

BECTON DICKINSON & CO
Form 11-K
December 04, 2013
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the fiscal year ended June 30, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission file number 1-4802

BECTON, DICKINSON AND COMPANY SAVINGS INCENTIVE PLAN

(FULL TITLE OF THE PLAN)

BECTON, DICKINSON AND COMPANY

(NAME OF ISSUER OF SECURITIES HELD PURSUANT TO THE PLAN)

1 Becton Drive
Franklin Lakes, New Jersey
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICER)

(201) 847-6800
(TELEPHONE NUMBER)

07417-1880
(ZIP CODE)

1. FINANCIAL STATEMENTS AND SCHEDULES.

The following financial data for the Plan are submitted herewith:

Report of Independent Registered Public Accounting Firm

Statements of Net Assets Available for Benefits as of June 30, 2013 and 2012

Statement of Changes in Net Assets Available for Benefits for the year ended June 30, 2013

Notes to Financial Statements

Schedule H, Line 4(i) Schedule of Assets (Held at End of Year)

2.1 EXHIBITS.

See Exhibit Index for a list of Exhibits filed or incorporated by reference as part of this report.

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ANNUAL REPORT ON FORM 11-K
FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE

Becton, Dickinson and Company
Savings Incentive Plan
Years Ended June 30, 2013 and 2012
With Report of Independent Registered Public Accounting Firm

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Annual Report on Form 11-K
Becton, Dickinson and Company
Savings Incentive Plan
Financial Statements and Supplemental Schedule
Years Ended June 30, 2013 and 2012

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Report of Independent Registered Public Accounting Firm

To the Board of Directors of

Becton, Dickinson and Company,

We have audited the accompanying statements of net assets available for benefits of the Becton, Dickinson and Company Savings Incentive Plan as of June 30, 2013 and 2012, and the related statement of changes in net assets available for benefits for the year ended June 30, 2013. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Becton, Dickinson and Company Savings Incentive Plan at June 30, 2013 and 2012, and the changes in its net assets available for benefits for the year ended June 30, 2013, in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of June 30, 2013 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

New York, New York

December 3, 2013

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Becton, Dickinson and Company

Savings Incentive Plan

Statements of Net Assets Available for Benefits

	2013	June 30, 2012
Assets		
Investments at fair value:		
Becton, Dickinson and Company Common Stock (3,146,487 shares and 3,719,013 shares, respectively)	\$ 310,967,310	\$ 277,996,222
Common collective trusts:		
S&P 500 Index Securities Lending Series Fund Class I	254,620,942	211,801,550
S&P MidCap Index Non-Lending Series Fund Class A	177,074,891	142,183,569
SSgA Global All Cap Equity Ex-U.S. Index Securities Lending Series Fund Class I	77,705,088	69,158,197
SSgA Enhanced U.S. Small Cap Blend Securities Lending Series Fund Class I	86,285,426	69,604,615
BlackRock Life Path Retirement	72,221,346	66,174,435
BlackRock Life Path 2020	148,348,180	134,203,095
BlackRock Life Path 2030	73,214,131	58,436,380
BlackRock Life Path 2040	45,703,976	37,219,427
BlackRock Life Path 2050	12,252,482	6,369,823
Investment contracts	460,264,110	470,393,181
Cash and cash equivalents	14,197,171	26,741,427
Total investments	1,732,855,053	1,570,281,921
Notes receivable from participants	34,559,600	33,912,591
Other	4,750,510	5,086,989
Total assets	\$ 1,772,165,163	\$ 1,609,281,501
Liabilities		
Payable for investment purchases	\$ 612,571	\$ 478,067
Investment management fees payable	852,658	478,067
Total liabilities	1,465,229	478,067
Net assets available for benefits, reflecting investments at fair value	1,770,699,934	1,608,803,434
Adjustment from fair value to contract value for fully benefit responsive investment contracts	(13,512,047)	(25,836,267)
Net assets available for benefits	\$ 1,757,187,887	\$ 1,582,967,167

See accompanying notes.

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Becton, Dickinson and Company

Savings Incentive Plan

Statement of Changes in Net Assets Available for Benefits

Year Ended June 30, 2013

Additions	
Participants contributions	\$ 79,170,543
Rollover contributions	10,331,410
Company contributions	32,828,223
Interest income	13,320,780
Dividends	6,505,421
	142,156,377
Deductions	
Distributions to participants	179,246,582
Administrative expenses and other	3,295,295
	182,541,877
Net appreciation in fair value of investments	214,606,220
Net increase in net assets available for benefits	174,220,720
Net assets available for benefits at beginning of year	1,582,967,167
Net assets available for benefits at end of year	\$ 1,757,187,887

See accompanying notes.

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Becton, Dickinson and Company

Savings Incentive Plan

Notes to Financial Statements

June 30, 2013

1. Significant Accounting Policies

Basis of Accounting

The accounting records of the Becton, Dickinson and Company Savings Incentive Plan (the Plan) are maintained on the accrual basis of accounting.

Cash and Cash Equivalents

The Plan considers all highly-liquid investments with a maturity of 90 days or less when purchased to be cash equivalents.

Benefit Payments

Benefit payments are recorded when paid.

Administrative Expenses

Investment management fees, brokerage fees, commissions, stock transfer taxes, and other expenses related to each investment fund are paid out of the respective fund. Other expenses, such as trustee fees, and other administrative expenses are shared by Becton, Dickinson and Company (the Company) and the Plan.

Notes Receivable From Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expenses when they are incurred. No allowance for credit losses has been recorded as of June 30, 2013 and 2012. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan is reduced and a benefit payment is recorded.

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Becton, Dickinson and Company

Savings Incentive Plan

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes and supplemental schedule. Actual results could differ from those estimates.

Fair Value of Investments

Investments held by the Plan are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 4 for further discussion and disclosures related to fair value measurements.

Plan participants have the option of investing in a stable value fund which is a separately managed account on behalf of the Plan. The stable value fund purchases synthetic investment contracts (synthetic GICs) on behalf of the Plan. These investment contracts are recorded at fair value (see Note 4); however, since these contracts are fully benefit-responsive an adjustment is reflected in the statements of net assets available for benefits to present these investments at contract value. Contract value is the relevant measurement attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The contract value of the fully benefit-responsive investment contracts represents contributions plus earnings, less participant withdrawals and administrative expenses.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

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Becton, Dickinson and Company

Savings Incentive Plan

Notes to Financial Statements (continued)

2. Description of the Plan

General

The Plan is a defined contribution plan established for the purpose of encouraging and assisting employees in following a systematic savings program and to provide an opportunity for employees, at no cost to themselves, to become shareholders of Becton, Dickinson and Company. Full-time and part-time employees of Becton, Dickinson and Company and certain of its domestic subsidiaries are eligible for participation in the Plan on the first enrollment date coincident with or next following their date of hire. Becton, Dickinson and Company is the sponsor of the Plan.

Eligible employees who are members of the Plan can authorize a payroll deduction for a contribution to the Plan in an amount per payroll period equal to any selected whole percentage of pay from 2% to 60%. For purposes of the Plan, total pay includes base pay, overtime compensation, commissions and bonuses paid.

Pre-tax contributions are subject to annual Internal Revenue Code limitations of \$17,500 for 2013 plus a catch-up contribution of \$5,500 for participants age 50 and older.

Individual employee contributions of up to 6% of total pay are eligible for a matching Company contribution. The Board of Directors of the Company may, within prescribed limits, establish, from time to time, the rate of Company contributions. For fiscal 2013 the Plan has authorized the Company to make bi-weekly contributions to the Plan in an amount equal to 75% of eligible employee contributions during said period less any forfeitures.

Employee contributions can be in either before-tax (401(k)) dollars or after-tax dollars or a combination of both. Employee contributions in before-tax dollars result in savings going into the Plan before most federal, state or local taxes are withheld. Taxes are deferred until the employee withdraws the 401(k) contributions from the Plan.

Participating employees are not liable for federal income taxes on amounts earned in the Plan or on amounts contributed by the Company until such time that their participating interest is distributed to them. In general, a participating employee is subject to tax on the amount by which the distribution paid to the employee exceeds the amount of after-tax dollars the employee has contributed to the Plan.

Employee contributions are invested, at the option of the employee, in any of the available funds in 1% increments.

State Street Bank & Trust Company (State Street Bank) is the Plan's Trustee. State Street Global Advisors (SSgA) is the investment manager of the S&P 500 Index Securities Lending Series Fund Class I, the S&P MidCap Index Non-Lending Series Fund Class A, the Enhanced U.S. Small Cap Blend Securities Lending Series Fund Class I, the Global All Cap Equity Ex-U.S. Index Securities Lending Series Fund Class I, and the Becton, Dickinson and Company Common Stock Fund. Invesco Advisors, Inc. is the investment manager of the stable value fund which is a separately managed account for the Plan investing in six Synthetic GICs. The fair value of two of these assets, the Monumental Life Insurance Company and RGA Reinsurance Company, have fair values which are in excess of 5% of the Plan's net assets available for benefit. The value of these GICs are \$88,352,588 and \$107,428,081, respectively. BlackRock is the investment manager of the Life Path Retirement Fund, Life Path 2020 Fund, Life Path 2030 Fund, Life Path 2040 Fund, and Life Path 2050 Fund. Collectively these are the funds of the Plan (Funds).

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Becton, Dickinson and Company

Savings Incentive Plan

Notes to Financial Statements (continued)

2. Description of the Plan (continued)

The assets of the Company Common Stock Fund are invested in shares of the Company's common stock. Effective March 23, 2009, the Board of Directors approved a resolution such that a participant whose Company stock fund balance is 10% or less of their total Plan balance may not elect to invest more than 10% of future contributions in the Company stock fund, and a participant whose Company stock fund balance is greater than 10% of their total Plan balance may not elect to invest any future contributions in the Company stock fund. However, if a participant's balance was greater than 10% of their total Plan balance, as of the effective date, July 30, 2009, the funds do not need to be reallocated. The Trustee has advised that its present intention is to purchase the Company's common stock exclusively on the open market. Contributions to the Company Common Stock Fund are comprised of both employee contributions, as well as employer matching contributions.

Any portion of the Funds, pending permanent investment or distribution, may be held on a short-term basis in cash or cash equivalents. The State Street Short-Term Investment Fund is a holding account and represents funds received awaiting allocation to an investment fund.

The Plan also has loan provisions whereby employees are allowed to take loans on their vested account balances. Loans originating during a year bear a fixed rate of interest which is set quarterly. Total loans to a participant cannot exceed the lesser of 50% of the participant's vested balance or \$50,000. Employees are required to make installment payments at each payroll date. In case of termination, if the participant's account balance is less than \$1,000 the outstanding balance of a loan becomes due and payable upon the termination. If the participant elects not to repay the outstanding balance, the loan is canceled and deemed a distribution under the Plan. If the participant's account balance is \$1,000 or greater at the time of termination, the participant may elect to repay the outstanding loan balance or to continue to make monthly manual loan repayments on any outstanding loan balance. If the participant elects not to make monthly manual loan repayments and elects not to repay the outstanding balance, the loan is canceled and deemed a distribution under the Plan.

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Becton, Dickinson and Company

Savings Incentive Plan

Notes to Financial Statements (continued)

2. Description of the Plan (continued)

The Plan provides for vesting in employer matching contributions based on years of service as follows:

Full Years of Service	Percentage
Less than 2 years	%
2 years but less than 3 years	50
3 years but less than 4 years	75
4 years or more	100

Participants may become fully vested on the date of termination of employment by reasons of death, retirement or disability, or attainment of age 65. Participants may be partially vested under certain conditions in the event of termination of employment or participation in the Plan for any other reason. Non-vested Company contributions forfeited by participants are applied to reduce future Company contributions. Participants contributions are always 100% vested. Unallocated forfeitures balances as of June 30, 2013 and 2012, were approximately \$393,000 and \$122,000, respectively. For the year ended June 30, 2013, forfeitures used to reduce employer matching contributions were \$736,000.

The Board of Directors of the Company reserves the right to terminate, modify, alter or amend the Plan at any time and at its own discretion, provided that no such termination, modification, alteration or amendment shall permit any of the funds established pursuant to the Plan to be used for any purpose other than the exclusive benefit of the participating employees. The right to modify, alter or amend includes the right to change the percentage of the Company's contributions.

Payment of Benefits

Upon separation from service with the Company due to retirement, a participant whose vested account balance exceeds \$1,000 may elect to receive either a lump-sum payment or may elect to receive the balance in their account over a period of 2 to 15 years in monthly, quarterly, or annual installments. They may also elect to leave their balance in the Plan until the April 1st of the calendar year following the year in which they turn 70.5.

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Becton, Dickinson and Company

Savings Incentive Plan

Notes to Financial Statements (continued)

2. Description of the Plan (continued)

Upon separation from service with the Company due to termination, a participant whose vested account balance exceeds \$1,000 may elect to receive a lump-sum payment. They may also elect to leave their balance in the Plan until the April 1st of the calendar year following the year in which they turn 70.5.

If the participant dies, the participant's beneficiary will receive a lump sum distribution of their balance. If the beneficiary is the participant's spouse, he/she may elect to defer payment to a later date.

If the participant becomes disabled and qualifies for Social Security benefits, they may elect to receive a lump sum distribution of their account otherwise the account will remain active until the earlier of the date they turn age 65 or their death.

If upon termination or retirement, a participant's vested account balance is \$1,000 or less, they will automatically receive a cash lump-sum distribution equal to their vested account balance as soon as administratively possible after the participant's termination or retirement.

In-service withdrawals are available in certain limited circumstances, as defined by the Plan. Hardship withdrawals are allowed for participants incurring an immediate and heavy financial need, as defined by the Plan. Hardship withdrawals are strictly regulated by the Internal Revenue Service (IRS) and a participant must exhaust all available loan options and available distributions prior to requesting a hardship withdrawal.

Plan Termination

Although it has not expressed any interest to do so, the Company has the right under the Plan to discontinue its contributions at any time and terminate the Plan subject to ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

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Becton, Dickinson and Company

Savings Incentive Plan

Notes to Financial Statements (continued)

3. Investments

During 2013, the Plan's investments (including investments purchased, sold, as well as held during the year) appreciated in fair value as follows:

Becton, Dickinson and Company Common Stock	\$ 80,755,524
SSgA S&P 500 Index Securities Lending Series Fund Class I	43,123,384
SSgA S&P MidCap Index Non-Lending Fund Class A	35,079,573
SSgA Global All Cap Equity Ex-U.S. Index Securities Lending Series Fund Class I	9,337,626
SSgA Enhanced U.S. Small Cap Blend Securities Lending Series Fund Class I	18,475,200
BlackRock Path Retirement	3,378,250
BlackRock Life Path 2020	11,034,461
BlackRock Life Path 2030	6,765,379
BlackRock Life Path 2040	5,362,511
BlackRock Life Path 2050	1,294,312
	\$ 214,606,220

4. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

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Becton, Dickinson and Company

Savings Incentive Plan

Notes to Financial Statements (continued)

4. Fair Value Measurements (continued)

Level 2 Inputs to the valuation methodology include:

Quotes prices for similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the fullterm of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset s or liability s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the value measurement. Valuation techniques used to need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the valuation methodologies used for assets measured at fair value as described below.

Following is a description of the valuation methodologies used for assets measured at fair value:

Common collective trusts: Valued at the net asset value of shares held by the Plan at year end.

Cash equivalents: Comprised of investments in an institutional money market fund that permits daily redemption, the fair value of which is based upon the quoted price in active markets provided by the financial institution managing this fund.

Company common stock: Valued at the closing price reported on the active market in which the security is traded.

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Becton, Dickinson and Company

Savings Incentive Plan

Notes to Financial Statements (continued)

4. Fair Value Measurements (continued)

Investment contracts: Comprised of Synthetic Guaranteed Investment Contracts, or Synthetic GICs, the fair value of which is equal to the total of the fair value of the underlying assets (units of various trust funds that hold high quality fixed-income securities) plus the total rebid value of related benefit-responsive insurance wrappers.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2013. During fiscal year 2013 there were no significant transfers of assets between Levels 1, 2 and 3.

	Assets at Fair Value as of June 30, 2013			Total
	Level 1	Level 2	Level 3	
Common collective trusts:				
U.S. equities ^(a)	\$	\$ 517,981,259	\$	\$ 517,981,259
Non-U.S. equities ^(b)		77,705,088		77,705,088
Target retirement date funds ^(c)		351,740,115		351,740,115
Cash and cash equivalents	14,197,171			14,197,171
Company common stock	310,967,310			310,967,310
Investment contracts		460,111,425	152,685	460,264,110
Total investments	\$ 325,164,481	\$ 1,407,537,887	\$ 152,685	\$ 1,732,855,053

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Becton, Dickinson and Company

Savings Incentive Plan

Notes to Financial Statements (continued)

4. Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2012.

	Assets at Fair Value as of June 30, 2012			Total
	Level 1	Level 2	Level 3	
Common collective trusts:				
U.S. equities ^(a)	\$	\$ 423,589,734	\$	\$ 423,589,734
Non-U.S. equities ^(b)		69,158,197		69,158,197
Target ret				