

CAREFUSION Corp
Form 425
November 19, 2014

FILED BY BECTON, DICKINSON AND COMPANY

PURSUANT TO RULE 425 UNDER THE SECURITIES ACT OF 1933 AND
DEEMED FILED PURSUANT TO RULE 14A-12 OF THE SECURITIES EXCHANGE ACT OF 1934

SUBJECT COMPANY: CAREFUSION CORP

COMMISSION FILE NO. 001-34273

The following Fourth Quarter and Full-Year Results for Fiscal Year of 2014 and Fiscal Year 2015 Guidance communication was made available by Becton, Dickinson and Company.

Fourth Quarter and Full-Year Results
Fiscal Year 2014
Fiscal Year 2015 Guidance
November 4, 2014

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FXN = Estimated foreign exchange-neutral currency growth. \$ = Dollars in millions except per share data.
Note:
All
figures
on
accompanying
slides
are
rounded.

Totals
may
not
add
due
to
rounding.

Percentages
are
based
on
un-rounded
figures.

These materials include forward-looking statements and it is possible that actual results could differ from our expectations. Factors that could cause such differences appear in our fourth quarter earnings release and in our recent SEC filings.

Forward-Looking Statements

Non-GAAP Financial Measures

These
materials
also
include

Non-GAAP
financial
measures.

A
reconciliation
to
the
comparable
GAAP
measures

can
be
found herein, or in our earnings release and the financial schedules attached thereto.

A copy
of
the
release,
including
the
financial
schedules,

is
posted
on
the

Investors
section
of
the

BD.com
website.

Results from Continuing Operations

The following financial information represents results from continuing operations. Certain financial information excludes the impact of the following items:

1.
Foreign currency translation.
2.
The medical device excise tax, which began January 1, 2013, in conjunction with the U.S. healthcare reform act.

3.
Amortization of acquisition-related intangibles is excluded from our Earnings Per Share metric. Unless otherwise noted, when we refer to Earnings Per Share, we are referring to the adjusted basis (commonly referred to as Cash EPS), excluding acquisition-related intangibles.

4.
All adjustments to current and prior year noted on the Total Year Reconciliation of Non-GAAP Financial Measures schedule in the appendix of this presentation.

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Executive Overview

Vincent A. Forlenza

Chairman, CEO and President

4

Strong revenue growth of 5.2%

Launched an array of new products bringing new products as a percentage of sales to 15%

Emerging Market investments continue to fuel growth

Operating effectiveness and efficiency initiatives continued to drive underlying margin expansion

42

nd

consecutive year of dividend increases

Proactively adapting to the dynamic healthcare environment by transitioning to a customer-focused provider of healthcare solutions

Our Strategy Continued to

Deliver Results

2014 Key Achievements:

5

FY 2015 Guidance Overview

1

Beginning in fiscal year 2015, adjusted EPS will exclude the amortization of acquisition-related intangibles, net of tax.

FY 2014

FY 2014

Cash

EPS

1

FY 2015

Guidance

Revenues

(FXN)

5.2%

4.5% to 5%

Adjusted EPS \$

\$6.25

\$6.50

\$6.76 to \$6.83

Adjusted EPS

Growth (FXN)

11.4%

10.9%

8% to 9%

6
Financial Update
Christopher Reidy
Chief Financial Officer and Executive
Vice President of Administration

7

Strong revenue growth of 5.2%

Revenue growth of 4.6% FXN, driven by Medical and
Diagnostics

Bioscience growth impacted by an unfavorable comparison to
the prior year, as expected

Emerging markets and international safety sales continue to
drive robust growth

Continued tax rate improvement

Strong EPS growth of 13.0% FXN

Q4 FY 2014 Highlights

8
FY 2014 Revenues by Segment
Fourth Quarter
Total Year
\$
Reported
Growth %
FXN
Growth%
\$
Reported
Growth %
FXN
Growth%

Total
Revenues

\$2,202

4.8%

4.6%

\$8,446

4.9%

5.2%

Medical

1,193

6.5%

6.1%

4,573

6.2%

6.3%

Diagnostics

708

4.2%

4.2%

2,713

2.5%

3.3%

Biosciences

301

0.2%

0.1%

1,159

5.2%

5.5%

9
FY 2014 U.S. and
International Revenues
Fourth Quarter
Total Year
\$
Reported
Growth %
FXN
Growth%
\$
Reported
Growth %
FXN

Growth%

U.S.

\$871

2.3%

2.3%

\$3,417

1.9%

1.9%

Medical

456

3.4%

3.4%

1,799

4.2%

4.2%

Diagnostics

319

0.0%

0.0%

1,251

-1.7%

-1.7%

Biosciences

96

4.4%

4.4%

366

3.5%

3.5%

International

\$1,331

6.6%

6.2%

\$5,029

7.0%

7.6%

Medical

737

8.4%

7.8%

2,774

7.6%

7.8%

Diagnostics

389

7.9%

7.8%

1,462

6.4%

7.8%

Biosciences

205

-1.7%

-1.8%

793

6.0%

6.5%

10

Note: Emerging markets include Eastern Europe, Middle East, Africa, Latin America, and Asia Pacific (excluding Japan)

Emerging Markets financial highlights for FY 2014:

Fourth quarter growth in key markets and platforms (FXN)

China

21.4%

Emerging Markets Safety

18.6%

Double-digit growth in all emerging markets in Q4 and

Total Year
Emerging Markets
FXN Growth %
% of BD Revenues
Q4
13.2%
26.4%
Total Year
12.3%
25.1%

11
FY 2014 Safety Revenues
Fourth Quarter
Total Year
\$
Reported
Growth %
FXN
Growth%
\$
Reported
Growth %
FXN
Growth%
Total Safety
\$566
5.7%

5.5%

\$2,223

5.9%

6.6%

By Geography

U.S.

301

-0.8%

-0.8%

1,207

2.1%

2.1%

International

265

14.1%

13.7%

1,016

10.8%

12.3%

By Segment

Medical

287

6.6%

6.4%

1,119

7.1%

7.8%

Diagnostics

279

4.8%

4.6%

1,104

4.7%

5.4%

-0.9%
51.9%
51.0%
12
ReLoCo, Continuous
Improvement, Pension
+60 bps
Mix, Price, Start-up Costs,
Raw Materials
-70 bps
Performance
50%
51%
52%

Q4 FY2013

Currency

Performance

Q4 FY 2014

0.8%

0.1%

\$1,089

\$1,123

% of Revenue

Q4 FY 2014 Adjusted Gross Margin

Change Year-Over-Year

13
Q4 FY 2014 Income Statement
Favorable (Unfavorable)
Adjusted Q4
FY 2014
Adjusted Q4
FY 2013
\$ Change
% Change
FXN %
Change
Revenues

\$2,202

\$2,101

101

4.8%

4.6%

Gross Profit

1,123

1,089

34

3.1%

4.6%

% of Revenues

51.0%

51.9%

SSG&A

542

533

(9)

-1.7%

-1.3%

% of Revenues

24.6%

25.4%

R&D

133

133

(0)

-0.3%

-0.2%

% of Revenues

6.0%

6.3%

Operating Income

448

423

25

5.8%

10.1%

% of Revenues

20.3%

20.1%

Tax Rate

21.9%

24.7%

EPS

\$1.68

\$1.54

\$0.14

9.1%

13.0%

14
Growth % (FXN)
FY 2015 Revenue Guidance
2014 Actual
November
Guidance
Total BD Revenues
5.2%
4.5% to 5.0%
Medical
6.3%
4.5% to 5.0%
Life Sciences
3.9%
~ 4.5%
Diagnostics
3.3%

~ 4.0% to 4.5%

Biosciences

5.5%

~4.5% to 5.0%

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FY15 Adjusted EPS Guidance

1

FY 2015 share repurchase program has been suspended due to the pending CareFusion acquisition. Estimates are based on what a \$450 repurchase program could have on diluted earnings per share. Estimated EPS impact is ~1 percent, or \$0.07 to \$0.09.

\$6.76 to

\$6.83

1

FY14 Adjusted

EPS

Amortization of
Acquisition

-

Related

Intangibles

FY14 Adjusted

Cash EPS

Underlying
Performance
FXN
Suspension of
FY15 Adjusted
FXN Cash EPS
Estimated
Foreign
Currency
Impact
FY15 Adjusted
Cash EPS
\$6.25
\$6.50
8% to 9%
FXN Growth
4% to 5%
Adjusted
Growth
\$0.26
9% to 10%
(~1%)
(~4%)
FY 2015
FY 2014
Buybacks

FY 2015 Guidance
Adjusted
FY 2014
Adjusted
FY
2014
1
for
Cash
EPS
FY 2015
1,2

Guidance

Gross

Profit

1

51.2%

52.0%

~52%

SSG&A

25.0%

25.0%

~25%

R&D

6.1%

6.1%

~6%

Operating

Income

1

20.0%

20.9%

20.5% to 21.0%

Effective

Tax

Rate

1

22.8%

23.2%

21.5% to 22.5%

EPS

1

\$6.25

\$6.50

\$6.76 to \$6.83

EPS

FXN

1,3

11.4%

10.9%

8.0% to 9.0%

Operating Cash Flow

\$1.75B

\$1.75B

~\$1.85B

Share

Repurchase

3

\$400M

\$400M

EPS headwind of ~1%,

or (\$0.07) to (\$0.09)

Capital Expenditures

\$592M

\$592M

~\$625M

16

1

Beginning in fiscal year 2015, adjusted values will exclude the amortization of acquisition-related intangibles. This impacts Gross Profit, Operating Income, Effective Tax Rate and Earnings Per Share.

FY 2015 guidance excludes the pending CareFusion acquisition. Any material changes to guidance related to the acquisition will be provided upon closing. BD's share repurchase program has been suspended in FY 2015.

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3

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Executive Overview
Vincent A. Forlenza
Chairman, CEO and President

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Medical Program/Product

Launch Date

BD Simplist

Prefilled Injectables

Morphine Sulfate Injection, USP

Launched
Midazolam Injection, USP
Approved
FY 2014 in Review
Program and Product Launch Updates
New
Biosciences Program/Product
Launch Date
BD FACSPresto

Launched
BD OneFlow

Solution -
Clinical Reagents
Q4 FY 2014
Sirigen Dyes
6 Dyes Launched
(3 New in Q4 FY 2014)
New
New

19
Diagnostics Program/Product
Launch Date
BD Veritor

System
Strep A, RSV

Launched WW
BD MAX

Staph SR, MRSA XT
Launched WW
Enteric Bacteria
Launched WW
Enteric Parasite
Launched EU
BD Totalys

Launched EU
BD Viper

LT
BD Onclarity

HPV-GT
Launched EU
GC/CT
Launched WW
FY 2014 in Review
Program and Product Launch Updates

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New Program and Product

Launch Updates

Medical Program/Product

Planned Launch Date

BD Insulin Infusion Sets

FY 2015 FDA

Clearance Expected

BD Simplist

Prefilled Injectables

Heparin Sodium Injection, USP

FY 2016

Hydromorphone Hydrochloride Injection, USP

FY 2016

Biosciences Program/Product

Planned Launch Date

BD Horizon

(Sirigen) Dyes

FY 2015

3 Dyes Expected

BD X-14 Research Instrument

2H FY 2015

BD FACSVia

FY 2015 / FY 2016

21

New Program and Product
Launch Updates
Diagnostics Program/Product
Planned Launch Date
BD MAX

Enteric Parasite
Launched EU / Q3 FY 2015 U.S.
(1 Q Delay)
GC/CT and GC/CT/Trich
Q3 FY 2015 EU
Extended Enteric Bacterial
Late FY 2015 / Early FY 2016 EU
Enteric Viral

Late FY 2015 / Early FY 2016 EU
Vaginitis / Vaginosis
FY 2016
BD Totalys

Launched EU / Q4 FY 2015 U.S.

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Key Takeaways

Pleased with our strong fiscal year 2014 results

Exceeded financial and operational goals

Revenue growth of 5.2%, EPS growth of 11.4%

Strong foundation for continued growth

Continue to evolve into a customer focused provider of complete solutions

Looking forward to fiscal year 2015 with confidence

23

Q & A

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FY 2014 Financial Highlights
Fourth Quarter
Total Year
\$
Growth %
FXN
Growth %
\$

Growth %

FXN

Growth %

Revenues

\$2,202

4.8%

4.6%

\$8,446

4.9%

5.2%

EPS

\$1.53

NM

NM

\$5.99

28.3%

33.0%

Adjusted

EPS

\$1.68

9.1%

13.0%

\$6.25

7.6%

11.4%

Adjusted

EPS Ex-MDT

NM

NM

NM

\$6.29

8.3%

12.0%

25
Q4 FY 2014 Revenue Growth
Year-Over-Year
-0.7%
4.6%
1,700
1,800
1,900
2,000
2,100
2,200
2,300
Q4 FY 2013
Performance
Currency

Q4 FY 2014

\$2,202

\$2,101

4.8%

-0.2%

26

Q4 FY 2014 Adjustment Reconciliation

(Unaudited; Amounts in millions, except per share data)

Pension

Carrying

Workforce

Acquisition

Program

Reported

Settlement

Amount

Reduction

Related

Termination

Adjusted

FY 2014

Charge

(1)

Adjustment

(2)

Charge

(3)

Items

(4)

Charge

(5)

FY 2014

REVENUES

\$

2,202

-

-

-

-

-

\$
2,202

Gross Profit

1,103

\$
2

\$
5

\$
14

-

-

1,123

% of Revenues

50.1%

51.0%

Selling and administrative

561

(2)

-

(11)

\$
(6)

-

542

% of Revenues

25.5%

24.6%

Research and development

140

-

-

(11)

-

\$

4

133

% of Revenues

6.4%

6.0%

OPERATING INCOME

401

3

5

36

6

(4)

448

% of Revenues

18.2%

20.3%

Other income, net

1

-

-

-

-

-

1

Income tax provision

76

1

2

13

2

(1)

93

Effective Tax Rate

20.1%

21.9%

INCOME FROM CONTINUING OPERATIONS

301

2

3

23

4

(2)

330

% of Revenues

13.7%

15.0%

Diluted Earnings per Share
from Continuing Operations

\$

1.53

\$

0.01

\$

0.02

\$

0.12

\$

0.02

\$

(0.01)

\$

1.68

(2)

Represents an adjustment to the carrying amount of an asset that is being held for sale.

(3)

Represents employee termination costs associated with a workforce reduction.

(4)

Represents acquisition-related transaction costs incurred in connection with the GenCell Biosystems and pending CareFusion a
Three Months Ended September 30,

(1)

Primarily represents non-cash pension settlement charges associated with lump sum benefit payments made from the Company's
pension plan, as such payments exceeded the service and interest components of the plan's pension cost in each year. The charges
losses associated with certain foreign pension plans.

(5)

Represents a revision to the estimated probable loss previously recorded as a result of the decision to terminate a research and
Medical segment.

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Q4 FY 2014 Reconciliation

FX Impact

(Unaudited; Amounts in millions, except per share data)

Adjusted

Adjusted

Adjusted

Growth

Adjusted

Growth

Foreign

Currency

FXN

FXN

FY 2014

FY 2013

\$

%

Translation

Change

Growth

REVENUES

\$

2,202

\$

2,101

\$

101

4.8%

\$

4

\$

97

4.6%

Gross Profit

1,123
1,089
34
3.1%
(16)
50
4.6%
% of Revenues
51.0%
51.9%

Selling and administrative

542
533
(9)
-1.7%
(2)
(7)
-1.3%
% of Revenues
24.6%
25.4%

Research and development

133
133
-
-0.3%
-
-
-0.2%
% of Revenues
6.0%
6.3%

OPERATING INCOME

448
423
25
5.8%
(18)

43
10.1%
% of Revenues
20.3%
20.1%

Other income, net

1
3
(2)
-65.9%
(1)
(1)
-30.8%

Income tax provision

93
100
8
NM
7
1
NM
Effective Tax Rate
21.9%
24.7%

INCOME FROM CONTINUING OPERATIONS

330
306
24
7.8%
(13)
37
12.0%
% of Revenues
15.0%
14.6%

Diluted Earnings per Share
from Continuing Operations

\$
1.68

\$
1.54
\$
0.14
9.1%
\$
(0.06)
\$
0.20
13.0%

NM - Not Meaningful
FXN = Foreign Currency Neutral
Three Months Ended September 30,

28
Q4 FY 2014 Reconciliation of
Non-GAAP Financial Measures
(Unaudited)
2014
2013
Growth
Foreign

Currency
Translation

Foreign
Currency

Neutral
Change

Growth %

Foreign
Currency

Neutral
Growth %

Reported Diluted Earnings per Share from Continuing Operations

\$

1.53

\$

0.46

\$

1.07

\$

(0.06)

\$

1.13

NM

NM

Non-cash pension settlement charges associated with lump sum benefit payments made primarily from the Company's U.S. supplemental pension plan, as such payments exceeded the service and interest components of the plan's pension cost in each year. The charges also included settlement losses associated with certain foreign pension plans. (\$3 million or \$2 million after-tax and \$6 million or \$4 million after-tax, respectively)

0.01

0.02

Adjustment to the carrying amount of an asset that is being held for sale (\$5 million or \$3 million after-tax)

0.02

-

Employee termination costs associated with a workforce reduction (\$36 million or \$23 million after-tax)

0.12

-

Acquisition-related transaction costs incurred in connection with the GenCell Biosystems and pending CareFusion acquisitions (\$6 million or \$4 million after-tax)

0.02

-

Revision to the estimated probable loss previously recorded as a result of the decision to terminate a research and development program in the Medical segment (\$4 million or \$2 million after-tax)
(0.01)

-

Charge associated with the unfavorable verdict returned in the antitrust and false advertising lawsuit filed against the Company by RTI (\$341 million or \$211 million after-tax)

-

1.06
Adjusted Diluted Earnings per Share from Continuing Operations

\$
1.68
\$
1.54
\$
0.14
\$
(0.06)

\$
0.20
9.1%
13.0%

Three Months Ended September 30,

29
FY 2014 Reconciliation -
FX Impact Emerging
Markets and China
(Unaudited; Amounts in millions)
2014
2013
Reported
FXN
FX Impact
Total Emerging Markets Revenues
\$
582

\$
514

13.3%

13.2%

0.1%

Total Emerging Markets Safety Revenues

\$

129

\$

109

18.7%

18.6%

0.1%

China Revenues

\$

133

\$

110

20.4%

21.4%

-1.0%

2014

2013

Reported

FXN

FX Impact

Total Emerging Markets Revenues

\$

2,123

\$

1,943

9.3%

12.3%

-3.0%

All figures rounded. Totals may not add due to rounding.

% Change

Three Months Ended September 30,

Twelve Months Ended September 30,

% Change

30

FY 2014 Total Year Revenue Growth

Year-Over-Year

4.9%

0.3%

5.2%

\$ in Millions

\$8,054

\$8,446

7,000

7,400

7,800

8,200

Q4 FY 2013
Performance
Currency
Q4 FY 2014

FY 2014 Total Year Adjusted Gross Margin

Change Year-Over-Year

-0.6%

\$4,174

\$4,322

\$ in Millions

-0.6%

0.0%

51.8%

51.2%

50%

51%

52%

Q4 FY 2013

Currency

Performance

Q4 FY 2014

31

Performance:

ReLoCo, Continuous

Improvement, Pension

+80 bps

Mix, Start-up Costs, Raw

Materials

-80 bps

FY 2014 Total Year

Adjustment Reconciliation

32

(Unaudited; Amounts in millions, except per share data)

Contract

Program

Pension

Carrying

Workforce

Acquisition

Amortization

Adjusted

Reported

Asset

Termination

Gain on

Termination

Settlement

Amount

Reduction

Related

Adjusted

of Acquired

FY 2014

(10)

FY 2014

Write-Offs

Charge

(2)

Investment

(3)

Charge

(4)

Charge

(5)

Adjustment

Charge

(7)

Items
(8)
FY 2014
Intangibles
(9)
for "Cash" EPS
REVENUES
\$
8,446
-
-
-
-
-
-
-
-
\$
8,446
-
\$
8,446
Gross Profit
4,301
-
-
-
-
\$
2
\$
5
\$
14
-
4,322
\$
74
4,396
% of Revenues
50.9%
51.2%
52.0%
Selling and administrative
2,145
-
\$
(11)
-
-

(2)
 -
 (11)
 \$
 (6)
 2,115
 -
 2,115
 % of Revenues
 25.4%
 25.0%
 25.0%
 Research and development
 550
 \$
 (20)
 -
 -
 \$
 (6)
 -
 -
 (11)
 -
 514
 -
 514
 % of Revenues
 6.5%
 6.1%
 6.1%
OPERATING INCOME
 1,606
 20
 11
 -
 6
 3
 5
 36
 6
 1,693
 74
 1,767
 % of Revenues
 19.0%
 20.0%
 20.9%
 Other income (expense), net
 5

-
 -
 \$
 (8)
 -
 -
 -
 -
 -
 (3)
 -
 (3)
 Income tax provision
 337
 8
 3
 (3)
 2
 1
 2
 13
 2
 365
 23
 388
 Effective Tax Rate
 22.1%
 22.8%
 23.2%
 INCOME FROM CONTINUING OPERATIONS
 1,185
 12
 8
 (5)
 4
 2
 3
 23
 4
 1,235
 51
 1,286
 % of Revenues
 14.0%
 14.6%
 15.2%
 Diluted Earnings per Share
 from Continuing Operations
 \$
 5.99

\$
0.06
\$
0.04
\$
(0.03)
\$
0.02
\$
0.01
\$
0.02
\$
0.12
\$
0.02
\$
6.25
\$
0.26
\$
6.50

(1)

Represents a write-off of capitalized product software and, to a lesser extent, fixed assets primarily resulting from the discontinuation of the Biosciences segment.

(2)

Represents the cost associated with the decision to early terminate a European distributor arrangement in the Diagnostics segment.

(3)

Represents a gain from a cash distribution received from the sale of company, in which BD had a small equity ownership.

(4)

Represents a charge associated with the decision to terminate a research and development program in the Medical segment; the charges also exceeded the service and interest components of the plan's pension cost in each year. The charges also included settlement losses.

(6)

Represents an adjustment to the carrying amount of an asset that is being held for sale.

(7)

Represents employee termination costs associated with a workforce reduction.

(8)

Represents acquisition-related transaction costs incurred in connection with the GenCell Biosystems and pending CareFusion a

(9)

Represents non-cash expenses associated with the amortization of acquisition related intangibles.

(10)

Beginning in fiscal year 2015, adjusted values will exclude the amortization of acquisition related intangibles.

Twelve Months Ended September 30,

(5)

Primarily
represents
non-cash
pension
settlement
charges
associated
with
lump
sum
benefit
payments
made
from
the
Company's
U.S.
supplemental
pension
plan,
as
such
payments

33

(Unaudited; Amounts in millions, except per share data)

Adjusted

FY 2014

Adjusted

FY 2013

Adjusted

Growth

Adjusted

Growth

Foreign

Currency

FXN

FXN

EPS

EPS

\$

%

Translation

Change

Growth

REVENUES

\$

8,446

\$

8,054

\$

392

4.9%

\$

(29)

\$

421

5.2%

Gross Profit

4,396

4,247

149
 3.5%
 (69)
 217
 5.1%
 % of Revenues
 52.0%
 52.7%
 Selling and administrative
 2,115
 2,056
 (59)
 -2.9%
 12
 (71)
 -3.4%
 % of Revenues
 25.0%
 25.5%
 Research and development
 514
 494
 (20)
 -3.9%
 (1)
 (19)
 -3.8%
 % of Revenues
 6.1%
 6.1%
OPERATING INCOME
 1,767
 1,696
 70
 4.2%
 (57)
 128
 7.5%
 % of Revenues
 20.9%
 21.1%
 Other (expense) income, net
 (3)
 9
 (13)
 NM
 (8)
 (5)
 -55.2%
 Income tax provision

388
399
11
NM
23
(12)
NM
Effective Tax Rate
23.2%
24.8%
INCOME FROM CONTINUING OPERATIONS
1,286
1,208
78
6.4%
(43)
121
10.0%
% of Revenues
15.2%
15.0%
Diluted Earnings per Share
from Continuing Operations
\$
6.50
\$
6.06
\$
0.44
7.3%
\$
(0.22)
\$
0.66
10.9%
NM -
Not Meaningful
FXN = Foreign Currency Neutral
Twelve Months Ended September 30,
FY 2014 Total Year Reconciliation
FX Impact

34
Total Year Reconciliation of
Non-GAAP Financial Measures
(Unaudited)
2014
2013
Growth
Foreign
Currency
Translation
Foreign
Currency
Neutral

Change
 Growth %
 Foreign
 Currency
 Neutral
 Growth %
 Reported Diluted Earnings per Share from Continuing Operations

\$
 5.99

\$
 4.67

\$
 1.32

\$
 (0.22)

\$
 1.54

28.3%

33.0%

Write-off of capitalized product software and, to a lesser extent, fixed assets primarily resulting from the discontinuance of an instrument product development program in the Biosciences segment (\$20 million or \$12 million after-tax)

0.06

-

Cost associated with the decision to early terminate a European distributor arrangement in the Diagnostics segment (\$11 million or \$8 million after-tax)

0.04

-

Gain
 from
 a
 cash
 distribution
 received
 from
 the
 sale
 of
 company,
 in
 which
 BD
 had
 a
 small
 equity
 ownership
 (\$8
 million
 or
 \$5

million after-tax)

(0.03)

-

Charge associated with the decision to terminate a research and development program in the Medical segment; the charge relates to program asset write-offs and obligations (\$6 million or \$4 million after-tax)

0.02

-

Non-cash pension settlement charges associated with lump sum benefit payments made primarily from the Company's U.S. supplemental pension plan, as such payments exceeded the service and interest components of the pension cost in each year. The charges also included settlement losses associated with certain foreign pension plans. (\$3 million or \$2 million after-tax and \$6 million or \$4 million after-tax, respectively)

0.01

0.02

Adjustment to the carrying

amount
of
an
asset
that
is
being
held
for
sale
(\$5
million

or
\$3
million
after-tax)
0.02

-
Employee
termination
costs
associated
with
a
workforce
reduction
(\$36
million

or
\$23
million
after-tax)
0.12

-
Acquisition-related transaction costs incurred in connection with the GenCell Biosystems and pending CareFusion acquisitions
(\$6 million or \$4 million after-tax)
0.02

-
Charge associated with the litigation settlement related to indirect purchaser antitrust class action cases (\$22 million or \$14
million after-tax)

-
0.07
Charge
associated
with
the
unfavorable
verdict
returned
in

the
antitrust
and
false
advertising
lawsuit
filed
against
the
Company
by
RTI (\$341 million or \$211 million after-tax)

-
1.06
Adjusted
Diluted
Earnings
per
Share
from
Continuing
Operations

(1)
\$
6.25
\$
5.81
\$
0.44
\$
(0.22)
\$
0.66
7.6%
11.4%

Non-cash expenses associated with the amortization of acquisition related intangibles (\$74 million or \$51 million after-tax and \$73 million or \$50 million after-tax, respectively)

0.26
0.25
Adjusted Diluted Earnings per Share from Continuing Operations for "Cash" EPS

\$
6.50
\$
6.06
\$
0.44
\$
(0.22)
\$
0.66

7.3%

10.9%

(1)

The total of specified items adjusted from fiscal year 2014 Diluted Earnings per Share from Continuing Operations per the deta

(2)

The incremental first quarter fiscal year 2014 impact of the medical device excise tax (which went into effect in January 2013)

adjusted diluted

earnings

per

share

from

continuing

operations

grew,

on

a

foreign

currency-neutral

basis,

by

12.0%

to

\$6.29.

Twelve Months Ended September 30,

Q4 FY 2013 Adjustment Reconciliation
(Unaudited; Amounts in millions, except per share data)

Pension
Reported
Verdict
Settlement
Adjusted
FY 2013

Charge

(1)

Charge

(2)

FY 2013

REVENUES

\$

2,101

-

-

\$

2,101

Gross Profit

1,086

-

\$

3

1,089

% of Revenues

51.7%

51.9%

Selling and administrative

877

\$
(341)

(3)

533
% of Revenues
41.8%
25.4%

Research and development
133
-
-
133
% of Revenues
6.3%
6.3%

OPERATING INCOME
76
341

6

423
% of Revenues
3.6%
20.1%

Other income, net
3
-
-
3

Income tax (benefit) provision
(31)
129

2

100
Effective Tax Rate
-52.5%
24.7%

INCOME FROM CONTINUING OPERATIONS

91

211

4

306

% of Revenues

4.3%

14.6%

Diluted Earnings per Share
from Continuing Operations

\$

0.46

\$

1.06

\$

0.02

\$

1.54

Three Months Ended September 30,

(1)

Represents a charge associated with the unfavorable verdict returned in the antitrust and false advertising lawsuit filed against

(2)

Primarily represents non-cash pension settlement charges associated with lump sum benefit payments made from the Company's pension plan. Such payments exceeded the service and interest components of the plan's pension cost in each year. The charges also included charges from foreign pension plans.

35

36

FY 2013 Total Year

Adjustment Reconciliation

(Unaudited; Amounts in millions, except per share data)

Litigation

Pension

Amortization

Adjusted

Reported

Settlement

Verdict

Settlement

Adjusted

of Acquired

FY 2013

(5)

FY 2013

Charge

(1)

Charge

(2)

Charge

(3)

FY 2013

Intangibles

(4)

for "Cash" EPS

REVENUES

\$

8,054

-

-

-

\$

8,054

-

\$

8,054

Gross Profit
 4,171
 -
 -
 \$
 3
 4,174
 \$
 73
 4,247
 % of Revenues
 51.8%
 51.8%
 52.7%
 Selling and administrative
 2,422
 \$
 (22)
 \$
 (341)
 (3)
 2,056
 -
 2,056
 % of Revenues
 30.1%
 25.5%
 25.5%
 Research and development
 494
 -
 -
 -
 494
 -
 494
 % of Revenues
 6.1%
 6.1%
 6.1%
OPERATING INCOME
 1,254
 22
 341
 6
 1,623
 73
 1,696
 % of Revenues
 15.6%

20.2%
21.1%
Other income, net
9
-
-
-
9
-
9
Income tax provision
236
8
129
2
376
23
399
Effective Tax Rate
20.2%
24.5%
24.8%
INCOME FROM CONTINUING OPERATIONS
929
14
211
4
1,158
50
1,208
% of Revenues
11.5%
14.4%
15%
Diluted Earnings per Share
from Continuing Operations
\$
4.67
\$
0.07
\$
1.06
\$
0.02
\$
5.81
\$
0.25
\$
6.06

(1)
Represents a charge associated with the litigation settlement related to indirect purchaser antitrust class action cases.

(2)
Represents a charge associated with the unfavorable verdict returned in the antitrust and false advertising lawsuit filed against

(4)
Represents non-cash expenses associated with the amortization of acquisition related intangibles.

(5)
Beginning in fiscal year 2015, adjusted values will exclude the amortization of acquisition related intangibles.
Twelve Months Ended September 30,

(3)
Primarily
represents
non-cash
pension
settlement
charges
associated
with
lump
sum
benefit
payments
made
from
the
Company's
U.S.
supplemental
pension
plan,
as
such
payments
exceeded the service and interest components of the plan's pension cost in each year. The charges also included settlement losses

FY 2015 Outlook Reconciliation

Reported

Basis

FX Impact

FXN Basis

Revenues - Full Year 2015 estimated growth

2.0% - 2.5%

(2.5%)

4.5% - 5.0%

Full Year

Full Year

2015

2014

% Increase

(estimated)

Reported Fully Diluted Earnings per Share from Continuing Operations

\$

6.47 - 6.54

\$

5.99

NM

Amortization of acquisition related intangibles, net of tax

0.29

0.26

Other specified items adjusted from 2014 results, as detailed in the schedule titled "Total Year Reconciliation of Non-GAAP Financial Measures"

-

0.25

Adjusted Fully Diluted Earnings per Share
from Continuing Operations

\$

6.76 - 6.83

\$

6.50

4.0% - 5.0%

FX Impact

(4.0%)

Adjusted FXN Growth

8.0% - 9.0%

NM - Not Meaningful

FXN = Foreign Currency Neutral

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Forward-Looking Statements

This communication contains certain estimates and other forward-looking statements (as defined under Federal securities laws). Forward looking statements generally are accompanied by words such as will, expect, outlook or other similar words, phrases or expressions. These forward-looking statements include statements regarding the estimated or anticipated future results of BD, and of the combined company following BD's proposed acquisition of CareFusion, the anticipated benefits of the proposed combination, including estimated synergies, the expected timing of completion of the transaction and other statements that are not historical facts. These statements are based on the current expectations of BD and CareFusion management and are not predictions of actual performance. These statements are subject to a number of risks and uncertainties regarding BD and CareFusion's respective businesses and the proposed acquisition, and actual results may differ materially. These risks and uncertainties include, but are not limited to, the ability of the parties to successfully close the proposed acquisition, including the risk that the required regulatory approvals are not obtained, are delayed or are subject to unanticipated conditions that could adversely affect the combined company or the expected benefits of the transaction; risks relating to the integration of CareFusion's operations, products and employees into BD and the possibility that the anticipated synergies and other benefits of the proposed acquisition will not be realized or will not be realized within the expected timeframe; the outcome of any legal proceedings related to the proposed merger; access to available financing for the refinancing of BD's or CareFusion's debt on a timely basis and reasonable terms; the ability to market and sell CareFusion's products in new markets, including the ability to obtain necessary regulatory product registrations and clearances; the loss of key senior management or other associates; the anticipated demand for BD's and CareFusion's products, including the risk of future reductions in government healthcare funding, changes in reimbursement rates or changes in healthcare practices that could result in lower utilization rates or pricing pressures; the impact of competition in the medical device industry; the risks of fluctuations in interest or foreign currency exchange rates; product liability claims; difficulties inherent in product development, including the timing or outcome of product development efforts, the ability to obtain regulatory approvals and clearances and the timing and market success of product launches; risks relating to fluctuations in the cost and availability of raw materials and other sourced products and the ability to maintain favorable supplier arrangements and relationships; successful compliance

with governmental regulations applicable to BD, CareFusion and the combined company; changes in regional, national or foreign economic conditions; uncertainties of litigation, as well as other factors discussed in BD's and CareFusion's respective filings with the Securities Exchange Commission (SEC). BD and CareFusion do not intend to update any forward-looking statements to reflect events or circumstances after the date hereof, except as required by applicable laws or regulations.

IMPORTANT INFORMATION FOR INVESTORS

In connection with the proposed transaction, on November 4, 2014, BD filed with the SEC a registration statement on Form S-4 that constitutes a preliminary prospectus of BD and includes a preliminary proxy statement of CareFusion. The registration statement has not yet become effective. After the registration statement has been declared effective by the SEC, the definitive proxy statement/prospectus will be delivered to stockholders of CareFusion. BD and CareFusion also plan to file other relevant documents with the SEC regarding the proposed transaction. **INVESTORS ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT/PROSPECTUS (INCLUDING ALL AMENDMENTS AND SUPPLEMENTS THERETO) AND OTHER DOCUMENTS RELATING TO THE MERGER THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.** You may obtain a free copy of the registration statement and the definitive proxy statement/prospectus (when available) and other relevant documents filed by BD and CareFusion with the SEC at the SEC's website at www.sec.gov. In addition, you will be able to obtain free copies of these documents by phone, e-mail or written request by contacting the investor relations department of BD or CareFusion at the following: Monique N. Dolecki, Investor Relations 201-847-5378 Monique_Dolecki@bd.com or Jim Mazzola, Investor Relations 858-617-1203 Jim.Mazzola@CareFusion.com

PARTICIPANTS IN THE SOLICITATION

BD and CareFusion and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information about BD's directors and executive officers is available in BD's proxy statement dated December 19, 2013, for its 2014 Annual Meeting of Shareholders and subsequent SEC filings. Information about CareFusion's directors and executive officers is available in CareFusion's proxy statement dated September 25, 2014, for its 2014 Annual Meeting of Stockholders. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement/prospectus and other relevant materials to be filed with the SEC regarding the merger when they become available. Investors should read the proxy statement/prospectus carefully when it becomes available before making any voting or investment decisions. You may obtain free copies of these documents from BD or CareFusion as indicated above. This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended.