

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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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

20  
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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24  
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

-

\$

74

\$

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 such payments exceeded the service and interest components of the plan's pension cost in each year. The charges also include 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

37

\*\*\*

**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](http://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](mailto:Monique_Dolecki@bd.com) or Jim Mazzola, Investor Relations 858-617-1203 [Jim.Mazzola@CareFusion.com](mailto: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.