

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-06-13** | Period of Report: **1995-04-30**
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FILER

PURITAN BENNETT CORP

CIK: **81199** | IRS No.: **440399150** | State of Incorporation: **DE** | Fiscal Year End: **0131**
Type: **10-Q** | Act: **34** | File No.: **000-03717** | Film No.: **95546714**
SIC: **3842** Orthopedic, prosthetic & surgical appliances & supplies

Mailing Address

*9401 INDIAN CREEK
PARKWAY
OVERLAND PARK KS 66210*

Business Address

*9401 INDIAN CREEK PKWY
BLDG 40 STE 300
OVERLAND PARK KS 66210
913-338-7410*

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

- QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the period ended April 30, 1995
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Transition period from _____ to _____

Commission File Number 0-3717

PURITAN-BENNETT CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

44-0399150
(I.R.S. Employer
Identification No.)

9401 Indian Creek Parkway
Building #40, Suite 300
P.O. Box 25905

Overland Park, Kansas

(Address of principal executive offices)

66225
(Zip Code)

Company's telephone number, including area code 913-661-0444

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

As of June 8, 1995, there were 12,822,379 shares of the Company's \$1.00 par value common stock outstanding.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements incorporated by reference to the Puritan-Bennett Corporation First Quarter Report, 1996, have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended April 30, 1995, are not necessarily indicative of the results that may be expected for the year ended January 31, 1996. For further information refer to the consolidated

financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended January 31, 1995. The Company cannot predict the actual amounts of revenue and expense that it will recognize for the year ended January 31, 1996, or for any other future period. Nor can there be any assurance as to the levels of profitability, if any, that will be experienced in the year ended January 31, 1996, or in any other future period.

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PART I - FINANCIAL INFORMATION

Item 1. - Financial Statements.

Company or group of companies for which report is filed:

PURITAN-BENNETT CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Operations (Unaudited) - Three months ended April 30, 1995 and 1994 (incorporated herein by reference to the Puritan-Bennett Corporation First Quarter Report, 1996).

Condensed Consolidated Balance Sheets (Unaudited) - April 30, 1995 and January 31, 1995 (incorporated herein by reference to the Puritan-Bennett Corporation First Quarter Report, 1996).

Condensed Consolidated Statements of Cash Flows (Unaudited) - Three months ended April 30, 1995 and 1994 (incorporated herein by reference to the Puritan-Bennett Corporation First Quarter Report, 1996).

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ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS - APRIL 30, 1995 COMPARED TO APRIL 30, 1994

All tables reflect dollars in millions.

NET SALES

Net sales for the three months ended April 30, 1995 (FY 1996) increased 5% compared to the three months ended April 30, 1994 (FY 1995). Sales for Q1 1996 grew over 8% from Q1 1995 levels after adjusting for the late FY 1995 discontinuation of certain products and distribution agreements and after taking into account unusual non-recurring sales in Q1 1995. The following table reflects sales for the Company's primary business lines:

<TABLE>

<CAPTION>

	Q1 96	Q1 95	Percent Change
<S>	<C>	<C>	<C>
Puritan	\$54.1	\$50.3	7.6%
Bennett	30.4	30.1	1.0%
	-----	-----	
Total Net Sales	\$84.5	\$80.4	5.1%
	=====	=====	

</TABLE>

The Puritan line includes nearly all of the Company's home care product lines as well as the complementary medical gas and gas-related equipment and spirometry product lines. Aero Systems is also included because it shares one of the Company's larger manufacturing facilities with the Puritan Group and is relatively small. Puritan's Q1 1996 revenues and orders were up 8% and 4%, respectively, from Q1 1995.

Two major clinical areas, home oxygen therapy and the diagnosis and treatment of adult sleep disorders, contributed to the Puritan growth. With respect to the first major clinical area, the Company believes that the home oxygen therapy market will continue growing worldwide. With respect to the second major clinical area of its home care product lines, the Company expects the emerging field of diagnosing and treating adult sleep disorders to continue growing also. Recently published research indicates that millions of adults in the United States suffer chronically from debilitating but treatable breathing disorders during sleep. The Company believes the prevalence of such disorders is also widespread in most developed nations. These disorders are only beginning to be recognized and understood by the medical community and the general population. Consequently, only a small fraction of people suffering from sleep disorders have been diagnosed and are being treated today. Therefore, while the market for such sleep products has grown rapidly in recent years, the Company believes that most of the market growth lies ahead. With the late January 1994 acquisition of SEFAM S.A. (Nancy, France), the Company believes it has the second largest share of the therapeutic portion of the worldwide sleep market.

The aviation portion of Puritan's revenue is up 22% from Q1 1995 while orders have remained relatively unchanged. The overall increase in the Company's aviation business is due in part to a growing interest in the offerings of Airborne Closed Circuit Television (ACCTV(TM)), the Airbus A330/A340 program and the Sweep-On 2000(R) inflatable harness crew masks.

The Bennett line includes the Company's worldwide critical care ventilator business, as well as the CliniVision(R) product line in the United States. The small holter monitoring and international portable ventilator product lines are also included. Bennett's revenues for Q1 1996 were flat compared to Q1 1995. This is a result of the Company's decision to discontinue some older products. The Company believes it remains the worldwide leader in critical care ventilation. International demand, however, has continued to grow; nearly half of the revenues from these products now come from international markets. The level of interest in CliniVision continues to expand as hospitals increasingly focus on this system as a valuable solution to their cost-containment challenge and as the Company continues to enhance the CliniVision system.

INTERNATIONAL SALES AND PROFITABILITY

The following tables reflect sales and operating profits from the Company's United States and foreign geographic segments:

<TABLE>
<CAPTION>

	Net Sales		Percent	Operating Profit		Percent
	Q1 96	Q1 95	Change	Q1 96	Q1 95	Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>

U.S. Operations	\$65.1	\$61.2	6.4%	\$4.0	\$1.5	--
Foreign Operations	19.4	19.2	1.0%	4.9	3.5	40.0%
	-----	-----		----	----	
Total	\$84.5	\$80.4	5.1%	\$8.9	\$5.0	78.0%
	=====	=====		=====	=====	

</TABLE>

Operating profit for the Company, as a whole, increased significantly due to the FY 1995 restructuring and other cost-cutting initiatives.

The following table reflects sales by customer location:

<TABLE>

<CAPTION>

	Net Sales		Percent of Sales	
	Q1 96	Q1 95	Q1 96	Q1 95
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Customers Within the U.S.	\$55.6	\$51.4	65.8%	63.9%
Customers Outside the U.S.	28.9	29.0	34.2%	36.1%
	-----	-----	-----	-----
Total Net Sales	\$84.5	\$80.4	100.0%	100.0%
	=====	=====	=====	=====

</TABLE>

GROSS PROFIT

The gross profit percentage for Q1 1996 improved from Q1 1995. This improvement is the result of restructuring actions taken late in FY 1995.

<TABLE>

<CAPTION>

	Q1 96	Q1 95	Percent
			Change
	-----	-----	-----
<S>	<C>	<C>	<C>
Gross Profit	\$36.1	\$33.8	6.8%
Gross Profit Percentage	42.7%	42.0%	--

</TABLE>

SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses for Q1 1996 decreased approximately 6% from Q1 1995. This decrease is a result of restructuring and other cost-cutting actions taken in late FY 1995.

<TABLE>

<CAPTION>

	Q1 96	Q1 95	Percent
			Change
	-----	-----	-----
<S>	<C>	<C>	<C>
Selling and Administrative Expenses	\$22.5	\$23.9	(5.9)%

</TABLE>

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses for Q1 1996 decreased 2% from Q1 1995. The decrease is not significant. Research and development continues across all product lines at levels the Company considers appropriate to provide long-term growth.

<TABLE>

<CAPTION>

	Q1 96	Q1 95	Percent Change
<S>	<C>	<C>	<C>
Research and Development Expenses	\$ 4.7	\$ 4.8	(2.1)%

</TABLE>

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COST-CUTTING INITIATIVES INCLUDING RESTRUCTURING

As part of the Company's plan to enhance shareholder value, the Company implemented a strategic cost-cutting initiative in FY 1995 that is expected to lower overhead and other expenses while preserving growth potential. This plan included a restructuring for which charges of \$2.7 million were recorded in FY 1995. The \$2.7 million represents severance payments and other costs of implementing a near 6% reduction in workforce. In addition to the restructuring, the Company sold its airplane and reduced the matching contribution rate regarding its 401(k) plan. Operational changes resulting in significant freight savings, the scheduled phasing in of a new proportional solenoid valve for the 7200/R/ Series ventilator and the scheduled transfer of the spirometry product line to the Company's facility in Mexico from its facility in Ireland are also included in the Company's cost-cutting initiatives. The Company also recorded charges totaling \$.7 million that represent non-restructuring actions associated with the cost-cutting initiative. These actions primarily include facility consolidations and a loss on the sale of the Company's airplane. The accrued liability associated with this initiative was approximately \$.9 million at April 30, 1995. The Company expects to pay this amount out over Q2 and Q3 of FY 1996.

As of April 30, 1995, approximately \$1.2 million relative to the FY 1994 restructuring remained in accrued liabilities representing costs necessary to complete the restructuring plan in an orderly and effective manner. This amount is expected to be disbursed primarily over Q2 and Q3 of FY 1996.

OTHER EXPENSE (INCOME)

Other expense in Q1 1996 increased from Q1 1995. Interest expense increased by \$.4 million due to higher levels of debt in Q1 1996 as well as an overall increase in the Company's average interest rate. The Company recorded final charges of \$.2 million for obligations associated with a FY 1995 unsolicited offer to acquire the Company. This charge was to adjust the final calculation of the investment banking fee. The Company recorded a gain on the sale of certain assets in the amount of approximately \$.7 million in Q1 1995 versus a loss of approximately \$.1 million in Q1 1996. This was offset in Q1 1996 by the effect of currency gains. The Company recorded currency gains of \$.5 million in Q1 1996 versus a loss of \$.1 million in Q1 1995. These transactions were included in Other Expense (Income), net.

<TABLE>
<CAPTION>

	Q1 96	Q1 95	Percent Change
<S>	<C>	<C>	<C>
Interest Income	\$ --	--	--
Interest Expense	1.6	1.2	33.3%
Costs Associated With an Unsolicited Offer To Acquire the Company	.2	--	--
Other Expense (Income), net	(.4)	(.8)	(50.0)%
	----	----	
Total Other Expense (Income)	\$1.4	\$.4	--
	====	====	

</TABLE>

PROVISION FOR INCOME TAXES

The FY 1996 effective tax rate is 15% versus a U.S. statutory rate of 34%. This lower rate is due primarily to the interaction of the tax valuation allowance discussed below and the proportion of earnings generated domestically versus internationally, which are taxed at foreign statutory rates averaging 12% in FY 1996. The FY 1995 effective tax benefit rate of 20% was due to non-deductible amortization combined with losses for which there was no current benefit.

The Company has net deferred tax assets of \$31.2 million partially offset by a valuation allowance of \$21.1 million. The realization of the deferred tax benefit depends on the Company's ability to generate sufficient U.S. taxable income (approximately \$20 million) in the future. Approximately 65% of the Company's total temporary differences are expected to reverse in the next two years. As a result of the restructuring actions taken during FY 1994 and FY 1995, the Company believes it is well positioned to take advantage of this tax benefit in the future.

If the Company achieves sufficient profitability to use all of the deferred tax benefit, the valuation allowance will be reduced through a credit to expense. If the Company is unable to generate taxable income in the future, increases in the valuation allowance relative to the deferred tax benefit currently existing will be required through a charge to expense.

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FINANCIAL CONDITION

WORKING CAPITAL

The ratio of current assets to current liabilities was 2.2 as of April 30, 1995, up from 2.0 as of January 31, 1995. Working capital increased to \$82.2 million from \$73.6 million. The primary reasons for the increase included a \$1.9 million increase in accounts receivable and a \$4.6 million increase in inventory combined with a \$3.4 million decrease in accounts payable. Inventory increased as a result of the Company's production requirements.

LIQUIDITY AND CAPITAL RESOURCES

The Company generated an increase of \$2.7 million in net income in Q1 1996

over Q1 1995. This additional net income was offset by an increase in accounts receivable of \$1.9 million, which is a reflection of higher sales. Inventory balances also increased approximately \$4.6 million due to a planned effort to raise levels of inventory to meet expected demand. In addition, a \$1.9 million payout from the deferred compensation plan occurred in Q1 1995 for which there was no comparable event in Q1 1996.

Net cash and cash equivalents used in investing activities decreased when compared to Q1 1995. This decrease was primarily due to the Q1 1995 final acquisition payment of \$2 million for Hoyer Medizintechnik. The remaining decrease was the result of a decrease in capital expenditures offset by the sale of certain fixed assets during Q1 1995. Fiscal year 1996 capital expenditures are expected to increase relative to prior year levels as the Company continues to improve and replace existing facilities and other fixed assets as appropriate.

Net cash and cash equivalents provided by financing activities have increased when compared to Q1 1995. This is a result of an increase in the number of employee stock options exercised.

Long-term debt, excluding current maturities, represents 30.5% of long-term debt plus stockholders' equity at April 30, 1995, and 31.7% at January 31, 1995. At April 30, 1995, the Company had \$35 million of unsecured bank lines-of-credit available, \$18.7 million of which was used.

U.S. HEALTH CARE SYSTEM CHANGES

The U.S. health care system is undergoing significant changes in response to market forces. The principal change involves increasing utilization of various forms of managed care. Managed care trends are, in turn, causing hospitals to consolidate, restructure, and otherwise slow their rate of spending growth. The Company believes it is seeing the effects of such spending curtailment in its hospital capital equipment products-principally the 7200 Series ventilatory system. The Company has not seen any significant adverse effects of managed care trends on its home care products business and home care may, in fact, be benefiting from such trends due to its inherent cost-effectiveness relative to institutional care. However, the Congress, with its Republican majority, is likely to further emphasize deficit reduction and there can be no assurance that home care will not be adversely affected by deficit reduction-driven legislative changes to the Medicare and Medicaid programs.

SUPPLEMENTAL INFORMATION

In order to help stockholders better understand the Company's business, the Company is providing supplemental information that sets forth its revenues and earnings before interest, taxes and other unusual charges (EBITOC) in its two primary business lines - Puritan and Bennett. The information excludes charges related to an unsolicited offer to acquire the Company and the write down of certain non-operations related assets, but otherwise includes fully allocated corporate office expenses.

PURITAN - Puritan includes the home care product lines and certain complementary products such as medical gases and gas-related equipment and spirometry. Aero Systems is also included because it shares one of the larger manufacturing facilities with the Puritan Group and is relatively small.

<TABLE>

<CAPTION>

	Q1 96	Q1 95	Q1 94

<S>	<C>	<C>	<C>
Revenue	\$54.1	\$50.3	\$45.2
EBITOC	\$ 5.8	\$ 5.3	\$ 7.0
% of Revenue	10.7%	10.5%	15.5%

</TABLE>

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Puritan now accounts for about two-thirds of the Company's total revenues. The average annual growth for the five years ended April 30, 1995, was 14%. Within Puritan, home care product revenues have grown at rates considerably above the overall Puritan average.

Puritan's EBITOC has been higher in the recent past and, with the recently implemented cost-cutting initiative, is expected to improve in FY 1996. Fiscal year 1995 was a year in which the Company placed a very high priority upon strengthening the operating systems and procedures of Puritan's research and manufacturing operations, most of which have grown very rapidly in recent years. This effort increases the Company's ability to continue growing in the future while maintaining control over the quality of its products during such growth. At the same time, however, this investment was not without initial higher costs and lost revenues, both of which compressed EBITOC as a percent of revenue. Part of this price involved disruptions as the Company installed new operating systems and procedures and moved into two larger facilities and expanded in a third. Such disruptions also prevented the Company from keeping pace with growing customer demand and caused some temporary loss of revenues. As of April 30, 1995, these investment measures resulted in rapid product delivery in all of the Company's home care product lines.

BENNETT - Bennett includes the Company's critical care ventilator business, as well as the rapidly growing CliniVision product line in the U.S., and the small holter monitoring and international portable ventilator product lines.

<TABLE>
<CAPTION>

	Q1 96	Q1 95	Q1 94

<S>	<C>	<C>	<C>
Revenue	\$30.4	\$30.1	\$29.6
EBITOC	\$ 3.4	\$.5	\$(5.2)
% of Revenue	11.2%	1.7%	--

</TABLE>

Since FY 1993, Bennett has faced difficult market conditions, particularly in the U.S. hospital market, resulting in the discontinuation of certain older products and accessories and the Company's withdrawal from the U.S. portable ventilator market. In addition, Bennett has also undertaken major initiatives at significant costs to strengthen the operating systems and procedures of its research and manufacturing operations.

Bennett's EBITOC as a percent of revenues improved dramatically in Q1 1996 over Q1 1995. Profitability is expected to improve in FY 1996 as a result of recent cost-cutting actions and revenue growth is expected as a result of a

number of new products and product enhancements recently introduced internationally and cleared for introduction in the United States.

TOTAL COMPANY - The Company is encouraged by the continued growth of Puritan and believes both Puritan and Bennett are well positioned to begin returning to and sustaining higher levels of revenue growth and profitability. Key elements to increasing profitability are additional new products under development coupled with maintaining the Company's strong direct sales and service distribution channels in North America and Europe, which are capable of handling more volume. The Company expects it may take somewhat longer for Bennett profitability as a percentage of revenues to reach desired levels.

<TABLE>

<CAPTION>

	Q1 96	Q1 95	Q1 94
	-----	-----	-----
<S>	<C>	<C>	<C>
Revenue	\$84.5	\$80.4	\$74.8
EBITOC	\$ 9.2	\$ 5.8	\$ 1.8
% of Revenue	10.9%	7.2%	2.4%

</TABLE>

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PART II - OTHER INFORMATION

Item 5. Other Information.

On May 21, 1995, Nellcor Incorporated, a Delaware corporation ("Nellcor"), Puritan-Bennett Corporation, a Delaware corporation ("Puritan-Bennett"), and Puma Merger Corporation, a Delaware corporation and wholly-owned subsidiary of Nellcor ("Sub"), entered into an Agreement and Plan of Merger (the "Merger Agreement") providing for a merger of Sub with and into Puritan-Bennett. Under the terms of the Merger Agreement, Puritan-Bennett stockholders will receive 0.88 shares of Nellcor common stock for each outstanding share of Puritan-Bennett common stock held by them. The merger is intended to qualify as a tax-free reorganization and a pooling-of-interests for accounting and financial reporting purposes, and is subject to certain conditions, including the approval of the respective stockholders of Nellcor and Puritan-Bennett.

Item 6. Exhibits and Reports on Form 8-K.

a. Exhibits

Exhibits required by Item 601 of Regulation S-K are listed in the Exhibit Index which is incorporated herein by reference.

b. Reports on Form 8-K

A Current Report on Form 8-K dated May 23, 1995, with respect to Item 5 relating to the joint press release of Nellcor Incorporated and Puritan-Bennett Corporation dated May 22, 1995, with respect to the proposed merger, was filed with the Securities and Exchange Commission ("SEC") by the Company.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PURITAN-BENNETT CORPORATION
 Registrant

June 9, 1995

/s/ Lee A. Robbins

Lee A. Robbins, Vice President,
 Controller-Chief Financial Officer
 (Principal Financial Officer,
 Chief Accounting Officer and
 duly authorized Officer to execute
 on behalf of registrant)

EXHIBIT INDEX

Exhibits filed with Securities and Exchange Commission:

(Number and description of exhibit)

- (11) Statement re: Computation of Per Share Earnings.
- (19) Puritan-Bennett Corporation First Quarter Report, 1996.
- (27) Financial Data Schedule.

<TABLE>
 <CAPTION>
 Statement Regarding Computation
 Of Per Share Earnings

Quarter Ending April 30	
1995	1994
-----	-----
-----	-----
<C>	<C>

<S>

Primary		
Weighted average shares outstanding at end of period	12,618,451	12,432,109
Assuming exercise of options reduced by the number of shares which could have been purchased with the proceeds from exercise	66,147	56,340
	-----	-----
Shares outstanding for computation of per share earnings	12,684,598	12,488,449
	=====	=====
Net income	\$ 6,377,000	\$ 3,724,000
	=====	=====
Primary earnings per share	\$0.50	\$0.30
	=====	=====
Fully Diluted		
Weighted average shares outstanding at end of period	12,618,451	12,432,109
Assuming exercise of options reduced by the number of shares which could have been purchased with the proceeds from exercise	129,266	66,766
	-----	-----
Shares outstanding for computation of per share earnings	12,747,717	12,498,875
	=====	=====
Net income	\$ 6,377,000	\$ 3,724,000
	=====	=====
Fully diluted earnings per share	\$0.50	\$0.30
	=====	=====
Reported Earnings Per Share		
Based on weighted average shares at the end of the period	\$0.51	\$0.30
	=====	=====

</TABLE>

The company does not meet the 3% dilution test contained in Accounting Principles Board Opinion #15, therefore disclosure of diluted earnings per share on the face of the income statements is not required.

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FY 1996 FIRST QUARTER REPORT

LETTER TO OUR STOCKHOLDERS

We are providing you this First Quarter Report in a new format in a continuing effort to deliver timely information at less expense. We hope you will be pleased with our efforts.

The Company reported record earnings of \$6,377,000 or \$.51 per share (up 70%) on revenues of \$84,493,000 (up 5%) for the first quarter ending April 30, 1995. A final charge of \$.2 million for obligations associated with Thermo Electron Corp.'s unsolicited tender offer should bring this matter to a close financially. Without this charge, earnings per share for the quarter would have been \$.52, up 73% over the same period last year.

The Company is pleased with the results, which demonstrates that the previously announced cost reduction program is very much on track. Profitability was well balanced as earnings before interest and taxes were in the 10% to 11% of revenues range for both the Puritan and Bennett lines.

During May, the Company launched an important new liquid oxygen system product and related marketing program that are part of a larger strategy to help providers of home oxygen therapy reduce their total costs significantly by substituting the Company's equipment for their direct labor, distribution, and oxygen costs. This strategy is discussed at some length in the Company's FY 1995 Annual Report and is expected to benefit both the Company's liquid oxygen system and oxygen concentrator businesses.

In addition, the Company has a large number of sleep disorder products scheduled for U.S. and international market introduction beginning this month and continuing throughout the remainder of the year. With a productive R&D program in place and a busy new product introduction schedule both this year and next, the Company looks for faster revenue growth ahead.

/s/ Burton A. Dole Jr.

Burton A. Dole Jr.
Chairman, President and
Chief Executive Officer

May 12, 1995

INCOMING ORDERS, NET SALES (\$ MILLIONS) AND NET INCOME (LOSS) PER SHARE

<TABLE>
<CAPTION>

		FY 1995				FY 1996
		Apr. 30	July 31	Oct. 31	Jan. 31	Apr. 30
		-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
PURITAN	- Orders	\$52.1	\$55.7	\$53.6	\$54.4	\$54.2
	Net Sales	50.3	52.9	56.2	55.4	54.1
BENNETT	- Orders	28.0	26.5	29.4	37.7	27.3
	Net Sales	30.1	31.1	27.2	32.8	30.4
TOTAL	- Orders	\$80.1	\$82.2	\$83.0	\$92.1	\$81.5
	Net Sales	80.4	84.0	83.4	88.2	84.5
BACKLOG INCREASE (DECREASE)		\$ (0.3)	\$ (1.8)	\$ (0.4)	\$ 3.9	\$ (3.0)
NET INCOME (LOSS) PER SHARE		\$.30	\$.34	\$ (.05)	\$.08	\$.51

</TABLE>

CONDENSED CONSOLIDATED STATEMENTS
OF OPERATIONS (UNAUDITED)

Dollars in thousands, except per share data

<TABLE>
<CAPTION>

	THREE MONTHS ENDED APRIL 30	
	1995	1994
<S>	<C>	<C>
Net Sales	\$ 84,493	\$ 80,408
Cost of Goods Sold	48,424	46,617
	-----	-----
Gross Profit	36,069	33,791
Selling and Administrative Expense	22,508	23,918
Research and Development Expense	4,669	4,815
	-----	-----
Operating Profit	8,892	5,058
Interest Expense	1,616	1,216
Costs Associated with an Unsolicited Offer to Acquire the Company	200	--
Other Expense (Income), net	(427)	(812)
	-----	-----
Income Before Income Taxes	7,503	4,654
Provision for Income Taxes	1,126	930
	-----	-----
Net Income	6,377	3,724
	=====	=====
Weighted-Average Shares Outstanding	12,618,451	12,432,109
Net Income Per Common Share	\$.51	\$.30
	=====	=====
Dividends Declared Per Share	\$.03	\$.03
	=====	=====

</TABLE>

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PURITAN-BENNETT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED
BALANCE SHEETS (UNAUDITED)
Dollars in thousands, except per share data

<TABLE>
<CAPTION>

	APRIL 30 1995	January 31 1995
<S>	<C>	<C>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,162	\$ 2,802
Trade notes and accounts receivable, net	75,907	73,346
Inventories:		
Finished goods	21,906	18,714

Work in process	5,887	5,746
Raw materials and supplies	38,771	37,369
	-----	-----
	66,564	61,829
Less excess FIFO cost over LIFO cost	(4,450)	4,288
	-----	-----
	62,114	57,541
Prepaid expenses and other	4,141	4,416
Deferred income tax benefits	6,610	6,628
	-----	-----
Total current assets	149,934	144,733
Plant and Equipment	171,814	171,140
Less accumulated depreciation and amortization	80,511	78,780
	-----	-----
	91,303	92,360
Other Assets, net	36,415	36,042
	-----	-----
Total Assets	\$277,652	\$273,135
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	\$ 18,700	\$ 18,004
Trade accounts payable	13,198	16,619
Employee compensation, payroll taxes and withholdings	7,452	8,575
Accrued self-insurance expenses	1,239	950
Other accrued expenses	13,625	14,589
Dividends payable	379	377
Income taxes payable	3,654	2,520
Current maturities of long-term debt	9,533	9,527
	-----	-----
Total current liabilities	67,780	71,161
Long-Term Debt, less current maturities	54,573	54,492
Deferred Compensation and Pensions	20,352	19,303
Deferred Revenue	10,775	10,895
Stockholders' Equity:		
Common stock, par value \$1.00 per share--authorized 30,000,000 shares; issued and outstanding, 12,634,401 shares in April and 12,581,412 shares in January	12,634	12,581
Additional paid-in capital	38,469	37,629
Retained earnings	74,319	68,322
Deferred stock awards	(1,250)	(1,248)
	-----	-----
Total Stockholders' Equity	124,172	117,284
	-----	-----
Total Liabilities and Stockholders' Equity	\$277,652	\$273,135
	=====	=====

</TABLE>

15

PURITAN-BENNETT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS
OF CASH FLOWS (UNAUDITED)
Dollars in thousands

<TABLE>
<CAPTION>

THREE MONTHS ENDED

	APRIL 30	
	1995	1994
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 6,376	\$ 3,724
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	3,873	3,567
Deferred income tax benefit	18	--
Restructuring charges	--	(3,307)
Deferred compensation and pensions	1,047	(1,033)
Provision for losses on accounts receivable	38	43
Gain on disposition of assets	(220)	(462)
Shares issued to employee benefit plans	439	710
Foreign currency transaction (gain)/loss	(519)	77
Change in operating assets and liabilities:		
Trade notes and accounts receivable	(1,905)	497
Inventories	(4,573)	(1,619)
Prepaid expenses	288	1,937
Other assets	(244)	691
Trade accounts payable and accrued expenses	(5,482)	(1,001)
Federal and state income taxes payable/receivable	1,134	1,471
Deferred revenue	(122)	136
Net Cash and Cash Equivalents Provided by Operating Activities	148	5,431
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of capital assets	796	2,073
Capital expenditures	(3,278)	(5,868)
Purchases of intangible assets	(102)	(32)
Acquisitions, net of cash acquired	--	(2,000)
Net Cash and Cash Equivalents Used in Investing Activities	(2,584)	(5,827)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of notes payable	700	753
Payments on long-term debt	(70)	(46)
Dividends paid to stockholders	(377)	(372)
Stock options exercised	345	15
Net Cash and Cash Equivalents Provided by Financing Activities	598	350
Effect of Exchange Rate Changes on Cash and Cash Equivalents	198	(21)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,640)	(67)
Cash and Cash Equivalents at the Beginning of the Year	2,802	713
Cash and Cash Equivalents at the End of the Period	\$ 1,162	\$ 646

</TABLE>

9401 INDIAN CREEK PARKWAY
OVERLAND PARK, KS 66210
TELEPHONE: 913-661-0444

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<ARTICLE> 5

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