

Edgar Filing: BECTON DICKINSON & CO - Form 8-K

BECTON DICKINSON & CO

Form 8-K

November 01, 2007

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

FORM 8-K

CURRENT REPORT PURSUANT TO
SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) November 1, 2007

BECTON, DICKINSON AND COMPANY

(Exact Name of Registrant as Specified in Its Charter)

New Jersey

(State or Other Jurisdiction of Incorporation)

001-4802

22-0760120

(Commission File Number)

(IRS 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 or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K Filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Edgar Filing: BECTON DICKINSON & CO - Form 8-K

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On November 1, 2007, Becton, Dickinson and Company ("BD") issued a press release announcing its financial results for its fourth fiscal quarter and fiscal year ending September 30, 2007. A copy of the press release is furnished as Exhibit 99.1 to this report.

The press release furnished as Exhibit 99.1 contains certain financial measures that differ from those presented in accordance with U.S. generally accepted accounting principles (GAAP), as follows:

- **Revenues.** We present revenue growth rates at constant foreign exchange rates. We believe that presenting revenue growth rates at constant foreign exchange rates allows investors to view the underlying operating results of BD and of its segments without the impact of fluctuations in foreign currency exchange rates, thereby facilitating comparisons to prior periods.
- **Selling and Administrative Expense.** We present selling and administrative expense, both alone and as a percentage of revenues, for fiscal year 2006 after excluding the impact of insurance settlements occurring during the fiscal year. These settlements caused reported selling and administrative expense to be lower than it otherwise would have been for the fiscal year, although these settlements are not considered part of ordinary operations by management. Accordingly, we believe that measures of selling and administrative expense that are adjusted for the effects of these settlements are more indicative of BD's underlying performance and assist investors in comparing BD's selling and administrative expense for the period to other periods.
- **Operating Income.** We present BD's operating income, both alone and as a percentage of revenues, for fiscal year 2007 after excluding the impact of the in-process research and development ("R&D") charges relating to our acquisition of Plasso Technology, Ltd. ("Plasso") and our acquisition of TriPath Imaging, Inc. ("TriPath"). We also present these measures for fiscal year 2006 after excluding the impact of the previously mentioned insurance settlements and the impact of the in-process R&D charge relating to the acquisition of GeneOhm Sciences, Inc. ("GeneOhm"). These items affected reported operating income for the period in which they occurred, but are not considered by management to be part of ordinary operations. Accordingly, management believes that these adjusted measures of operating income are more indicative of BD's underlying performance, and also allow investors to better understand BD's comparative operating performance for the period presented.
- **Income Taxes/Effective Tax Rate.** We present the effective tax rate for fiscal year 2007 after excluding the impact of the in-process R&D charges relating to our acquisitions of Plasso and TriPath, respectively. These items, which are not considered part of ordinary operations by management and are not tax deductible, caused our effective tax rate for the fiscal year to be higher than it otherwise would have been.

We also present income taxes and effective tax rate for fiscal year 2006 after excluding the impact of the previously mentioned insurance settlements. These settlements caused our reported income tax expense and effective tax rate for the fiscal year to be higher than they otherwise would have been, although these settlements are not considered part of ordinary operations by management. The adjusted effective tax rate we present for fiscal year 2006 also excludes the impact of the in-process R&D charge relating to our acquisition of GeneOhm. This item, which is not tax deductible, caused our effective tax rate for the fiscal year to be higher than it otherwise would have been, although this item is not considered part of ordinary operations by management.

Management believes that these adjusted measures of income taxes and effective tax rate are more indicative of BD's underlying results, and also allow investors to better understand BD's comparative income tax expense and tax rate for the fiscal year.

- **Income from Continuing Operations.** We present BD's income from continuing operations, both alone and as a percentage of revenues, for fiscal year 2007 after excluding the impact of the in-process R&D charges relating to the Plasso and TriPath acquisitions, respectively. We also present BD's income from continuing operations, both alone and as a percentage of revenues, for fiscal year 2006 after excluding the impact of the previously mentioned insurance settlements and the in-process R&D charge relating to the GeneOhm acquisition. These items affected reported income from continuing operations for the period in which they occurred, but are not considered by

management to be part of ordinary operations. Accordingly, management believes that these adjusted measures of income from continuing operations are more indicative of BD's underlying performance, and also allow investors to better understand BD's comparative income from continuing operations for the period presented.

- **Earnings Per Share.** We present earnings per share from continuing operations for fiscal year 2007 after excluding the impact of the in-process R&D charges relating to the TriPath and Plaso acquisitions, respectively. These charges caused reported earnings per share for the fiscal year to be lower than it otherwise would have been, although these charges are not considered by management to be part of ordinary operations. We believe that a measure of earnings per share that is adjusted for the impact of these charges is more indicative of BD's underlying performance and also allows investors to more easily compare BD's results for the fiscal year to other periods.

We also present earnings per share from continuing operations for the 2006 fiscal year after excluding the impact of the previously mentioned insurance settlements and the in-process R&D charge relating to the GeneOhm acquisition. These items affected reported earnings per share for the fiscal year, but are not considered by management to be part of ordinary operations. Accordingly, management believes that this adjusted measure of earnings per share is more indicative of BD's underlying performance, and also allows investors to better understand BD's comparative performance for the fiscal year.

BD's management uses each of these non-GAAP measures in its own evaluation of BD's performance, particularly when comparing performance to past periods. Management also uses the non-GAAP results for budget planning purposes on a quarterly and annual basis.

BD provides non-GAAP measures to investors on a supplemental basis, as they provide additional insight into BD's financial results. Management believes the non-GAAP results provide a reasonable measure of BD's underlying performance before the effects of items that are considered by management to be outside of BD's underlying operational results or that affect period to period comparability.

Non-GAAP results should not be considered in isolation and are not in accordance with, or a substitute for, GAAP results. Our non-GAAP results may differ from similar measures used by other companies, even if similar terms are used to identify such measures. Although BD's management believes non-GAAP results are useful in evaluating the performance of its business, its reliance on these measures is limited since items excluded from such measures may have a material impact on BD's net income, earnings per share or cash flows calculated in accordance with GAAP. Therefore, management typically uses non-GAAP results in conjunction with GAAP results to address these limitations. Investors should also consider these limitations when evaluating BD's results.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

Exhibits. Exhibit 99.1 Press release dated November 1, 2007, which is furnished pursuant to Item 2.02.

Edgar Filing: BECTON DICKINSON & CO - Form 8-K

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 hereunto duly authorized.

BECTON, DICKINSON AND COMPANY
(Registrant)

By: /s/ Dean J. Paranicas
Dean J. Paranicas
Vice President, Corporate
Secretary and Public Policy

Date: November 1, 2007

INDEX TO EXHIBITS

**Exhibit
Number**

Description of Exhibits

99.1 Press release dated November 1, 2007, which is furnished pursuant to Item 2.02.
