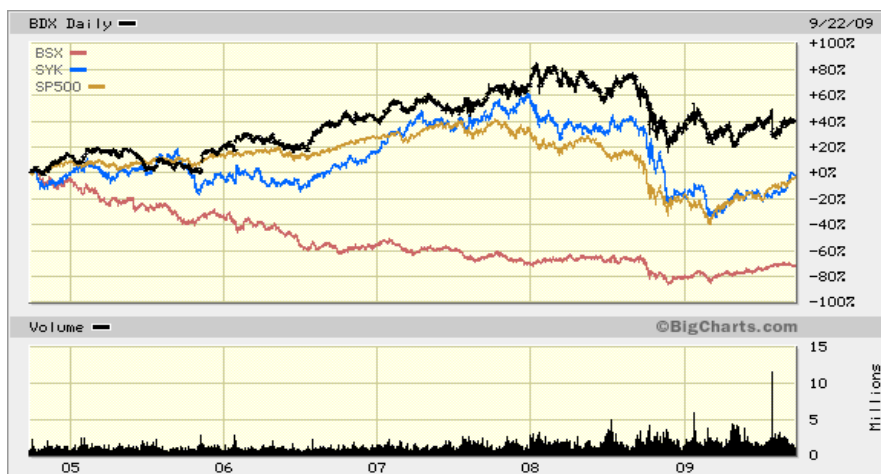


Becton, Dickinson and Company (BDX) 9/22/09

BDX operates as a medical supply company supplying hospitals, clinics, and retail, mainly in the US and Europe. The company operates in three segments; BD Medical, BD Diagnostics, and BD Biosciences. BD Medical produces an array of simple medical devices (needles, syringes, blades) and for 2007 produced 54% of revenues. BD Diagnostics provides systems to collect and test medical samples, and supplied 30% of revenue in 2007. BD Biosciences provides research and clinic tools for cells and in 2007 produced 16% of revenues.

Current Price	\$70.22
52 Week High	\$83.57
52 Week Low	\$58.14
One Yr Target	\$75.00
Market Cap (in billions)	\$16.81
P/E (Trailing)	14.66
P/E(1 Yr Forward)	13.77
P/E/G	1.25
ROA	13.97%
ROE	23.07%
EPS	\$4.79
Beta	0.47
Annualized Dividend	\$1.32
Dividend Yield	1.88%
Analyst Consensus	2.40
Debt to Equity	0.69



Annual EPS

2005	\$2.73	
2006	\$3.18	16.48%
2007	\$3.36	5.66%
2008	\$4.42	31.55%
2009E	\$4.79	8.37%

Annual Revenue (in millions)

2005	\$5,340.83	
2006	\$5,738.02	7.44%
2007	\$6,359.71	10.83%
2008	\$7,074.94	11.25%

Annual Net Income (in millions)

2005	\$722.26	
2006	\$752.28	4.16%
2007	\$890.03	18.31%
2008	\$1,127.00	26.62%

Free Cash Flows (in millions)

2005	\$882.04	
2006	\$596.88	-32.33%
2007	\$661.71	10.86%
2008	\$1,035.81	56.54%

Required Rate of Return

7.07%

Dividend Growth Model

Present Value of 2014 Price	n/a
Holding Period Return (5 years)	n/a

Expected Annualized Return Model

Present Value of 2014 Price	\$120.04
Holding Period Return (5 years)	13.37%

Residual Income Model

Intrinsic Stock Price	\$46.27
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Analysis

Positives

Financial ratios are all good, especially the very low Beta

Good ability by company to grow EPS, Revenue, NI, and FCF over past several years

Stock price is undervalued according to the EAR valuation model

Negatives

Stock price is overvalued according to the RI valuation model

Financial Statements

Balance Sheet is very strong and Equity has been increasing for past 4 years

Income Statement for company has been great for past 4 years

Cash Flows are volatile but have been positive for past year

Industry Analysis

Company is one of the larger in the industry

Company has better than average financial ratios across the board

Summary

BDX is a good company and a good stock, but possibly not a great stock. BDX's financial ratios are certainly good but not great. Most financial ratios are very strong except for the important Cash Flow statement. One of the two applicable valuation models has BDX as undervalued and clears the hurdle rate, which is great. Although BDX is a financially safe company its future revenues are greatly affected by outside regulation (FDA, Medicare, Govt. regulations, etc.) which makes them more risky. Growth in stock price will come from R&D endeavors and emerging medical fields, which BDX is well positioned in, but this may already be factored into the current stock price. BDX could be a good buy for the right portfolio and almost receives a buy rating overall, but some questions linger and therefore gets a **hold** rating.