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

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2015

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
(State or other jurisdiction of
incorporation or organization)

22-0760120
(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 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 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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

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

<u>Class of Common Stock</u>	<u>Shares Outstanding as of December 31, 2015</u>
Common stock, par value \$1.00	211,816,526

BECTON, DICKINSON AND COMPANY
FORM 10-Q
For the quarterly period ended December 31, 2015

TABLE OF CONTENTS

	<u>Page Number</u>
<u>Part I.</u>	<u>FINANCIAL INFORMATION</u>
Item 1.	<u>Financial Statements (Unaudited)</u>
	<u>Condensed Consolidated Balance Sheets</u> 3
	<u>Condensed Consolidated Statements of Income</u> 4
	<u>Condensed Consolidated Statements of Comprehensive Income</u> 5
	<u>Condensed Consolidated Statements of Cash Flows</u> 6
	<u>Notes to Condensed Consolidated Financial Statements</u> 7
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 17
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u> 27
Item 4.	<u>Controls and Procedures</u> 27
<u>Part II.</u>	<u>OTHER INFORMATION</u>
Item 1.	<u>Legal Proceedings</u> 28
Item 1A.	<u>Risk Factors</u> 29
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 29
Item 3.	<u>Defaults Upon Senior Securities</u> 30
Item 4.	<u>Mine Safety Disclosures</u> 30
Item 5.	<u>Other Information</u> 30
Item 6.	<u>Exhibits</u> 30
<u>Signatures</u>	31
<u>Exhibits</u>	32

ITEM 1. FINANCIAL STATEMENTS
 BECTON, DICKINSON AND COMPANY
 CONDENSED CONSOLIDATED BALANCE SHEETS
 Millions of dollars

	December 31, 2015	September 30, 2015
	(Unaudited)	
Assets		
Current Assets:		
Cash and equivalents	\$ 1,583	\$ 1,424
Short-term investments	10	20
Trade receivables, net	1,513	1,618
Current portion of net investment in sales-type leases	36	75
Inventories:		
Materials	367	384
Work in process	291	280
Finished products	1,326	1,295
	1,985	1,959
Prepaid expenses and other	514	563
Total Current Assets	5,641	5,659
Property, Plant and Equipment	8,241	8,277
Less allowances for depreciation and amortization	4,284	4,217
Property, Plant and Equipment, Net	3,957	4,060
Goodwill	7,372	7,537
Customer Relationships, Net	3,194	3,250
Developed Technology, Net	2,906	2,977
Other Intangibles, Net	767	797
Capitalized Software, Net	350	362
Net Investment in Sales-Type Leases, Less Current Portion	1,132	1,118
Other Assets	727	717
Total Assets	\$ 26,046	\$ 26,478
Liabilities and Shareholders' Equity		
Current Liabilities:		
Short-term debt	\$ 1,951	\$ 1,452
Payables and accrued expenses	2,578	2,930
Total Current Liabilities	4,529	4,381
Long-Term Debt	10,858	11,370
Long-Term Employee Benefit Obligations	1,150	1,133
Deferred Income Taxes and Other	2,286	2,430
Commitments and Contingencies		
Shareholders' Equity		
Common stock	333	333
Capital in excess of par value	4,557	4,475
Retained earnings	12,402	12,314
Deferred compensation	22	20
Common stock in treasury - at cost	(8,251)	(8,239)
Accumulated other comprehensive loss	(1,840)	(1,738)
Total Shareholders' Equity	7,223	7,164
Total Liabilities and Shareholders' Equity	\$ 26,046	\$ 26,478

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,	
	2015	2014
Revenues	\$ 2,986	\$ 2,051
Cost of products sold	1,578	1,006
Selling and administrative expense	748	544
Research and development expense	187	129
Acquisition-related costs	121	23
Total Operating Costs and Expenses	2,635	1,702
Operating Income	352	349
Interest expense	(97)	(76)
Interest income	6	10
Other income, net	6	2
Income Before Income Taxes	266	285
Income tax provision	37	50
Net Income	229	236
Basic Earnings per Share	\$ 1.08	\$ 1.22
Diluted Earnings per Share	\$ 1.06	\$ 1.20
Dividends per Common Share	\$ 0.66	\$ 0.60

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,	
	2015	2014
Net Income	\$ 229	\$ 236
Other Comprehensive Income (Loss), Net of Tax		
Foreign currency translation adjustments	(116)	(141)
Defined benefit pension and postretirement plans	12	11
Net unrealized gains (losses) on cash flow hedges, net of reclassifications	3	(7)
Other Comprehensive Loss, Net of Tax	(101)	(137)
Comprehensive Income	<u>\$ 127</u>	<u>\$ 98</u>

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,	
	2015	2014
<u>Operating Activities</u>		
Net income	\$ 229	\$ 236
Adjustments to net income to derive net cash provided by operating activities, net of amounts acquired:		
Depreciation and amortization	289	139
Share-based compensation	76	48
Deferred income taxes	(29)	(2)
Change in operating assets and liabilities	(237)	(109)
Pension obligation	21	(20)
Other, net	114	(6)
Net Cash Provided by Operating Activities	<u>463</u>	<u>286</u>
<u>Investing Activities</u>		
Capital expenditures	(134)	(105)
Capitalized software	(7)	(9)
Proceeds from investments, net	14	618
Acquisitions of businesses, net of cash acquired	—	(106)
Other, net	(18)	(30)
Net Cash (Used for) Provided by Investing Activities	<u>(145)</u>	<u>368</u>
<u>Financing Activities</u>		
Change in short-term debt	—	(1)
Proceeds from long-term debt	—	6,164
Excess tax benefits from payments under share-based compensation plans	44	31
Dividends paid	(140)	(116)
Issuance of common stock and other, net	(49)	(45)
Net Cash (Used for) Provided by Financing Activities	<u>(145)</u>	<u>6,033</u>
Effect of exchange rate changes on cash and equivalents	(14)	(8)
Net increase in cash and equivalents	158	6,679
Opening Cash and Equivalents	1,424	1,861
Closing Cash and Equivalents	<u>\$ 1,583</u>	<u>\$ 8,540</u>

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

BECTON, DICKINSON AND COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

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 2015 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 Principle Adopted

In November 2015, the Financial Accounting Standards Board issued amended guidance that requires entities to present deferred tax assets and liabilities as noncurrent on the balance sheet instead of separating deferred taxes into current and noncurrent amounts. Early adoption is permitted under the amendments. The Company has retrospectively adopted the guidance effective October 1, 2015 and as such, the condensed consolidated balance sheet as of September 30, 2015 reflects the reclassification of current deferred tax assets of \$387 million as noncurrent amounts, in accordance with jurisdictional netting requirements.

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, 2015 were as follows:

(Millions of dollars)	Total	Foreign Currency Translation Adjustments	Benefit Plans Adjustments	Unrealized Losses on Cash Flow Hedges
Balance at September 30, 2015	\$ (1,738)	\$ (961)	\$ (741)	\$ (36)
Other comprehensive income before reclassifications, net of taxes	(116)	(116) (A)	—	— (B)
Amounts reclassified into income, net of taxes	15	—	12 (C)	3 (D)
Balance at December 31, 2015	<u>\$ (1,840)</u>	<u>\$ (1,077)</u>	<u>\$ (729)</u>	<u>\$ (33)</u>

- (A) The loss for the three months ended December 31, 2015 was primarily attributable to the weakening of the Euro against the U.S. dollar during the period.
- (B) The unrealized loss and associated income tax benefit related to cash flow hedges were immaterial for the three months ended December 31, 2015. The income tax benefit associated with an after-tax loss of \$8 million recognized in accumulated other comprehensive income for the three months ended December 31, 2014 was \$5 million. Additional disclosures are provided in Note 12.
- (C) The net reclassification from accumulated other comprehensive income for the three months ended December 31, 2014 was \$11 million. These reclassifications were not recorded into income in their entirety and were included in the computation of net periodic benefit plan costs. Additional details are provided in Note 8. The income tax benefits associated with these reclassifications were \$6 million for the three-month periods ended December 31, 2015 and 2014.
- (D) The net reclassification from accumulated other comprehensive income for the three months ended December 31, 2014 was \$1 million. The income tax benefits associated with these reclassifications were immaterial.

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,	
	2015	2014
Average common shares outstanding	211,689	192,844
Dilutive share equivalents from share-based plans	4,605	4,156
Average common and common equivalent shares outstanding – assuming dilution	216,294	197,000

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. As further set forth in the Company's 2015 Annual Report on Form 10-K, 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 will 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 has filed its appeal to the Court of Appeals challenging the entirety of the Final Judgment.

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.

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 party to a number of federal 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 commencing. For all 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.

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

(Millions of dollars)	Three Months Ended December 31,	
	2015	2014
Revenues (A)		
Medical	\$ 2,054	\$ 1,072
Life Sciences	933	979
Total Revenues	<u>\$ 2,986</u>	<u>\$ 2,051</u>
Segment Operating Income		
Medical	\$ 465 (B)	\$ 304
Life Sciences	202	214
Total Segment Operating Income	667	517
Unallocated Items (C)	(401)	(232)
Income Before Income Taxes	<u>\$ 266</u>	<u>\$ 285</u>

(A) Intersegment revenues are not material.

(B) Includes an increase of \$136 million in non-cash amortization expense relating to the identifiable intangible assets acquired in the CareFusion transaction as well as depreciation expense relating to the fixed assets acquired in the CareFusion transaction.

(C) Includes primarily interest, net; foreign exchange; corporate expenses; and share-based compensation expense. Also includes acquisition-related costs associated with the CareFusion transaction.

Revenues by geographic areas were as follows:

(Millions of dollars)	Three Months Ended December 31,	
	2015	2014
Revenues		
United States	\$ 1,691	\$ 881
International	1,295	1,170
Total Revenues	<u>\$ 2,986</u>	<u>\$ 2,051</u>

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 2015 and 2014, respectively, were estimated on the date of grant using a lattice-based binomial valuation model based on the following assumptions:

	2016	2015
Risk-free interest rate	2.17%	2.20%
Expected volatility	19.00%	19.00%
Expected dividend yield	1.76%	1.78%
Expected life	7.6 years	7.6 years
Fair value derived	\$ 27.69	\$ 24.82

The fair value of share-based payments is recognized as compensation expense in net income. For the three months ended December 31, 2015 and 2014, compensation expense charged to income was \$76 million and \$48 million, respectively.

The amount of unrecognized compensation expense for all non-vested share-based awards as of December 31, 2015 was approximately \$303 million, which is expected to be recognized over a weighted-average remaining life of approximately 2.4 years. Certain pre-acquisition equity awards of CareFusion were converted into either BD restricted stock awards or BD stock options, as applicable, as of the acquisition date, with substantially the same terms and conditions as were applicable under such CareFusion awards immediately prior to the acquisition date. Included in the unrecognized compensation expense is \$29 million associated with these replacement awards.

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:

(Millions of dollars)	Pension Plans		Other Postretirement Benefits	
	2015	2014	2015	2014
Service cost	\$ 21	\$ 19	\$ 1	\$ 1
Interest cost	19	22	1	2
Expected return on plan assets	(29)	(31)	—	—
Amortization of prior service credit	(4)	(4)	(1)	(1)
Amortization of loss	20	17	—	1
Net pension and postretirement cost	\$ 28	\$ 23	\$ 1	\$ 2

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-month periods ended December 31, 2015 and 2014. During the three months ended December 31, 2015, the Company recognized charges of \$3 million for employee termination costs in connection with its acquisition of CareFusion. Additional disclosures regarding the Company’s restructuring activities are provided in Note 10.

Note 9 – Acquisition

CareFusion Corporation

On March 17, 2015, the Company acquired a 100% interest in CareFusion, a global medical technology company with a comprehensive portfolio of products in the areas of medication management, infection prevention, operating room and procedural effectiveness, and respiratory care. The acquisition was accounted for under the acquisition method of accounting for business combinations. The operating activities from the acquisition date through March 31, 2015 were not material to the Company's consolidated results of operations. As such, CareFusion's operating results were included in the Company's consolidated results of operations beginning on April 1, 2015. *Revenues* and *Operating Income* for the three months ended December 31, 2015 include revenues and operating income attributable to CareFusion of \$1.016 billion and \$137 million, respectively.

The following table provides the pro forma results for the three months ended December 31, 2015 and 2014 as if CareFusion had been acquired as of October 1, 2013.

(Millions of dollars, except per share data)	Three Months Ended December 31,	
	2015	2014
Revenues	\$ 2,992	\$ 2,973
Net Income	\$ 311	\$ 260
Diluted Earnings per Share	\$ 1.44	\$ 1.22

The pro forma results above reflect the following adjustments, which were adjusted for the applicable tax impact to derive the net income amounts above:

- Additional amortization expense related to the fair value of intangible assets acquired;
- Additional depreciation expense related to the fair value of property, plant and equipment acquired;
- Additional interest expense and financing costs associated with the Company's financing arrangements relating to this acquisition, as well as the adjustment to interest expense relating to the fair value of long-term debt assumed;
- Elimination of one-time financing fees, transaction, integration and restructuring costs incurred relative to this acquisition;
- Exclusion of the income statement effects of the fair value adjustments to inventory and deferred revenue obligations acquired as such adjustments are not recurring in nature.

The pro forma results do not include any anticipated cost savings or other effects of the planned integration of CareFusion. Accordingly, the pro forma results above are not necessarily indicative of the results that would have been if the acquisition had occurred on the dates indicated, nor are the pro forma results indicative of results which may occur in the future.

Note 10 – Business Restructuring Charges

In connection with the CareFusion acquisition and portfolio rationalization initiatives, the Company incurred restructuring costs during the three months ended December 31, 2015, which were recorded as *Acquisition-related costs*. Restructuring liability activity for the three months ended December 31, 2015 was as follows:

(Millions of dollars)	Employee Termination	Share-based Compensation (A)	Other (B)	Total
Balance at September 30, 2015	\$ 62	\$ —	\$ —	\$ 62
Charged to expense	11	15	59	85
Cash payments	(21)	—	(11)	(32)
Non-cash settlements	—	(15)	—	(15)
Other adjustments	—	—	(48)	(48)
Balance at December 31, 2015	<u>52</u>	<u>—</u>	<u>—</u>	<u>52</u>

(A) Additional disclosures are provided in Note 7.

(B) Primarily driven by a non-cash charge of \$28 million, after-tax, relating to the Company's agreement reached in December 2015 to sell a non-core asset.

Note 11 – Intangible Assets

Intangible assets consisted of:

(Millions of dollars)	December 31, 2015		September 30, 2015	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
<i>Amortized intangible assets</i>				
Customer relationships	\$ 3,370	\$ 176	\$ 3,370	120
Developed technology	3,478	572	3,487	510
Product rights	125	37	128	35
Trademarks	405	31	405	26
Patents and other	335	232	333	212
Amortized intangible assets	<u>\$ 7,713</u>	<u>\$ 1,048</u>	<u>\$ 7,723</u>	<u>\$ 903</u>
<i>Unamortized intangible assets</i>				
Acquired in-process research and development	\$ 201		\$ 203	
Trademarks	2		2	
Unamortized intangible assets	<u>\$ 203</u>		<u>\$ 205</u>	

Intangible amortization expense for the three months ended December 31, 2015 and 2014 was \$152 million and \$20 million, respectively. The increase in intangible amortization expense in the current-year period is mostly attributable to identifiable intangible assets acquired in the CareFusion transaction.

The following is a reconciliation of goodwill by business segment:

(Millions of dollars)	Medical	Life Sciences	Total
Goodwill as of September 30, 2015	\$ 6,807	\$ 730	\$ 7,537
Acquisitions	—	—	—
Currency translation/other	(162) (A)	(3)	(165)
Goodwill as of December 31, 2015	<u>\$ 6,645</u>	<u>\$ 727</u>	<u>\$ 7,372</u>

(A) Also includes an acquisition accounting adjustment relating to the CareFusion acquisition of \$156 million. The amount primarily related to an adjustment of deferred tax liabilities which are recorded on the condensed consolidated balance sheet in *Deferred Income Taxes and Other*.

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, 2015 and September 30, 2015 were \$1.3 billion and \$2.2 billion, respectively.

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 \$6 million, net of tax. The Company had no outstanding interest rate swaps designated as cash flow hedges as of December 31, 2015 or as of September 30, 2015.

The total notional amount of the Company's outstanding interest rate swaps designated as fair value hedges was \$375 million at December 31, 2015 and September 30, 2015. 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 recorded on these fair value hedges, and the offsetting losses recorded on the underlying debt instruments, were \$13 million and \$10 million for the three months ended December 31, 2015 and 2014, respectively.

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. The total notional amount of cash-settled forward contracts entered into in April 2015 to hedge global resin purchase volume throughout 2015 and 2016 was 37 million pounds (\$19 million) and 49 million pounds (\$25 million) at December 31, 2015 and September 30, 2015, respectively.

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, 2015	September 30, 2015
Asset derivatives-designated for hedge accounting		
Interest rate swaps	\$ 13	\$ 19
Asset derivatives-undesignated for hedge accounting		
Forward exchange contracts	7	13
Total asset derivatives (A)	<u>\$ 20</u>	<u>\$ 32</u>
Liability derivatives-designated for hedge accounting		
Commodity forward contracts	7	10
Liability derivatives-undesignated for hedge accounting		
Forward exchange contracts	4	21
Total liability derivatives (B)	<u>\$ 11</u>	<u>\$ 30</u>

- (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 after-tax loss recognized in *Other comprehensive income (loss)* relating to cash flow hedges for the three months ended December 31, 2015 was immaterial. After-tax losses of \$8 million recognized in *Other comprehensive income (loss)* for the three months ended December 31, 2014 were attributable to interest rate swaps that were entered into during the first quarter of fiscal year 2015 to partially hedge interest rate risk associated with the anticipated issuance of senior unsecured notes in connection with the Company's acquisition of CareFusion. Additional disclosures regarding amounts recognized in the condensed consolidated statements of income for the three months ended December 31, 2015 and 2014 relating to cash flow hedges are provided in Note 3.

The Company's designated derivative instruments 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 derivative contracts 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:

<u>Derivatives Not Designated as Hedging Instruments</u>	<u>Location of Gain (Loss) Recognized in Income on Derivatives</u>	<u>Three Months Ended December 31,</u>	
		<u>2015</u>	<u>2014</u>
		(Millions of dollars)	
Forward exchange contracts (A)	Other income (expense), net	\$ 11	\$ (2)

- (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, 2015 and September 30, 2015 are classified in accordance with the fair value hierarchy in the following tables:

(Millions of dollars)	December 31, 2015 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	\$ 392	\$ 392	\$ —	\$ —
Interest rate swaps	13	—	13	—
Forward exchange contracts	7	—	7	—
Total Assets	<u>\$ 411</u>	<u>\$ 392</u>	<u>\$ 20</u>	<u>\$ —</u>
Liabilities				
Forward exchange contracts	\$ 4	\$ —	\$ 4	\$ —
Commodity forward contracts	7	—	7	—
Contingent consideration liabilities	78	—	—	78
Total Liabilities	<u>\$ 89</u>	<u>\$ —</u>	<u>\$ 11</u>	<u>\$ 78</u>

(Millions of dollars)	September 30, 2015 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	\$ 147	\$ 147	\$ —	\$ —
Interest rate swaps	19	—	19	—
Forward exchange contracts	13	—	13	—
Total Assets	<u>\$ 179</u>	<u>\$ 147</u>	<u>\$ 32</u>	<u>\$ —</u>
Liabilities				
Forward exchange contracts	\$ 21	\$ —	\$ 21	\$ —
Commodity forward contracts	10	—	10	—
Contingent consideration liabilities	\$ 77	\$ —	\$ —	\$ 77
Total Liabilities	<u>\$ 108</u>	<u>\$ —</u>	<u>\$ 30</u>	<u>\$ 77</u>

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 \$1.191 billion and \$1.277 billion at December 31, 2015 and September 30, 2015, 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 \$11.1 billion and \$11.6 billion at December 31, 2015 and September 30, 2015, respectively. During the first quarter of fiscal year 2016, the Company reclassified \$500 million of 1.75% notes due on November 8, 2016 from *Long-Term Debt* to *Short-term debt*. During the third quarter of fiscal year 2015, the Company reclassified \$750 million of floating rates due on June 15, 2016 from *Long-Term Debt* to *Short-term debt*. The fair value of these reclassified notes was \$1.3 billion and \$750 million at December 31, 2015 and September 30, 2015, 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 to the contingent events. The estimated fair values of the contingent consideration liabilities are remeasured at each reporting period based upon increases or decreases in the probability of the contingent payments. The change to the total contingent consideration liability for the three months ended December 31, 2015 was immaterial.

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, 2015 and 2014.

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 principally 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 particularly focused on certain countries whose healthcare systems are expanding, in particular: China, India and Turkey.

Acquisition of CareFusion

On March 17, 2015, BD acquired a 100% interest in CareFusion Corporation ("CareFusion"). CareFusion's operating results were included in BD's consolidated results of operations beginning on April 1, 2015 and as such, the consolidated results of operations for the prior-year period ended December 31, 2014 referenced in the commentary provided further below did not include CareFusion's results. CareFusion operates as part of our Medical segment, which includes the following organizational units, in addition to the Diabetes Care and Pharmaceutical Systems units: Medication and Procedural Solutions, which encompasses BD's former Medical Surgical Systems unit; Medication Management Solutions; and Respiratory Solutions.

Overview of Financial Results and Financial Condition

First quarter revenues increased 45.6% to \$2.986 billion from the prior year's period. The increase reflected a 52.4% impact due to the inclusion of CareFusion's sales in the current quarter's results as well as volume increases of approximately 1.1%, partially offset by unfavorable foreign currency translation of approximately 7.9%. Pricing was relatively flat in the first quarter, as compared with the prior-year period. The current-year period's total revenues also reflected growth in sales of BD legacy products in our Medical and Life Sciences segments, which were partially offset by unfavorable comparisons to the prior-year's quarter, as discussed in "Results of Operations" further below.

- First quarter Medical segment revenue growth reflected the inclusion of CareFusion's sales in the current-year period's results, as well as growth attributable to the segment's BD legacy products, including infusion therapy and safety-engineered products, pen needles and self-injection systems.
- Life Sciences segment revenue growth in the first quarter primarily reflected growth in the Preanalytical Systems and Biosciences units.
- Worldwide sales of safety-engineered products reflected the inclusion of CareFusion's sales of safety-engineered products in the current year's quarter, as well as growth that was attributable to BD's legacy safety-engineered products. First quarter sales in the United States of safety-engineered devices of \$447 million increased 44.9% and first quarter international sales of safety-engineered devices of \$290 million grew 9.5% over the prior year's period, inclusive of an estimated 14.6% 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, including through the integration of CareFusion. While the economic environment for the healthcare industry has 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 \$463 million in the first three months of fiscal year 2016. At December 31, 2015, we had \$1.6 billion in cash and equivalents and short-term investments. We continued to return value to our shareholders in the form of dividends. During the first three months of fiscal year 2016, we paid cash dividends of \$140 million. No shares were repurchased during the first three months of fiscal year 2016.

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 strength of the U.S. dollar resulted in an unfavorable foreign currency translation impact to our revenue growth during the quarter. 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 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.

Reflected in the financial results for the three-month periods of fiscal years 2016 and 2015 are the following specified items:

(Millions of dollars)	Three months ended December 31,	
	2015	2014
Financing costs (A)	\$ —	\$ 44
Transaction costs (A)	—	10
Integration costs (A)	35	13
Restructuring costs (A)	85	—
Purchase accounting adjustments (B)	153	18
Litigation-related charge (C)	—	12
Total specified items	274	97
Tax impact of specified items	79	31
After-tax impact of specified items	\$ 195	\$ 66

- (A) Represents financing, transaction, integration and restructuring costs associated with the CareFusion acquisition and portfolio rationalization. The financing costs were recorded in *Interest expense*. The transaction, integration and restructuring costs were recorded in *Acquisition-related costs*.
- (B) Primarily represents non-cash amortization expense associated with acquisition-related identifiable intangible assets, including \$130 million in the current-year period related to CareFusion. BD's amortization expense is primarily recorded in *Costs of products sold*.
- (C) Represents a charge for plaintiff attorneys' fees, recorded in *Selling and administrative expense*, associated with the unfavorable verdict returned in the antitrust and false advertising lawsuit RTI filed against BD. For further discussion, refer to Note 5 in the Notes to Condensed Consolidated Financial Statements.

Results of Operations

Revenues

Medical Segment

The following is a summary of first quarter Medical revenues by organizational unit:

(Millions of dollars)	Three months ended December 31,					
	2015	2014	Total Change	Estimated FX Impact	Foreign Currency Neutral Change	
Medication and Procedural Solutions	\$ 848	\$ 601	41.2 %	(7.7)%	48.9 %	
Medication Management Solutions	550	—	NM	NM	NM	
Diabetes Care	256	263	(3.0)%	(6.9)%	3.9 %	
Pharmaceutical Systems	197	208	(5.4)%	(8.0)%	2.6 %	
Respiratory Solutions	209	—	NM	NM	NM	
Deferred revenue adjustment (A)	(6)	—	NM	NM	NM	
Total Medical Revenues	\$ 2,054	\$ 1,072	91.6 %	(9.3)%	100.9 %	

(A) Represents the amortization of the acquisition-date write-down of CareFusion's deferred revenue balance to reflect a fair value measurement as of the acquisition date. The write-down primarily related to software maintenance contracts in the United States. Revenue for these contracts is typically deferred and recognized over the term of the contracts.

Overall Medical segment revenue growth in the current year's quarter largely reflected the inclusion of CareFusion's sales in the current period's results. Revenue growth in our Medication and Procedural Solutions unit, which includes our former Medical Surgical Systems unit, additionally reflected growth in sales of infusion therapy and safety-engineered products. Revenue growth for the Diabetes Care unit resulted from period-over-period volume increases in pen needle sales. Revenue growth for the Pharmaceutical Systems unit reflected sales of self-injection systems, which was partially offset by an unfavorable comparison to the prior-year period, which included the impact of favorable order pattern timing. Global sales of safety-engineered products were \$467 million, as compared with \$296 million in the prior year's quarter, which reflected the inclusion of CareFusion's sales in the current-year period, partially offset by an estimated \$20 million unfavorable impact due to foreign currency translation.

	Three months ended December 31,	
	2015	2014
Medical segment operating income (Millions of dollars)	\$ 465	\$ 304
Segment operating income as % of Medical revenues	22.6%	28.3%

Gross profit margin was lower in the current quarter as compared with the first quarter of 2015 primarily due to the amortization of intangible assets acquired in the CareFusion transaction, the amortization of the acquisition-date write-down of CareFusion's deferred revenue balance, as previously discussed, and unfavorable foreign currency translation. These unfavorable impacts on gross margin were partially offset by lower manufacturing costs from continuous improvement projects and lower raw material costs. Selling and administrative expense for the first quarter of fiscal year 2016 reflected cost synergies resulting from the CareFusion acquisition, partially offset by depreciation of fixed assets acquired in the CareFusion acquisition. Research and development expenses for the quarter increased \$53 million, or 135% above the prior year's period, primarily due to the inclusion of CareFusion's costs in the current period's results.

Life Sciences Segment

The following is a summary of first quarter Life Sciences revenues by organizational unit:

(Millions of dollars)	Three months ended December 31,				
	2015	2014	Total Change	Estimated FX Impact	Foreign Currency Neutral Change
Preanalytical Systems	\$ 344	\$ 353	(2.7)%	(7.1)%	4.4 %
Diagnostic Systems	313	338	(7.2)%	(6.4)%	(0.8)%
Biosciences	276	288	(4.4)%	(5.6)%	1.2 %
Total Life Sciences Revenues	\$ 933	\$ 979	(4.8)%	(6.5)%	1.7 %

Life Sciences segment revenue growth for the quarter was driven by the Preanalytical Systems and Biosciences units. The Preanalytical Systems unit's revenue growth was driven by sales of safety-engineered products in the United States, Europe and emerging markets. Global sales of safety-engineered products in the Preanalytical Systems unit totaled \$270 million, compared with \$278 million in the prior year's quarter, and included an estimated \$19 million unfavorable impact due to foreign currency translation. The Diagnostic Systems unit's first quarter revenue growth rates reflected an unfavorable comparison to the prior-year period, which benefited from a very strong influenza season, and lower capital spending in China. These unfavorable impacts to revenue growth were partially offset by growth in sales of microbiology products and molecular diagnostic platforms, including the *BD MAX*TM, as well as by growth of international sales of the Women's Health and Cancer platform. The Biosciences unit's revenue growth was driven by research instrument and reagent sales, which was partially offset by the unfavorable timing of clinical customer tenders in emerging markets.

	Three months ended December 31,	
	2015	2014
Life Sciences segment operating income (Millions of dollars)	\$ 202	\$ 214
Segment operating income as % of Life Sciences revenues	21.6 %	21.8 %

Gross profit margin was lower in the first quarter of fiscal year 2016 compared with the first quarter of 2015 primarily due to unfavorable foreign currency translation and various immaterial items. These negative factors influencing gross margin were partially offset primarily by lower manufacturing costs from continuous improvement projects. Selling and administrative expense as a percentage of Life Sciences revenues in the first quarter of 2016 was lower compared with the first quarter of 2015 due to various immaterial items. Research and development expense in the first quarter of 2016 decreased by \$2 million, or 3%, which was primarily influenced by the timing of project spending.

Geographic Revenues

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

(Millions of dollars)	Three months ended December 31,				
	2015	2014	Total Change	Estimated FX Impact	Foreign Currency Neutral Change
United States	\$ 1,691	\$ 881	92.0%	—	92.0 %
International	1,295	1,170	10.7%	(13.9)%	24.6 %
Total Revenues	\$ 2,986	\$ 2,051	45.6%	(7.9)%	53.5 %

The Medical segment's U.S. revenue growth reflected the inclusion of CareFusion's U.S. sales of approximately \$786 million as well as growth in sales of the Medication and Procedural Solutions unit's infusion therapy products and of the Diabetes Care unit's pen needles. U.S. Life Sciences revenue growth in the first quarter of fiscal year 2016 reflected an unfavorable comparison to the prior-year period due to a milder than expected influenza season in the current-year period. This unfavorable impact to U.S. Life Sciences revenues was partially offset by growth in the Biosciences unit's sales of research reagents and the Preanalytical Systems unit's sales of safety-engineered products. U.S. Life Sciences revenue growth in the quarter was also favorably impacted by sales of microbiology products and the *BD MAX*TM platform.

International revenue growth in the Medical segment also reflected the inclusion of CareFusion's sales in the current year's quarter. The Medical segment's international revenue growth also reflected solid performance by the Pharmaceutical Systems unit. The Life Sciences segment's international revenue growth reflected growth in the Diagnostic Systems and Preanalytical Systems units' sales. The Diagnostic Systems unit's international revenue growth was driven by microbiology products, sales

of the Women's Health and Cancer platform and an expanded *BD MAX*TM in Europe. International revenue growth in the Biosciences unit's sales was unfavorably impacted by tender delays in emerging markets. Effective October 1, 2015, we changed the composition of countries that we define as emerging markets within the Asia Pacific region. On this redefined basis, emerging market revenues for the first quarter were \$465 million, compared with \$451 million in the prior year's quarter, and included an estimated \$53 million unfavorable impact due to foreign currency translation. Revenue growth in emerging markets for the first quarter was primarily driven by the inclusion of CareFusion's sales in the period.

Gross Profit Margin and Operating Expenses

A summary of gross profit margin, selling and administrative expense and research and development expense for the three months ended December 31, 2015 and 2014 is as follows:

	Three months ended December 31,		Increase (decrease) in basis points
	2015	2014	
(Millions of dollars)			
Gross profit margin %	47.1 %	50.9 %	(380)
Selling and administrative expense (Millions of dollars)	\$ 748	\$ 544	
<i>% of revenues</i>	25.1 %	26.5 %	(140)
Research and development expense (Millions of dollars)	\$ 187	\$ 129	
<i>% of revenues</i>	6.3 %	6.3 %	—

Gross profit margin

The decrease in gross profit margin for the first quarter of fiscal year 2016 compared with the prior-year period in 2015 reflected a 470 basis point decline attributable to CareFusion acquisition-related asset depreciation and amortization and an estimated unfavorable impact of 120 basis points relating to foreign currency. This pressure on gross margin was offset by 210 basis points of operating performance resulting from favorable product mix, lower manufacturing costs from continuous improvement projects and lower raw material costs.

Selling and administrative expense

Selling and administrative expense as a percentage of revenues in the current year's period reflected cost synergies resulting from the CareFusion acquisition and favorable foreign currency translation, partially offset by the depreciation of fixed assets acquired in the CareFusion acquisition. Selling and administrative expense as a percentage of revenues in the prior-year period reflected the charge of \$12 million relating to the RTI litigation matter, as previously discussed.

Research and development expense

The increase in research and development expense for the current year's period compared with the prior year's period primarily reflected the inclusion of CareFusion's research and development expenses in the current quarter's results. Research and development expense as a percentage of revenues in the current-year period reflected our continued investment in new products and innovation.

Acquisition-related costs

Acquisition-related costs were \$121 million in the first quarter of fiscal year 2016 as compared to \$23 million in the first quarter of the prior fiscal year. These costs represented financing, transaction, integration and restructuring costs associated with the CareFusion acquisition and portfolio rationalization. The transaction and integration costs specifically included advisory, legal, and other costs incurred in connection with the CareFusion acquisition. For further disclosures regarding the restructuring costs, refer to Note 10 in the Notes to Condensed Consolidated Financial Statements.

Net Interest Expense

The components of net interest expense were as follows:

(Millions of dollars)	Three months ended December 31,	
	2015	2014
Interest expense	\$ (97)	\$ (76)
Interest income	6	10
Net interest expense	\$ (91)	\$ (66)

The increase in interest expense for the first quarter of fiscal year 2016 compared with the prior year period primarily reflected increased financing costs associated with the CareFusion acquisition, partially offset by \$8 million due to the favorable amortization of the acquisition-date fair value-step recorded on CareFusion's long-term debt and a comparison to the prior-year period, which included commitment fees for a bridge loan facility that was terminated in March 2015.

The decrease in interest income in the first quarter of fiscal year 2016 compared with the prior year's period primarily reflected lower cash levels outside of the United States, partially offset by higher investment gains on assets related to our deferred compensation plans. The offsetting movements in the deferred compensation plan liability were recorded in *Selling and administrative expense*.

Income Taxes

The effective income tax rate was 14.0% for the first quarter of fiscal year 2016 compared with 17.4% in the first quarter of fiscal year 2015. The tax benefits of the specified items shown earlier reduced the current quarter's income tax rate by 750 basis points as the tax benefits on these specified items were primarily incurred in higher tax jurisdictions.

Net Income and Diluted Earnings per Share

Net Income (Millions of dollars)	Three months ended December 31,	
	2015	2014
Net Income (Millions of dollars)	\$ 229	\$ 236
Diluted Earnings per Share	\$ 1.06	\$ 1.20

The current quarter's earnings per share reflected an unfavorable impact of \$0.90 relating to the previously discussed specified items, as well as an estimated unfavorable impact due to foreign currency translation of \$0.26. The prior-year quarter's earnings per share reflected an unfavorable impact of \$0.34 relating to the previously discussed specified items.

Liquidity and Capital Resources

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 2016. Normal operating needs in fiscal year 2016 include working capital, capital expenditures, and cash dividends. Net cash provided by operating activities was \$463 million during the first three months of fiscal year 2016, compared with \$286 million in the same period in 2015, and was primarily attributable to income from continuing operations, 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 lower levels of accounts payable and accrued expenses and higher levels of inventory, partially offset by lower levels of accounts receivables. Net cash provided by operating activities in the first three months of fiscal year 2015 was reduced by a discretionary cash contribution of \$40 million to fund our pension obligation.

Net Cash Flows from Investing Activities

Net cash used for investing activities for the first three months of the current year was \$145 million, compared with net cash provided by investing activities of \$368 million in the prior-year period. Capital expenditures were \$134 million in the first three months of fiscal year 2016 compared with \$105 million in the prior-year period. Net cash provided by investing activities in the prior-year period reflected cash inflows from sales of investments of \$618 million due to the maturities of time deposits in Europe, Latin America and Asia Pacific, partially offset by a cash outflow of \$106 million related to our acquisition of GenCell Biosystems.

Net Cash Flows from Financing Activities

Net cash used for financing activities for the first three months of fiscal year 2016 was \$145 million, compared with net cash provided by financing activities \$6.033 billion in the prior-year period. Net cash provided by financing activities in the prior-

year period included the proceeds from \$6.2 billion of notes issued in December 2014 to finance the completion of our acquisition of CareFusion in March 2015.

Debt-related Activities

Certain measures relating to our total debt, which was \$12.8 billion at December 31, 2015 and September 30, 2015, were as follows:

	December 31, 2015	September 30, 2015
Short-term debt as a percentage of total debt	15.2 %	11.3 %
Weighted average cost of total debt	3.3 %	3.3 %
Total debt as a percentage of total capital*	59.7 %	59.4 %

* 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 December 31, 2015 reflected the reclassification, from long-term debt to short-term debt, of \$500 million of 1.75% notes due on November 8, 2016. The ratio of debt as a percentage of total capital at September 30, 2015 reflects adjustments to the condensed consolidated balance sheet resulting from our adoption of revised presentation requirements relating to deferred taxes. Additional information regarding this adoption is provided in Note 2 in the Notes to Condensed Consolidated Financial Statements.

Cash and Short-term Investments

At December 31, 2015, total worldwide cash and short-term investments were approximately \$1.6 billion, of which \$579 million 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 is available to meet our short-term financing needs, including working capital requirements. Borrowings outstanding under this program were \$700 million at December 31, 2015.

In January 2016, we amended an existing \$1 billion syndicated credit facility, under which there were no borrowings outstanding at December 31, 2015, with a \$1.5 billion syndicated credit facility that has an expiration date of January 2021. The new credit facility, under which we may issue up to \$100 million in letters of credit, provides backup support for our commercial paper program and can also be used for other general corporate purposes. It 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, 2015. 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 this concentration of credit risk 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," "anticipate," "estimate" and other words of similar meaning in conjunction with, among other things, discussions of future operations and financial performance, as well as our strategy for growth, product development, regulatory approvals, market position and expenditures. All statements that address operating performance or events or developments that we expect or anticipate will occur in the future – including statements relating to volume growth, sales and

earnings per share growth, cash flows or uses, and statements expressing views about future operating results – are forward-looking statements.

Forward-looking statements are based on current expectations of future events. The 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 unknown 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 2015 Annual Report on Form 10-K.

- Weakness in the global economy and financial markets, and the potential adverse effect on the cost of operating our business, the demand for our products and services, the prices for our products and services due to increases in pricing pressure, or our ability to produce our products, including the impact on developing countries.
- Deficit reduction efforts or other adverse changes in the availability of government funding for healthcare and research that could further weaken demand for our products and result in additional pricing pressures, as well as create potential collection risks associated with such sales.
- 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 consequences of the Patient Protection and Affordable Care Act 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 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. For example, changes to guidelines providing for increased cervical cancer screening intervals has and may continue to negatively impact sales of our Women's Health and Cancer platform.
- Changes in reimbursement practices of governmental or private third-party payers.
- Our ability to penetrate 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 expropriation of assets by a government.
- Security breaches of our computer and communications systems or our products, including computer viruses, "hacking" and "cyber-attacks," 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 result in product efficacy or safety concerns.
- Fluctuations in the cost and availability of oil-based resins and other raw materials, as well as certain components, 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.

- Regional, national and foreign economic factors, including inflation, deflation, fluctuations in interest rates and, in particular, foreign currency exchange rates, and the potential effect on our revenues, expenses, margins and credit ratings.
- 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.
- 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 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, including pandemics, natural disasters, or environmental factors.
- Difficulties inherent in product development, including the potential inability to successfully continue technological innovation, 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.
- 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.
- Fluctuations in university or U.S. and international governmental funding and policies for life sciences research.
- 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.
- 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.
- 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.

- The impact of business combinations, including any volatility in earnings relating to acquired in-process research and development assets, and our ability to successfully integrate any business we may acquire.
- 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 ended September 30, 2015.

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, 2015. 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, 2015 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 2015 Annual Report on Form 10-K and in Note 5 of the Notes to Condensed Consolidated Financial Statements in this report. Since September 30, 2015, the following developments have occurred with respect to the legal proceedings in which we are involved:

Glynn-Brunswick Hospital Authority

A motion BD filed to dismiss a class action complaint, which had been filed in the U.S. District Court for the Southern District of Georgia by Glynn-Brunswick Hospital Authority, was granted on January 29, 2016.

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 2015 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, 2015.

	<u>Issuer Purchases of Equity Securities</u>			
<u>For the three months ended December 31, 2015</u>	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
October 1 – 31, 2015	2,096	\$ 133.31	—	9,147,060
November 1 – 30, 2015	807	144.73	—	9,147,060
December 1 – 31, 2015	—	—	—	9,147,060
Total	2,903	\$ 136.48	—	9,147,060

- (1) Represents 2,903 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) Any repurchases would be 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 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 5, 2016

/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

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
31	Certifications of Chief Executive Officer and Chief Financial Officer, pursuant to SEC Rule 13a - 14(a).
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.
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.

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 5, 2016

/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 5, 2016

/s/ Christopher Reidy

Christopher Reidy

Executive Vice President, Chief Financial Officer and Chief
Administrative 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, 2015 (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 5, 2016

/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, 2015 (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 5, 2016

/s/ Christopher Reidy

Name: Christopher Reidy

Chief Financial Officer