency exposures that arise from entering into transactions, generally on an intercompany basis, in non-hyperinflationary countries that are denominated in currencies other than the functional currency are mitigated primarily through the use of forward contracts and currency options. Hedges of the transactional foreign exchange exposures resulting primarily from intercompany payables and receivables are undesignated hedges. As such, the gains or losses on these instruments are recognized immediately in income. The offset of these gains or losses against the gains and losses on the underlying hedged items, as well as the hedging costs associated with the derivative instruments, is recognized in *Other income (expense), net.* The total notional amounts of the Company's outstanding foreign exchange contracts as of December 31, 2016 and September 30, 2016 were $1.3 billion and $2.3 billion, respectively.

In order to mitigate foreign currency exposure relating to its investments in certain foreign subsidiaries, the Company has designated $1.1 billion of euro-denominated debt, issued in December 2016, as net investment hedges. Accordingly, net gains or losses relating to this debt, which are attributable to changes in the euro to U.S. dollar spot exchange rate, are recorded as accumulated foreign currency translation in O*ther comprehensive income (loss)*. Recognition of hedge ineffectiveness into earnings will occur if the notional amount of the euro-denominated debt no longer matches the portion of the net investments in foreign subsidiaries which underlie the hedges. The Company's balance of *Accumulated other comprehensive income (loss)* as of December 31, 2016 included a gain relating to these net investment hedges of $23 million. Additional disclosures regarding the Company's issuance of the euro-denominated debt in December 2016 are provided in Note 14.

Interest Rate Risks and Related Strategies

The Company's primary interest rate exposure results from changes in U.S. dollar interest rates. The Company's policy is to manage interest cost using a mix of fixed and variable rate debt. The Company periodically uses interest rate swaps to manage such exposures. Under these interest rate swaps, the Company exchanges, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated as either fair value or cash flow hedges.

For interest rate swaps designated as fair value hedges (i.e., hedges against the exposure to changes in the fair value of an asset or a liability or an identified portion thereof that is attributable to a particular risk), changes in the fair value of the interest rate swaps offset changes in the fair value of the fixed rate debt due to changes in market interest rates.

Changes in the fair value of the interest rate swaps designated as cash flow hedges (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk) are offset by amounts recorded in *Other comprehensive income (loss).* If interest rate derivatives designated as cash flow hedges are terminated, the balance in *Accumulated other comprehensive income (loss)* attributable to those derivatives is reclassified into earnings over the remaining life of the hedged debt. The net realized loss related to terminated interest rate swaps expected to be reclassified and recorded in *Interest expense* within the next 12 months is $5 million, net of tax.

The total notional value of the Company's outstanding forward starting interest rate swaps designated as cash flow hedges was $500 million at December 31, 2016 and September 30, 2016. The Company entered into these contracts in March and April 2016 to mitigate its exposure to interest rate risk.

The total notional amount of the Company's outstanding interest rate swaps designated as fair value hedges was$375 million at December 31, 2016 and September 30, 2016. The outstanding swaps represent fixed-to-floating interest rate swap agreements the Company entered into to convert the interest payments on $375 million of the Company's 3.125% notes due 2021 from the fixed rate to a floating interest rate based on LIBOR. Changes in the fair value of the interest rate swaps offset changes in the fair value of the fixed rate debt. The gains (losses) recorded on these fair value hedges, which were offset by losses (gains) recorded to the underlying debt instruments, are provided below.

	Three Months Ended December 31,	
(Millions of dollars)	**2016**	**2015**
(Losses) gains on fair value hedges	$ (14)	$ 13

Other Risk Exposures

The Company purchases resins, which are oil-based components used in the manufacture of certain products. Significant increases in world oil prices that lead to increases in resin purchase costs could impact future operating results. From time to time, the Company has managed price risks associated with these commodity purchases.

Effects on Consolidated Balance Sheets

The location and amounts of derivative instrument fair values in the consolidated balance sheet are segregated below between designated, qualifying hedging instruments and ones that are not designated for hedge accounting.

(Millions of dollars)	**December 31, 2016**	**September 30, 2016**
Asset derivatives-designated for hedge accounting		
Interest rate swaps	$ 30	$ 23
Asset derivatives-undesignated for hedge accounting		
Forward exchange contracts	8	3
Total asset derivatives (A)	$ 38	$ 25
Liability derivatives-designated for hedge accounting		
Interest rate swaps	—	18
Liability derivatives-undesignated for hedge accounting		
Forward exchange contracts	15	13
Total liability derivatives (B)	$ 15	$ 31

(A) All asset derivatives are included in *Prepaid expenses and other.*

(B) All liability derivatives are included in *Payables and accrued expenses*.

Effects on Consolidated Statements of Income

Cash flow hedges

The amount recognized in other comprehensive income during the three-month period endedDecember 31, 2016 related to the previously discussed forward starting interest rate swaps entered into in fiscal year 2016.

	Three Months Ended December 31,	
(Millions of dollars)	**2016**	**2015**
After-tax gains relating to cash flow hedges recognized in other comprehensive income (loss)	$ 24	$ —

The Company's derivative instruments designated as cash flow hedges are highly effective. As such, there are no gains or losses, related to hedge ineffectiveness or amounts excluded from hedge effectiveness testing, recognized immediately in income relative to cash flow hedges outstanding in the periods presented.

Undesignated hedges

The location and amount of gains and losses recognized in income on derivatives not designated for hedge accounting were as follows:

Derivatives Not Designated as Hedging Instruments	Location of (Loss) Gain Recognized in Income on Derivatives	Amount of (Loss) Gain Recognized in Income on Derivatives — Three Months Ended December 31,	
(Millions of dollars)		2016	2015
Forward exchange contracts (A)	Other income (expense), net	$ (22)	$ 11

(A) The gains and losses on forward contracts and currency options utilized to hedge the intercompany transactional foreign exchange exposures are largely offset by gains and losses on the underlying hedged items in *Other income (expense), net.*

Note 13 – Financial Instruments and Fair Value Measurements

The fair values of financial instruments, including those not recognized on the statement of financial position at fair value, carried at December 31, 2016 and September 30, 2016 are classified in accordance with the fair value hierarchy in the following tables:

(Millions of dollars)	December 31, 2016 Total	Basis of Fair Value Measurement — Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Institutional money market investments	$ 82	$ 82	$ —	$ —
Interest rate swaps	30	—	30	—
Forward exchange contracts	8	—	8	—
Total Assets	$ 120	$ 82	$ 38	$ —
Liabilities				
Forward exchange contracts	$ 15	$ —	$ 15	$ —
Contingent consideration liabilities	50	—	—	50
Total Liabilities	$ 65	$ —	$ 15	$ 50

(Millions of dollars)	September 30, 2016 Total	Basis of Fair Value Measurement — Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Institutional money market investments	$ 224	$ 224	$ —	$ —
Interest rate swaps	23	—	23	—
Forward exchange contracts	3	—	3	—
Total Assets	$ 249	$ 224	$ 25	$ —
Liabilities				
Forward exchange contracts	$ 13	$ —	$ 13	$ —
Interest rate swaps	18	—	18	—
Contingent consideration liabilities	54	—	—	54
Total Liabilities	$ 86	$ —	$ 31	$ 54

The Company’s institutional money market accounts permit daily redemption and the fair values of these investments are based upon the quoted prices in active markets provided by the holding financial institutions. The Company’s remaining cash equivalents were $838 million and $1.317 billion at December 31, 2016 and September 30, 2016, respectively. Short-term investments are held to their maturities and are carried at cost, which approximates fair value. The cash equivalents consist of liquid investments with a maturity of three months or less and the short-term investments consist of instruments with maturities greater than three months and less than one year.

The Company measures the fair value of forward exchange contracts and interest rate swaps based upon the present value of expected future cash flows using market-based observable inputs including credit risk, interest rate yield curves, foreign currency spot prices and forward prices.

Long-term debt is recorded at amortized cost. The fair value of long-term debt is measured based upon quoted prices in active markets for similar instruments, which are considered Level 2 inputs in the fair value hierarchy. The fair value of long-term debt was $9.4 billion and $11.3 billion at December 31, 2016 and September 30, 2016, respectively. The fair value of the current portion of long-term debt was $1.1 billion and $798 million at December 31, 2016 and September 30, 2016, respectively.

The contingent consideration liabilities were recognized as part of the consideration transferred by the Company for certain acquisitions. The fair values of the contingent consideration liabilities were estimated using probability-weighted discounted cash flow models that were based upon the probabilities assigned with regard to achievement of the contingent events. The estimated fair values of the contingent consideration liabilities are remeasured each reporting period based upon increases or decreases in the probability of the contingent payments.

The Company’s policy is to recognize any transfers into fair value measurement hierarchy levels and transfers out of levels at the beginning of each reporting period. There were no transfers in and out of Level 1, Level 2 or Level 3 measurements for the three months ended December 31, 2016 and 2015.

Note 14 – Debt

In December 2016, the Company issued euro-denominated debt consisting of500 million euros ($531 million) of 1.000% notes due December 15, 2022 and500 million euros ($531 million) of 1.900% notes due December 15, 2026. The Company used the net proceeds from this long-term debt offering, together with other sources of liquidity, to fund the Company's repurchase of certain of its long-term senior notes outstanding. Under this cash tender offer, the Company repurchased the following aggregate principal amounts of its long-term debt at an aggregate market price of $1.764 billion:

Interest Rate and Maturity	Aggregate Principal Amount (Millions of dollars)
1.450% Notes due May 15, 2017	$ 226
1.800% Notes due December 15, 2017	250
5.000% Notes due May 15, 2019	153
6.375% Notes due August 1, 2019	338
2.675% Notes due December 15, 2019	125
3.875% Notes due May 15, 2024	221
3.734% Notes due December 15, 2024	375
Total notes purchased	$ 1,689

The carrying value of these long-term notes was$1.727 billion, and the Company recognized a loss on this debt extinguishment of$42 million, which was recorded in December 2016 as *Other income (expense), net*, on the Company’s condensed consolidated statements of income.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following commentary should be read in conjunction with the condensed consolidated financial statements and accompanying notes. Within the tables presented throughout this discussion, certain columns may not add due to the use of rounded numbers for disclosure purposes. Percentages and earnings per share amounts presented are calculated from the underlying amounts.

Company Overview

Becton, Dickinson and Company ("BD") is a global medical technology company engaged in the development, manufacture and sale of a broad range of medical supplies, devices, laboratory equipment and diagnostic products used by healthcare institutions, life science researchers, clinical laboratories, the pharmaceutical industry and the general public. The Company's organizational structure is based upon two principal business segments, BD Medical ("Medical") and BD Life Sciences ("Life Sciences").

BD's products are manufactured and sold worldwide. Our products are marketed in the United States and internationally through independent distribution channels and directly to end-users by BD and independent sales representatives. We organize our operations outside the United States as follows: Europe; EMA (which includes the Commonwealth of Independent States, the Middle East and Africa); Greater Asia (which includes Japan and Asia Pacific); Latin America (which includes Mexico, Central America, the Caribbean, and South America); and Canada. We continue to pursue growth opportunities in emerging markets, which include the following geographic regions: Eastern Europe, the Middle East, Africa, Latin America and certain countries within Asia Pacific. We are primarily focused on certain countries whose healthcare systems are expanding, in particular, China and India.

Overview of Financial Results and Financial Condition

For the three months ended December 31, 2016, worldwide revenues of $2.922 billion decreased 2.1% from the prior-year period. The decrease in revenue reflected the unfavorable impact from divestitures, primarily the Respiratory Solutions business divestiture, of approximately 7%. Revenues in the first quarter of fiscal year 2017 also reflected volume growth for our continuing businesses of approximately 6% and an unfavorable foreign currency translation impact of approximately 1%. Pricing did not materially impact first quarter revenues. Additional disclosures regarding our divestiture of the Respiratory Solutions business are provided in Note 9 in the Notes to Condensed Consolidated Financial Statements. Volume growth in the first quarter of fiscal year 2017 reflected the following:

- Medical segment volume growth in the first quarter reflected earlier than anticipated timing of capital placements by the Medication Management Solutions unit and order placements for the Pharmaceutical Systems unit. Medical segment volume growth in the first quarter additionally reflected the Medication and Procedural Solutions unit's sales of flush and infection prevention products, the Pharmaceutical Systems unit's sales of self-injections systems, as well as the Diabetes Care unit's sales of pen needles.
- Life Sciences segment volume growth in the first quarter primarily reflected the Preanalytical Systems unit's sales of safety-engineered products in emerging markets, the Diagnostic Systems unit's sales of certain platforms, and the Biosciences unit's sales of its advanced bioprocessing platform and research instruments. Life Sciences segment volume growth in the first quarter was partially offset by an unfavorable comparison of the current period's international revenues in the Biosciences unit to the prior-year period.
- Worldwide sales of safety-engineered products reflected growth that was attributable to both segments. First quarter sales in the United States of safety-engineered devices of $454 million increased 1.6% and first quarter international sales of safety-engineered devices of $308 million grew 6.3% over the prior year's period, inclusive of an estimated 1.3% unfavorable impact due to foreign currency translation.

We continue to invest in research and development, geographic expansion, and new product promotions to drive further revenue and profit growth. Our ability to sustain our long-term growth will depend on a number of factors, including our ability to expand our core business (including geographical expansion), develop innovative new products, and continue to improve operating efficiency and organizational effectiveness. While the economic environment for the healthcare industry has generally stabilized, pricing pressures continue for some of our products. Healthcare utilization has stabilized and slightly improved in the United States; however, any destabilization in the future could adversely impact our U.S. businesses. Additionally, macroeconomic challenges in Europe continue to constrain healthcare utilization, although we currently view the environment as stable. In emerging markets, the Company's growth is dependent primarily on government funding for healthcare systems.

Our financial position remains strong, with cash flows from operating activities totaling$315 million in the first three months of fiscal year 2017. At December 31, 2016, we had $0.9 billion in cash and equivalents and short-term investments. We continued to return value to our shareholders in the form of dividends. During the firsthree months of fiscal year 2017, we paid cash dividends of $156 million. We also repurchased approximately $220 million of our common stock under an accelerated share repurchase agreement during the first three months of fiscal year 2017. Additional disclosures regarding this share repurchase agreement are provided in Note 4 in the Notes to Condensed Consolidated Financial Statements.

Each reporting period, we face currency exposure that arises from translating the results of our worldwide operations to the U.S. dollar at exchange rates that fluctuate from the beginning of such period. The ongoing relative strength of the U.S. dollar resulted in an unfavorable foreign currency translation impact to our revenue and earnings growth during the first quarter of fiscal year 2017. We evaluate our results of operations on both a reported and a foreign currency-neutral basis, which excludes the impact of fluctuations in foreign currency exchange rates. As exchange rates are an important factor in understanding period-to-period comparisons, we believe the presentation of results on a foreign currency-neutral basis in addition to reported results helps improve investors' ability to understand our operating results and evaluate our performance in comparison to prior periods. Foreign currency-neutral ("FXN") information compares results between periods as if exchange rates had remained constant period-over-period. We use results on a foreign currency-neutral basis as one measure to evaluate our performance. We calculate foreign currency-neutral percentages by converting our current-period local currency financial results using the prior-period foreign currency exchange rates and comparing these adjusted amounts to our current-period results. These results should be considered in addition to, not as a substitute for, results reported in accordance with U.S. generally accepted accounting principles ("GAAP"). Results on a foreign currency-neutral basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with U.S. GAAP.

Results of Operations

Medical Segment

The following summarizes first quarter Medical revenues by organizational unit, as well as first quarter Medical sales of safety-engineered products:

	Three months ended December 31,				
(Millions of dollars)	2016	2015	Total Change (B)	Estimated FX Impact	FXN Change (B)
Medication and Procedural Solutions	$ 869	$ 848	2.4 %	(1.0)%	3.4 %
Medication Management Solutions (A)	601	545	10.2 %	(0.8)%	11.0 %
Diabetes Care	267	256	4.6 %	0.1 %	4.5 %
Pharmaceutical Systems	227	197	15.6 %	0.1 %	15.5 %
Respiratory Solutions (A)	—	208	NM	— %	NM
Total Medical Revenues	$ 1,964	$ 2,054	(4.4)%	(0.6)%	(3.8)%
Medical segment safety-engineered products	$ 483	$ 467	3.4 %	(0.3)%	3.7 %

(A) The presentation of prior-period amounts has been revised to conform with the presentation of current-period amounts, which does not separately present an immaterial adjustment for the amortization of a deferred revenue balance write-down relating to the CareFusion acquisition.

(B) "NM" denotes that the percentage is not meaningful.

The decrease in total Medical segment revenues in the first quarter of 2017 compared with the prior-year period reflected the divestiture of the Respiratory Solutions business, as previously discussed. Medical segment revenue growth in the first quarter was favorably impacted by placements of both dispensing and infusion capital by the Medication Management Solutions unit, a portion of which occurred earlier than anticipated in the current fiscal year. Earlier than anticipated order placements in Europe for the Pharmaceutical Systems unit also favorably impacted Medical segment revenue growth in the first quarter of 2017. Medical segment revenues in the current-year period additionally reflected the Medication and Procedural Solutions unit's sales of flush and infection prevention products as well as the Pharmaceutical Systems unit's sales of self-injections systems. Medical segment revenues in the first quarter of 2017 also reflected the Diabetes Care unit's sales of pen needles, which were favorably impacted by the timing of U.S. customer orders.

Medical segment operating income for the first quarter was as follows:

(Millions of dollars)	Three months ended December 31, 2016	2015
Medical segment operating income	$ 548	$ 465
Segment operating income as % of Medical revenues	*27.9%*	*22.6%*

The Medical segment's operating income is driven by its performance with respect to gross profit margin and operating expenses. Gross profit margin was higher in the first quarter of 2017 as compared with the first quarter of 2016 primarily due to the divestiture of the Respiratory Solutions business, which had products with lower gross profit margins. Gross profit margin also reflected lower manufacturing costs resulting from continuous improvement projects which enhanced the efficiency of our operations, partially offset by higher raw material costs. Selling and administrative expense as a percentage of revenues for the first quarter of fiscal year 2017 was lower as a result of the divestiture of the Respiratory Solutions business as this business generally had a lower operating margin. Selling administrative expense as a percentage of revenues in the current-year period additionally benefited from the suspension of the medical device excise tax imposed under the U.S. Patient Protection Affordable Care Act. Research and development expense as a percentage of revenues was relatively flat in the first quarter of 2017 as compared with the first quarter of 2016.

Life Sciences Segment

The following summarizes first quarter Life Sciences revenues by organizational unit, as well asfirst quarter Life Sciences sales of safety-engineered products:

(Millions of dollars)	Three months ended December 31, 2016	2015	Total Change	Estimated FX Impact	FXN Change
Preanalytical Systems	$ 355	$ 344	3.3 %	(0.9)%	4.2 %
Diagnostic Systems	334	313	6.4 %	— %	6.4 %
Biosciences	270	276	(2.2)%	(0.5)%	(1.7)%
Total Life Sciences Revenues	$ 958	$ 933	2.7 %	(0.5)%	3.2 %
Life Sciences segment safety-engineered products	$ 280	$ 270	3.5 %	(0.9)%	4.4 %

Life Sciences segment revenues in the first quarter were aided by the Diagnostics Systems unit, which experienced an earlier start to the current year's influenza season compared to prior year, as well as growth relating to the *BD Kiestra*™ and *BD MAX*™ platforms. The segment's first quarter revenue growth also reflected sales of the Preanalytical Systems safety-engineered products, primarily in emerging markets. Lastly, within the Biosciences unit, an unfavorable comparison of the current period's international revenues to the prior-year period was partially offset by U.S. sales of its advanced bioprocessing platform and research instruments and reagents.

Life Sciences segment operating income for the first quarter was as follows:

(Millions of dollars)	Three months ended December 31, 2016	2015
Life Sciences segment operating income	$ 198	$ 202
Segment operating income as % of Life Sciences revenues	*20.7%*	*21.6%*

The Life Sciences segment's operating income is driven by its performance with respect to gross profit margin and operating expenses. Gross profit margin in the first quarter of fiscal year 2017 was lower compared with the first quarter of 2016 primarily due to unfavorable foreign currency translation and higher unfavorable manufacturing variances, partially offset by lower manufacturing costs resulting from continuous improvement projects which enhanced the efficiency of our operations. Selling and administrative expense as a percentage of revenues in the first quarter of 2017 was slightly higher compared to the prior-year period reflecting higher shipping costs which were partially offset by the suspension of the medical device excise tax.

Research and development expense as a percentage of revenues was relatively flat in the first quarter of 2017 as compared with the first quarter of 2016.

Geographic Revenues

BD's worldwide first quarter revenues by geography were as follows:

	Three months ended December 31,				
(Millions of dollars)	2016	2015	Total Change	Estimated FX Impact	FXN Change
United States	$ 1,630	$ 1,691	(3.6)%	—	(3.6)%
International	1,292	1,295	(0.2)%	(1.3)%	1.1 %
Total Revenues	$ 2,922	$ 2,986	(2.1)%	(0.5)%	(1.6)%

The Medical segment's U.S. revenues in the first quarter reflected the divestiture of the Respiratory Solutions business, as previously discussed. This impact was partially offset by sales in the Medication Management Solutions unit, which benefited from the favorable timing of capital placements, and in the Diabetes Care unit, which benefited from the favorable timing of customer orders. The Medical segment's U.S. revenues in the first quarter were also aided by revenue growth from the Medication and Procedural Solutions unit's infusion disposable products. U.S. Life Sciences revenue growth in the first quarter of fiscal year 2017 was driven by the Diagnostic Systems unit's higher influenza-related sales as well as sales for the microbiology platform. U.S. Life Sciences segment's revenue growth also reflected the favorable timing of customer orders relative to the advanced bioprocessing platform and sales of research instruments and reagents in the Biosciences unit. The Life Sciences segment's U.S. revenues were unfavorably impacted by limited availability of a product line in the Preanalytical Systems unit.

The Medical segment's international first quarter revenues also reflected the divestiture of the Respiratory Solutions business, partially offset by the favorable timing of customer orders in the Pharmaceutical Systems unit, as previously discussed. International Medical segment revenue growth was aided by the Medication and Procedural Solutions unit's sales of infusion disposable and infection prevention products and the Medication Management Solutions unit's capital placements. The Life Sciences segment's first quarter international revenue growth was aided by the Preanalytical Systems unit's sales of safety-engineered products in emerging markets. International Life Sciences revenue growth in the current-year period was also aided by the Diagnostic Systems unit's sales in Latin America and Asia Pacific as well as higher influenza-related sales, but were offset by an unfavorable comparison of the current period's Biosciences unit's revenues to the prior-year period, as previously discussed.

Emerging market revenues for the first quarter were $456 million, compared with $465 million in the prior year's quarter, which included approximately $30 million of revenues associated with divested businesses, primarily the Respiratory Solutions business. Emerging market revenues in the current-year period also included an estimated $14 million unfavorable impact due to foreign currency translation. First quarter revenue growth in emerging markets was driven by sales in China and Latin America, which were partially offset by declines in the Middle East and Africa.

Specified Items

Reflected in the financial results for the first quarters of fiscal years 2017 and 2016 were the following specified items:

	Three months ended December 31,	
(Millions of dollars)	2016	2015
Integration costs (A)	46	35
Restructuring costs (A)	35	85
Transaction costs (A)	6	—
Purchase accounting adjustments (B)	126	153
Litigation-related item (C)	(336)	—
Loss on debt extinguishment (D)	42	—
Total specified items	(81)	274
Tax impact of specified items	(27)	79
After-tax impact of specified items	$ (54)	$ 195

(A) Represents integration, restructuring and transaction costs substantially associated with our fiscal year 2015 acquisition of CareFusion and other portfolio rationalization initiatives. The integration, restructuring and transaction costs were recorded in *Acquisitions and other restructurings.*

(B) Primarily represents non-cash amortization expense associated with acquisition-related identifiable intangible assets. BD's amortization expense is primarily recorded in *Costs of products sold.*

(C) Represents the reversal of certain reserves related to an appellate court decision recorded in *Other operating income*, as further discussed below.

(D) Represents a loss recognized in *Other (expense) income, net* upon our extinguishment of certain long-term senior notes, as further discussed below

Gross Profit Margin

Gross profit margin for the first quarter of fiscal year 2017 compared with the prior-year period in 2016 reflected the following impacts:

	Three-month period
December 31, 2015 gross profit margin %	47.1%
Operating performance	1.7%
Impact of divestitures	0.8%
Foreign currency translation	0.1%
December 31, 2016 gross profit margin %	49.7%

Operating performance in the current-year period reflected lower manufacturing costs resulting from the continuous operations improvement projects discussed above, partially offset by higher raw material costs. Gross profit margin for the first quarter of fiscal year 2017 was favorably impacted by businesses divestitures, primarily the divestiture of the Respiratory Solutions business, which as previously discussed, had products with lower gross profit margins.

Operating Expenses

A summary of operating expenses for the first quarters of fiscal years 2017 and 2016 is as follows:

	Three months ended December 31,		Increase (decrease) in basis points
	2016	2015	
(Millions of dollars)			
Selling and administrative expense	$ 709	$ 748	
% of revenues	*24.3%*	*25.1%*	*(80)*
Research and development expense	$ 182	$ 187	
% of revenues	*6.2%*	*6.3%*	*(10)*
Acquisitions and other restructurings	$ 87	$ 121	
Other operating income	$ (336)	$ —	

Selling and administrative expense

Selling and administrative expense as a percentage of revenues in the current year's three-month period reflected the divestiture of the Respiratory Solutions business, as this business generally had a lower operating margin, as well as the benefit from the suspension of the medical device excise tax, as previously discussed.

Research and development expense

Research and development expense as a percentage of revenues in the three-month period of fiscal year 2017 was relatively flat compared with the prior-year period in 2016 reflecting ongoing investment in new products and platforms.

Acquisitions and other restructurings

Costs relating to acquisitions and other restructurings in the three-month periods represented integration, restructuring and transaction costs substantially associated with our fiscal year 2015 acquisition of CareFusion and other portfolio rationalization initiatives. For further disclosures regarding the restructuring costs, refer to Note 10 in the Notes to Condensed Consolidated Financial Statements.

Other operating (income) expense, net

Other operating income in the current-year period represented the $336 million reversal of certain reserves related to an appellate court decision which, among other things, reversed an unfavorable antitrust judgment in the Retractable Technologies, Inc. case. Additional disclosures regarding this legal matter are provided Note 5 in the Notes to Condensed Consolidated Financial Statements.

Nonoperating Income

Net interest expense

The components for the first quarters of fiscal years 2017 and 2016 were as follows:

	Three months ended December 31,	
(Millions of dollars)	2016	2015
Interest expense	$ (95)	$ (97)
Interest income	5	6
Net interest expense	$ (89)	$ (91)

The decrease in interest expense for the three-month period of fiscal year2017 compared with the prior year's period primarily reflected lower levels of debt as certain senior notes matured in June and November 2016 and we repurchased certain senior notes in December 2016. Additional disclosures regarding this debt repurchase are provided in Note 14 in the Notes to Condensed Consolidated Financial Statements. The decrease in interest income for the three-month period of fiscal year2017 compared with the prior year's period primarily reflected lower investment gains on assets related to our deferred compensation plans. The offsetting movement in the deferred compensation plan liability was recorded in *Selling and administrative expense.*

Other (expense) income, net

The components for the first quarters of fiscal years 2017 and 2016 were as follows:

	Three months ended December 31,	
(Millions of dollars)	2016	2015
Loss on debt extinguishment	$ (42)	$ —
Transition service agreement income, net	14	—
Losses on undesignated foreign exchange derivatives, net	(4)	—
Other	2	6
Other (expense) income, net	$ (29)	$ 6

As discussed above, we repurchased certain senior notes in December 2016 and recognized a loss on this extinguishment of debt. The transition service agreement income relates to our divestiture of the Respiratory Solutions business which is further discussed in Note 9 in the Notes to Condensed Consolidated Financial Statements.

Income Taxes

The income tax rates for the first quarters of fiscal years 2017 and 2016 are provided below.

	Three months ended December 31,	
	2016	2015
Effective income tax rate	*18.9%*	*14.0%*
(Unfavorable) favorable impact, in basis points, from specified items	*(190)*	*750*

The increase in the current-year period's effective income tax rate is due to BD's geographical mix of income and the unfavorable tax impact from specified items, which included the reversal of certain reserves related to an appellate court decision, as previously discussed. The unfavorable impact on specified items in the current-year period was partially offset by a $27 million tax benefit recognized upon the settlement of share-based compensation awards during the first quarter of fiscal year 2017, in connection with BD's adoption of new accounting requirements relating to share-based compensation award-related income tax effects. Additional disclosures regarding this adoption are provided in Note 2 in the Notes to Condensed Consolidated Financial Statements.

Net Income and Diluted Earnings per Share

Net Income and Diluted Earnings per Share for the first quarters of fiscal years 2017 and 2016 were as follows:

	Three months ended December 31,	
	2016	2015
Net Income (Millions of dollars)	$ 562	$ 229
Diluted Earnings per Share	$ 2.58	$ 1.06
Favorable (unfavorable) impact-specified items	$ 0.25	$ (0.90)
Unfavorable impact-foreign currency translation	$ (0.01)	$ (0.26)

Liquidity and Capital Resources

The following table summarizes our condensed consolidated statement of cash flows:

	Three months ended December 31,	
(Millions of dollars)	2016	2015
Net cash provided by (used for)		
Operating activities	$ 315	$ 463
Investing activities	$ 48	$ (145)
Financing activities	$ (955)	$ (145)

Net Cash Flows from Operating Activities

Cash generated from operations, along with available cash and cash equivalents, is expected to be sufficient to fund our normal operating needs for the remainder of fiscal year 2017. Normal operating needs in fiscal year 2017 include working capital, capital expenditures, and cash dividends. The change in net cash provided by operating activities was primarily attributable to net income, as adjusted for depreciation and amortization and other non-cash items. The current period change in operating assets and liabilities was a net use of cash and primarily reflected higher levels of prepaid expenses and lower levels of accounts payable and accrued expenses. The current-year period also reflected the loss recorded upon our extinguishment of certain long-term notes in December 2016, which is included within *Other, net*.

Net Cash Flows from Investing Activities

Our investments in capital expenditures are focused on projects that enhance our cost structure and manufacturing capabilities, and support our strategy of geographic expansion with select investments in growing markets. Capital expenditure-related cash outflows of $112 million in the first three months of fiscal year 2017, compared with $134 million in the prior-year period, were offset by cash inflows in the current-year period of $167 million from business divestitures.

Net Cash Flows from Financing Activities

Net cash used for financing activities in the first three months of fiscal year 2017 included cash inflows relating to the issuance of euro-denominated notes in December 2016 and our borrowings during the quarter under our commercial paper program of $1,054 million and $700 million, respectively. Net cash used for financing activities during the first three months of fiscal year 2017 also reflected $2,189 million of cash outflows associated with our repurchase of certain long-term notes in December 2016 and our repayment of 1.75% notes due on November 8, 2016. Additional disclosures regarding our issuance and repurchase of debt during the first quarter of fiscal year 2017 are provided in Note 14 in the Notes to Condensed Consolidated Financial Statements. Net cash used for financing activities in the first three months of fiscal year 2017 also reflected our repurchase of $220 million of common stock under an accelerated share repurchase agreement, as previously discussed.

Certain measures relating to our total debt were as follows:

(Millions of dollars)	December 31, 2016	September 30, 2016
Total debt	$ 11,017	$ 11,551
Short-term debt as a percentage of total debt	17.9 %	8.7 %
Weighted average cost of total debt	3.3 %	3.6 %
Total debt as a percentage of total capital*	55.8 %	57.2 %

* Represents shareholders' equity, net non-current deferred income tax liabilities, and debt.

The ratio of short-term debt as a percentage of total debt at September 30, 2016 increased as a result of a $700 million net increase in borrowings under our commercial paper program, our repurchase of certain long-term debt, as previously discussed, and the reclassification, from long-term debt to short-term debt, of notes due in December 2017. These impacts to the ratio of short-term debt as a percentage of total debt were partially offset by the repayment of $500 million of notes due in November 2016 and our issuance of euro-denominated senior notes, also as previously discussed.

Cash and Short-term Investments

At December 31, 2016, total worldwide cash and short-term investments were approximately$0.9 billion, of which $0.7 billion was held in jurisdictions outside of the United States. We regularly review the amount of cash and short-term investments held outside the United States and currently intend to use such amounts to fund our international operations and their growth initiatives. In addition, if these amounts were repatriated from foreign jurisdictions to the United States, there could be adverse tax consequences.

Credit Facilities

We have in place a commercial paper borrowing program which allows us to issue a maximum of $1.5 billion in notes and which is available to meet our short-term financing needs, including working capital requirements. Borrowings outstanding under this program were $900 million at December 31, 2016, which reflected a net increase of $700 million from our outstanding balance of commercial paper borrowing at September 30, 2016, as previously discussed.

We also have in place a $1.5 billion syndicated credit facility which provides backup support for our commercial paper program and can also be used for other general corporate purposes. There were no borrowings outstanding under this credit facility at December 31, 2016. During the first quarter of fiscal year 2017, we extended the expiration date of this credit facility to January 2022 from the original expiration date of January 2021. We may issue up to $100 million in letters of credit under this facility and it also includes a provision that enables BD, subject to additional commitments made by the lenders, to access up to an additional $500 million in financing through the facility for a maximum aggregate commitment of $2 billion. The credit facility includes a single financial covenant that requires BD to maintain an interest expense coverage ratio of not less than 5-to-1 for the most recent four consecutive fiscal quarters. We were in compliance with this covenant as of December 31, 2016. We also have informal lines of credit outside the United States.

Concentrations of Credit Risk

We continually evaluate our accounts receivables for potential collection risks, particularly those resulting from sales to government-owned or government-supported healthcare facilities in certain countries, as payment may be dependent upon the financial stability and creditworthiness of those countries' national economies. We continually evaluate all governmental receivables for potential collection risks associated with the availability of government funding and reimbursement practices. We believe the current reserves related to all governmental receivables are adequate and that these receivables will not have a material adverse impact on our financial position or liquidity.

Cautionary Statement Regarding Forward-Looking Statements

BD and its representatives may from time to time make certain forward-looking statements in publicly released materials, both written and oral, including statements contained in filings with the Securities and Exchange Commission, press releases, and our reports to shareholders. Forward-looking statements may be identified by the use of words such as "plan," "expect," "believe," "intend," "will,", "may", "anticipate," "estimate" and other words of similar meaning in conjunction with, among other things, discussions of future operations and financial performance (including volume growth, sales and earnings per share growth, and changes in cash flows) and statements regarding our strategy for growth, future product development, regulatory approvals, competitive position and expenditures. All statements that address our future operating performance or events or developments that we expect or anticipate will occur in the future are forward-looking statements.

Forward-looking statements are, and will be, based on management’s then-current views and assumptions regarding future events, developments and operating performance, and speak only as of their dates. Investors should realize that if underlying assumptions prove inaccurate, or risks or uncertainties materialize, actual results could vary materially from our expectations and projections. Investors are therefore cautioned not to place undue reliance on any forward-looking statements. Furthermore, we undertake no obligation to update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events and developments or otherwise, except as required by applicable law or regulations.

The following are some important factors that could cause our actual results to differ from our expectations in any forward-looking statements. For further discussion of certain of these factors, see Item 1A. Risk Factors in our 2016 Annual Report on Form 10-K.

- Weakness in the global economy and financial markets, which could increase the cost of operating our business, weaken demand for our products and services, negatively impact the prices we can charge for our products and services, or impair our ability to produce our products.
- Competitive factors that could adversely affect our operations, including new product introductions (for example, new forms of drug delivery) by our current or future competitors, increased pricing pressure due to the impact of low-cost manufacturers as certain competitors have established manufacturing sites or have contracted with suppliers in low-cost manufacturing locations as a means to lower their costs, patents attained by competitors (particularly as patents on our products expire), and new entrants into our markets.
- The adverse financial impact resulting from unfavorable changes in foreign currency exchange rates.
- Regional, national and foreign economic factors, including inflation, deflation, and fluctuations in interest rates, and their potential effect on our operating performance.
- Our ability to achieve our projected level or mix of product sales, as our earnings forecasts are based on projected sales volumes and pricing of many product types, some of which are more profitable than others.
- Changes in reimbursement practices of third-party payers or adverse decisions relating to our products by such payers, which could reduce demand for our products or the price we can charge for such products.
- The impact of the Patient Protection and Affordable Care Act (the "PPACA") in the United States, which implemented an excise tax on U.S. sales of certain medical devices (which has been suspended until January 1, 2018), and which could result in reduced demand for our products, increased pricing pressures or otherwise adversely affect our business.
- Future healthcare reform in the United States and other countries in which we do business that may involve changes in government pricing and reimbursement policies or other cost containment reforms.
- Changes in domestic and foreign healthcare industry practices that result in a reduction in procedures using our products or increased pricing pressures, including the continued consolidation among healthcare providers and trends toward managed care and healthcare cost containment.
- The impact of changes in U.S. federal laws and policy adopted under the new administration and Congress, including the effect that such changes will have on fiscal and tax policies, the potential repeal of all or portions of the PPACA, and international trade agreements and policies.
- Fluctuations in the cost and availability of oil-based resins and other raw materials, as well as certain components, used in our products, the ability to maintain favorable supplier arrangements and relationships (particularly with respect to sole-source suppliers), and the potential adverse effects of any disruption in the availability of such items.
- Security breaches of our information technology systems or our products, which could impair our ability to conduct business, result in the loss of BD trade secrets or otherwise compromise sensitive information of BD or its customers, suppliers and other business partners, or of customers' patients, or result in product efficacy or safety concerns for certain of our products.
- Difficulties inherent in product development, including the potential inability to successfully continue technological innovation, successfully complete clinical trials, obtain regulatory approvals in the United States and abroad, obtain intellectual property protection for our products, obtain coverage and adequate reimbursement for new products, or gain and maintain market approval of products, as well as the possibility of infringement claims by competitors with respect to patents or other intellectual property rights, all of which can preclude or delay commercialization of a product. Delays in obtaining necessary approvals or clearances from the FDA or other regulatory agencies or changes in the regulatory process may also delay product launches and increase development costs.

- The impact of business combinations, including any volatility in earnings relating to acquisition-related costs, and our ability to successfully integrate any business we may acquire.
- Our ability to penetrate or expand our operations in emerging markets, which depends on local economic and political conditions, and how well we are able to acquire or form strategic business alliances with local companies and make necessary infrastructure enhancements to production facilities and distribution networks. Our international operations also increase our compliance risks, including risks under the Foreign Corrupt Practices Act and other anti-corruption laws.
- Political conditions in international markets, including civil unrest, terrorist activity, governmental changes, trade barriers, restrictions on the ability to transfer capital across borders and governmental expropriation of assets. This includes the possible impact of the June 2016 advisory referendum by British voters to exit the European Union, which has created uncertainties affecting business operations in the United Kingdom and the EU.
- Deficit reduction efforts or other actions that reduce the availability of government funding for healthcare and research, which could weaken demand for our products and result in additional pricing pressures, as well as create potential collection risks associated with such sales.
- Fluctuations in university or U.S. and international governmental funding and policies for life sciences research.
- Fluctuations in the demand for products we sell to pharmaceutical companies that are used to manufacture, or are sold with, the products of such companies, as a result of funding constraints, consolidation or otherwise.
- The effects of events that adversely impact our ability to manufacture our products (particularly where production of a product line is concentrated in one or more plants) or our ability to source materials or components from suppliers (including sole-source suppliers) that are needed for such manufacturing.
- Pending and potential future litigation or other proceedings adverse to BD, including antitrust, product liability, environmental and patent infringement, and the availability or collectability of insurance relating to any such claims.
- New or changing laws and regulations affecting our domestic and foreign operations, or changes in enforcement practices, including laws relating to trade, monetary and fiscal policies, taxation (including tax reforms that could adversely impact multinational corporations), sales practices, environmental protection, price controls, and licensing and regulatory requirements for new products and products in the postmarketing phase. In particular, the U.S. and other countries may impose new requirements regarding registration, labeling or prohibited materials that may require us to re-register products already on the market or otherwise impact our ability to market our products. Environmental laws, particularly with respect to the emission of greenhouse gases, are also becoming more stringent throughout the world, which may increase our costs of operations or necessitate changes in our manufacturing plants or processes or those of our suppliers, or result in liability to BD.
- Product efficacy or safety concerns regarding our products resulting in product recalls, regulatory action on the part of the U.S. Food and Drug Administration (FDA) or foreign counterparts, declining sales and product liability claims, particularly in light of the current regulatory environment, in which there has been increased enforcement activity by the FDA. As a result of the CareFusion acquisition, we are operating under a consent decree with the FDA relating to our U.S. infusion pump business. The consent decree authorizes the FDA, in the event of any violations in the future, to order us to cease manufacturing and distributing products, recall products or take other actions, and we may be required to pay significant monetary damages if we fail to comply with any provision of the consent decree.
- Risks relating to our acquisition of CareFusion, including our ability to successfully combine and integrate the CareFusion operations in order to obtain the anticipated benefits and costs savings from the transaction, and the significant additional indebtedness we incurred in connection with the financing of the acquisition and the impact this increased indebtedness may have on our ability to operate the combined company.
- The effect of adverse media exposure or other publicity regarding BD's business or operations, including the effect on BD's reputation or demand for its products.
- The effect of market fluctuations on the value of assets in BD's pension plans and on actuarial interest rate and asset return assumptions, which could require BD to make additional contributions to the plans or increase our pension plan expense.
- Our ability to obtain the anticipated benefits of restructuring programs, if any, that we may undertake.
- Issuance of new or revised accounting standards by the Financial Accounting Standards Board or the Securities and Exchange Commission.

The foregoing list sets forth many, but not all, of the factors that could impact our ability to achieve results described in any forward-looking statements. Investors should understand that it is not possible to predict or identify all such factors and should not consider this list to be a complete statement of all potential risks and uncertainties.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in information reported since the end of the fiscal year endedSeptember 30, 2016.

Item 4. Controls and Procedures

An evaluation was carried out by BD’s management, with the participation of BD’s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of BD’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of December 31, 2016. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were, as of the end of the period covered by this report, effective and designed to ensure that material information relating to BD and its consolidated subsidiaries would be made known to them by others within these entities. There were no changes in our internal control over financial reporting during the fiscal quarter ended December 31, 2016 identified in connection with the above-referenced evaluation that have materially affected, or are reasonably likely to materially affect, BD’s internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are involved, both as a plaintiff and a defendant, in various legal proceedings which arise in the ordinary course of business, including product liability and environmental matters as set forth in our 2016 Annual Report on Form 10-K and in Note5 of the Notes to Condensed Consolidated Financial Statements in this report. SinceSeptember 30, 2016, there have been no material developments with respect to the legal proceedings in which we are involved, except as provided below.

Antitrust and False Advertising Action

On December 2, 2016, the Court of Appeals issued an opinion reversing the district court judgment as to RTI's attempted monopolization claim and rendered judgment on that claim in favor of BD. The Court of Appeals affirmed the district court judgment for Lanham Act liability, and remanded the case to the district court to consider whether and if so how much profit should be disgorged by BD on that claim. The Court of Appeals vacated and remanded the injunction ordered by the Court. On January 31, 2017, RTI filed a petition for a writ of certiorari with the U.S. Supreme Court.

Summary

Given the uncertain nature of litigation generally, BD is not able in all cases to estimate the amount or range of loss that could result from an unfavorable outcome of the litigation to which BD is a party. In accordance with U.S. generally accepted accounting principles, BD establishes accruals to the extent probable future losses are estimable (in the case of environmental matters, without considering possible third-party recoveries). In view of the uncertainties discussed above, BD could incur charges in excess of any currently established accruals and, to the extent available, excess liability insurance. In the opinion of management, any such future charges, individually or in the aggregate, could have a material adverse effect on BD's consolidated results of operations and consolidated cash flows.

Item 1A. Risk Factors

There were no material changes in the risk factors previously disclosed in Part I, Item 1A, of our 2016 Annual Report on Form 10-K during the period covered by this report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below sets forth certain information regarding our purchases of common stock of BD during the quarter ended December 31, 2016.

Issuer Purchases of Equity Securities

For the three months ended December 31, 2016	Total Number of Shares Purchased (1)	Average Price Paid per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (3)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (3)
October 1 – 31, 2016	993,733	$ 177.11	993,733	8,153,327
November 1 – 30, 2016	297,877	149.03	295,585	7,857,742
December 1 – 31, 2016	—	—	—	7,857,742
Total	1,291,610	$ 170.63	1,289,318	7,857,742

(1) Includes 2,292 shares purchased during the quarter in open market transactions by the trust relating to BD’s Deferred Compensation and Retirement Benefit Restoration Plan and 1996 Directors’ Deferral Plan.

(2) The total average price paid per share reflects the volume weighted average price of BD's shares over the term of an accelerated share repurchase agreement ("ASR").

(3) Represents shares purchased under the ASR noted above. The repurchases were made pursuant to the repurchase program authorized by the Board of Directors on September 24, 2013 for 10 million shares, for which there is no expiration date.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit 4.1	Form of 1.000% Notes due December 15, 2022 (incorporated by reference to Exhibit 4.1 of the registrant's Current Report on Form 8-K filed December 9, 2016).
Exhibit 4.2	Form of 1.900% Notes due December 15, 2026 (incorporated by reference to Exhibit 4.2 of the registrant's Current Report on Form 8-K filed December 9, 2016).
Exhibit 10	Letter of Understanding, dated March 28, 2016 between the registrant and Alexandre Conroy.
Exhibit 31	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to SEC Rule 13a - 14(a).
Exhibit 32	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to Rule 13a - 14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code.
Exhibit 101	The following materials from this report, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Becton, Dickinson and Company
(Registrant)

Dated: February 2, 2017

/s/ Christopher Reidy

Christopher Reidy

Executive Vice President, Chief Financial Officer and Chief Administrative Officer

(Principal Financial Officer)

/s/ John Gallagher

John Gallagher

Senior Vice President, Corporate Finance, Controller and Treasurer

(Principal Accounting Officer)

INDEX TO EXHIBITS

Exhibit Number	Description of Exhibits
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LETTER OF UNDERSTANDING
PERSONAL AND CONFIDENTIAL

March 28, 2016

Alex Conroy
374 Chemin St. Hugues
Biviers, 38330
France

Dear Alex:

Congratulations on your new global assignment. This letter details the terms and conditions applicable to your global assignment in Franklin Lakes, NJ USA as EVP & President Europe EMA & Americas, Job Group 9, Cost Center 10273006, reporting to Vincent Forlenza. Your overseas assignment is expected to last approximately four (4) years. You will be employed by Becton Dickinson France S.A., and subcontracted to Becton Dickinson and Company, USA.

The target effective date of your assignment is April 1, 2016. Your start date is subject to your receipt of a valid work permit, medical clearances (if applicable) and our receipt from you of a signed copy of this letter. The Company will provide assistance with the work permit application and residence requirements.

This letter does not create a contract of employment, but simply sets forth the conditions that pertain to your global assignment.

This letter is intended to be a brief overview of the Company's Long Term Global Assignment Policy. Please refer to the Global Assignment Policy document for complete details and descriptions. Policy documents can be viewed on BDOne.

Compensation

Base Salary: For the duration of this assignment, salary administration and performance management will be based on your home country policies and practices. Your annual salary will be EUR 462,238.14. Your next salary review date is January 1, 2017, and you will be paid from BD France payroll on a monthly basis.
During your assignment, you will remain on French payroll and participate in the US social security system; BD will also make contributions to the US social security system. As agreed, the intent is for you to shift your participation from the mandatory French pension scheme to the voluntary scheme.

Bonus Plan (Discretionary PIP): You are eligible to continue to participate in the Company's Discretionary Performance Incentive Plan (PIP) for Fiscal Year 2016 starting October 1, 2015. Your position will typically have an incentive opportunity of 80%. Your actual PIP award, if any, is discretionary and based on Company, BD Corporate and Individual performance, as determined at the close of the fiscal year. PIP payments are customarily made in January of the following year. There is no guarantee that an individual will receive a PIP payment in a particular year. PIP payments will be subject to hypothetical tax withholding.

Long-Term Incentives: You are also eligible to participate in the company's discretionary long-term incentive program under the 2004 Employee and Director Equity-Based Compensation Plan. Grants for each fiscal year generally have been approved by the BD Board of Directors and communicated in November. Vesting and exercise provisions will be communicated to you under separate cover upon approval of any grant under this program. Please note that grants are based on individual performance and anticipated future contributions, as well as on Company performance. There is no guarantee that an individual will receive a long-term incentive grant in a particular year. Any long-term incentive payment received by you will be subject to hypothetical tax withholding.

Benefits

You will be eligible to continue to participate in your home country benefit plans, wherever possible. As your home country medical, dental and vision care plan may not provide adequate coverage globally, you will need to enroll in medical, dental and vision care benefits through Aetna International.

The Aetna International enrollment package will be sent to you by BD's designated relocation company, Weichert Workforce Mobility (Weichert), after we receive your signed acceptance of this offer.

Relocation Support

You will be eligible for relocation benefits as outlined below. Upon receipt of your signed acceptance of this offer, BD's designated relocation company, Weichert, will contact you to administer the relocation program.

- Work Permits/Visas: We will coordinate with our Immigration Representative to assist in the proper visas/work permits for you and your family. To the extent that you pay any visa, passport and/or immigration expenses personally, you will be reimbursed per the instructions that will be provided to you.

- Medical Examinations: We strongly suggest that you and your family have a medical examination prior to your departure. This is intended to enable you to clarify any medical concerns prior to the start of the assignment.

- Lump Sum Allowance: A lump sum allowance equivalent to 15% of base will be paid to you net (BD will pay applicable taxes). The allowance of EUR 69,336 is paid to cover any incidental costs incurred in connection with your relocation that are not specifically addressed in the policy. Payment will be processed at the commencement of assignment provided your signed letter of understanding has been received.

- Destination Services: A Company-designated vendor will assist you with house hunting, school selection and other host location information and assimilation services.

- Transportation to the Host Country: You will be reimbursed actual reasonable travel expenses for relocation to the assignment location. Class of air travel will be business class.

- Shipment of Household Goods/Personal Effects: Weichert will arrange to move your household belongings to your new location, with certain limits as described in the Long Term Global Assignment Policy. You are eligible for an air shipment of up to 500 lbs. and a surface shipment limited to a 40-foot container (family status).

- Temporary Living Expenses: The Company will reimburse reasonable temporary living expenses (food and lodging only) for up to 30 days after you are required to vacate your regular Home Country residence and/or upon arrival in the Host Country. A rental car will be provided for the 30-day period.

- Please note that you will be responsible for pro-rated reimbursement of relocation costs should you voluntarily terminate employment with BD within four years of employment from the start of the assignment.

Assignment Allowances

These allowances are paid only for the period of your global assignment and will not be considered for bonus, long-term compensation and/or benefit calculation purposes. Please note that any tax in relation to these allowances will be paid by the Company.

- Goods and Services Differential (G&S) Allowance: Based on your current salary and family size, you will receive EUR 40,909 per year (or EUR 3,409.17 per pay period) as a Goods and Services (G&S) Differential Allowance. The initial G&S Differential Allowance is based on an exchange rate of 1.06428 USD: 1EUR. The G&S Differential will be paid to assist you with the higher cost of goods and services in the Host County. This allowance will be reviewed each January and July to reflect new economic data from an independent consultant. After the review, your allowance may be adjusted up or down. Please note that the allowance will commence once you move into a permanent accommodation and will terminate in the month in which you vacate the permanent accommodation..

- Host Housing (Rent): While on assignment in Franklin Lakes, the Company will pay your local rent. The Company has established a housing rental budget at a maximum of USD 7,200 per month for the first year and USD 7,344 per month for the second year. This is based on your family size, income level and data from an independent consultant. You may choose an accommodation that meets your personal lifestyle needs; however, you are responsible for any amount in excess of the housing budget.

- Security Deposit: The Company will advance funds to pay a security deposit or key money directly to the landlord for your host country rental. The security deposit is to be returned to the Company at the end of the assignment, end of the lease, vacating of the property, or termination of Company employment-whichever is earlier.

- Utilities: Expenses for electricity, gas and water will be reimbursed to you. You are responsible for other services such as telephone, cable and internet. Any local rates or property taxes (e.g., tenant paid local real estate taxes) will be reimbursed by the Company. All other local taxes (e.g., sanitation, etc) are the responsibility of the assignee.

- Host Country Transportation: You will receive transportation benefits in line with the local policy in the US. This policy will be described to you by a BD US Human Resources representative.

Other Assignment Arrangements

- Home Leave: To maintain ties to your Home Country while on assignment, the Company will reimburse the cost of one round trip business class airfare from your Host Country to your Home Location for home leave. You and accompanying dependants are eligible for one fully flexible (refundable, changeable) home leave trip per 12 month period on assignment. The home leave trip should be linked to a business trip, wherever possible.

- Additional Trips: The Company will reimburse you for quarterly round trip business class airfares for your spouse to travel from your Home Country to your Host Location.

- Post-Secondary Education: There is no reimbursement for tuition or any other expenses for University and equivalent education.

- School Break Visits: For dependent children attending university in the home location, the Company will reimburse the cost of two trips to the host location per year (economy class).

Tax Equalization

You will participate in the Company's Tax Equalization program during your global assignment. The Company has retained the services of PricewaterhouseCoopers (PwC) to prepare your Home Country and Host Country tax returns as required during the global assignment. Under the Tax Equalization Policy, you will be responsible for a hypothetical tax liability (e.g., federal/national, state/provincial and local taxes, as applicable), which will be calculated and deducted from each paycheck.

The estimated hypothetical tax deduction will be EUR 14,511.58 per pay period based on your current base salary. This amount is comprised of estimates for hypothetical tax of:

French income tax EUR 12,483.67
French Surtax of EUR 736.67 and
US social taxes of EUR 1,291.25

This will be reviewed before you begin your assignment to include credit for any pre-tax deductions. During your assignment, the hypothetical tax will be updated for changes in your salary and bonus and in consideration of any changes in tax regulations and rates.

The intent of the policy is that your ultimate tax liability will be similar to that which you would have paid in your Home Country had you not received assignment-related compensation or special tax considerations. When your actual France returns are completed, PwC will calculate your final theoretical France tax liability and you will be advised if any balances are due to you or to the Company. Weichert will set up a consultation with a representative of PwC to discuss these arrangements with you, once a signed copy of this letter is received.

You are responsible for repaying the Company for any outstanding tax receivables, generated by either overpayments by the Company of its share of your tax liability or utilization of foreign tax credits originally funded by the Company, in accordance with the Tax Equalization Policy and as determined by the tax settlement process. Tax receivables due the Company are either payable immediately upon determination or upon receipt of a related tax refund from the applicable tax authority as specified in the tax settlement.

Any tax equalization balance with respect to any future tax years will be payable to the Company within 90 days of issuance of a Tax Equalization Settlement Statement.

Please refer to the Tax Equalization Policy document for compete details and descriptions. Policy documents can be viewed on BDOne at Expatriate Services.

Assignment Extensions/Localization

In the event your assignment exceeds four (4) years, your status will be evaluated.

Repatriation or New Assignment

The Company will relocate you and your family back to your home country or to another global assignment at the end of this assignment; however, the Company does not guarantee employment at the end of an assignment. Prior to the successful conclusion of your assignment, you may be contacted regarding new opportunities with the Company which may determine the exact location of your repatriation. If you are transferred from the US to another assignment location, you will receive a new letter of understanding.

Years of Service - Impact on Benefits

Your total years of service with companies affiliated with the Company shall be recognized for purposes of calculating retirement benefits. Severance payments mandated by law shall be based on years of service in the country of last employment (France). In some locations, national law may construe a voluntary termination or transfer to an affiliated company as a "termination," or require that any severance payment to be made should be based on more years of service than those actually performed in the country of last employment (France). As an expatriate employee, you are not eligible to receive such payments. If, however, you do receive them, you will be required to repay the Company upon receipt. If repayment is not made within sixty (60) days, the amounts will be offset against other benefits to which you may be entitled.

BD Code of Conduct

You and your family should understand that you can be, and often are, highly visible representatives of the BD Corporate in the host location. As such, you will need to be familiar with and adhere to the Company and BD Corporate policies and applicable Home and Host Country work laws. It is imperative that you and your family members follow both the letter and the spirit of the law, not only to protect yourselves from criminal or civil penalties, but also to maintain and advance the Company's image as a reputable corporate citizen in the countries in which we operate. You will be expected to operate in compliance with the ***Company's Code of Conduct*** at all times.

Data Protection

To manage your assignment we need to process personal data relating to you and sometimes also to your family for the purposes of personnel and employment administration. BD makes use of and offers you services by specialized companies, such as relocation agencies, tax service providers, etc. These third parties receive this information in order to provide their specific services. This information typically includes personal details, family circumstances, employment and financial details. Additionally, BD in Franklin Lakes and also the local HR departments of your Home and Host Country receive, transfer and process this information as it relates to your assignment (for example, bank account details, or an emergency contact number for a relative in your home country). Information will sometimes be passed directly from you to our service providers.

You should be aware that laws and practices relating to the protection of personal data can be different and in some cases may be weaker than those within your Home Country. Please be assured, however, that only authorized personnel will be allowed to access your details and that throughout this process we will take steps to help ensure all of your details are kept confidential and secure.

We suggest you share this statement with your family in order to provide them with the information contained herein.

By signing this letter of understanding, you acknowledge how information about you and your family may be used, processed and transferred for the purposes described in this document or any other purposes that may become necessary for the administration of your assignment and in accordance with applicable BD policies.

Governing Law

Your global assignment and your employment relationship generally are subject to and governed by the laws of France in accordance with the terms of the Global Assignment Policy. This letter shall not be amended or supplemented unless in writing signed by you and a duly authorized representative of your Host Country.

Confidentiality

You agree that the terms and conditions of this letter of understanding are strictly confidential and that you will not disclose or discuss them with any persons other than your legal counsel, immediate family, financial advisor or any individuals copied below.

Best wishes to you in your new assignment. Please indicate your agreement by signing below and returning this letter to Jeanne Cardoso at Jeanne_M_Cardoso@bd.com as soon as possible.

Sincerely,

/s/ Vincent Forlenza

____
Vincent Forlenza

I have reviewed the general terms and conditions of my global assignment outlined above and, by signing below, accept these conditions.

/s/ Alexandre Conroy 03-29-2016

_______________________________________ ___________________
Alexandre Conroy Date

If at any time you have questions related to your assignment, please contact Brendan Cassell, Total Rewards Process Team Lead, Corporate/Shared Services. His telephone number is +1-210-526-5455.

cc: Cees Rombouts, Home Country HR
Jerry Hurwitz, Host Country HR
Brendan Cassell, Total Rewards Process Team Lead, Corporate/Shared Services
Jeanne Cardoso, Sr. Global Total Rewards Director
PricewaterhouseCoopers
Weichert

Exhibit 31

CERTIFICATIONS

I, Vincent A. Forlenza, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Becton, Dickinson and Company;

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(s) 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(s) 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 2, 2017

/s/ Vincent A. Forlenza

Vincent A. Forlenza

Chairman, Chief Executive Officer and President

I, Christopher Reidy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Becton, Dickinson and Company;

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(s) 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(s) 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 2, 2017

/s/ Christopher Reidy

Christopher Reidy

Executive Vice President, Chief Financial Officer and Chief Administrative Officer

Exhibit 32

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q of Becton, Dickinson and Company for the quarter ended December 31, 2016 (the "Report") for the purpose of complying with Rule 13a – 14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Vincent A. Forlenza, the Chief Executive Officer of Becton, Dickinson and Company, certify that:

1. such Report fully complies with the requirements of Section 13(a) of the Exchange Act; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Becton, Dickinson and Company.

February 2, 2017

/s/ Vincent A. Forlenza

Name: Vincent A. Forlenza

Chief Executive Officer

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q of Becton, Dickinson and Company for the quarter ended December 31, 2016 (the "Report") for the purpose of complying with Rule 13a – 14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Christopher Reidy, the Chief Financial Officer of Becton, Dickinson and Company, certify that:

1. such Report fully complies with the requirements of Section 13(a) of the Exchange Act; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Becton, Dickinson and Company.

February 2, 2017

/s/ Christopher Reidy

Name: Christopher Reidy

Chief Financial Officer