

**ACELITY L.P. INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Operations**  
(dollars in thousands)

	Three months ended December 31,			Year ended December 31,		
	2015	2014	% Change	2015	2014	% Change
	(unaudited)	(unaudited)		(unaudited)		
Revenue:						
Rental	\$ 186,424	\$ 192,415	(3.1)%	\$ 725,612	\$ 719,864	0.8 %
Sales	297,374	290,318	2.4	1,141,561	1,146,475	(0.4)
<b>Total revenue</b>	<b>483,798</b>	<b>482,733</b>	<b>0.2</b>	<b>1,867,173</b>	<b>1,866,339</b>	<b>—</b>
Rental expenses	75,369	78,643	(4.2)	308,041	332,762	(7.4)
Cost of sales	83,636	78,092	7.1	309,488	323,363	(4.3)
<b>Gross profit</b>	<b>324,793</b>	<b>325,998</b>	<b>(0.4)</b>	<b>1,249,644</b>	<b>1,210,214</b>	<b>3.3</b>
Selling, general and administrative expenses	173,236	205,908	(15.9)	639,949	713,554	(10.3)
Research and development expenses	16,615	17,719	(6.2)	59,955	69,321	(13.5)
Acquired intangible asset amortization	42,945	47,072	(8.8)	177,379	194,433	(8.8)
Wake Forest settlement	—	—	—	—	198,578	—
Intangible asset impairments, net of reduction in contingent consideration	9,064	—	—	9,064	—	—
<b>Operating earnings</b>	<b>82,933</b>	<b>55,299</b>	<b>50.0</b>	<b>363,297</b>	<b>34,328</b>	<b>—</b>
Interest income and other	184	3,422	(94.6)	466	3,667	(87.3)
Interest expense	(106,692)	(104,258)	2.3	(425,401)	(412,733)	3.1
Foreign currency gain	2,774	4,157	(33.3)	6,186	17,844	(65.3)
Derivative instruments gain (loss)	177	(2,513)	—	(4,959)	(5,183)	(4.3)
<b>Loss from continuing operations before income tax benefit</b>	<b>(20,624)</b>	<b>(43,893)</b>	<b>(53.0)</b>	<b>(60,411)</b>	<b>(362,077)</b>	<b>(83.3)</b>
Income tax benefit	(5,082)	(12,965)	(60.8)	(12,755)	(127,031)	(90.0)
<b>Loss from continuing operations</b>	<b>(15,542)</b>	<b>(30,928)</b>	<b>(49.7)</b>	<b>(47,656)</b>	<b>(235,046)</b>	<b>(79.7)</b>
Income from discontinued operations, net of tax	—	1,392	—	—	4,573	—
<b>Net loss</b>	<b>\$ (15,542)</b>	<b>\$ (29,536)</b>	<b>(47.4)%</b>	<b>\$ (47,656)</b>	<b>\$ (230,473)</b>	<b>(79.3)%</b>

**ACELITY L.P. INC. AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**  
(in thousands)

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
	<b>(unaudited)</b>	
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 88,409	\$ 183,541
Accounts receivable, net	413,531	370,483
Inventories, net	181,309	178,222
Deferred income taxes	74,521	63,025
Prepaid expenses and other	34,985	27,563
Total current assets	<u>792,755</u>	<u>822,834</u>
Net property, plant and equipment	273,076	288,048
Debt issuance costs, net	54,651	77,896
Deferred income taxes	29,909	31,692
Goodwill	3,405,823	3,378,298
Identifiable intangible assets, net	2,219,088	2,397,251
Other non-current assets	6,104	4,694
	<u><u>\$ 6,781,406</u></u>	<u><u>\$ 7,000,713</u></u>
<b>Liabilities and Equity:</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 57,910	\$ 51,827
Accrued expenses and other	338,698	343,484
Current installments of long-term debt	24,500	25,721
Income taxes payable	3,561	1,305
Deferred income taxes	113,595	113,658
Total current liabilities	<u>538,264</u>	<u>535,995</u>
Long-term debt, net of current installments and discount	4,772,644	4,815,290
Non-current tax liabilities	34,833	33,300
Deferred income taxes	760,737	792,157
Other non-current liabilities	71,763	163,258
Total liabilities	<u>6,178,241</u>	<u>6,340,000</u>
<b>Equity:</b>		
General partner's capital	—	—
Limited partners' capital	622,899	670,787
Accumulated other comprehensive loss, net	(19,734)	(10,074)
Total equity	<u>603,165</u>	<u>660,713</u>
	<u><u>\$ 6,781,406</u></u>	<u><u>\$ 7,000,713</u></u>

**ACELITY L.P. INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands)

	Year ended December 31,	
	2015	2014
	(unaudited)	
<b>Cash flows from operating activities:</b>		
Net loss	\$ (47,656)	\$ (230,473)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization of debt issuance costs and discount	41,178	38,966
Depreciation and other amortization	261,541	303,905
Loss (gain) on disposition of assets	2,544	(900)
Amortization of fair value step-up in inventory	55	6,680
Intangible asset impairments, net of reduction in contingent consideration	9,064	—
Provision for bad debt	6,362	14,032
Gain on sale of investment	—	(3,211)
Equity-based compensation expense	3,325	4,033
Deferred income tax benefit	(44,169)	(159,170)
Unrealized gain on derivative instruments	(9,761)	(10,670)
Unrealized gain on foreign currency	(17,922)	(39,756)
Change in assets and liabilities:		
Decrease (increase) in accounts receivable, net	(46,654)	26,596
Increase in inventories, net	(11,756)	(3,096)
Decrease (increase) in prepaid expenses and other	(7,399)	19,308
Increase in accounts payable	6,284	1,608
Increase (decrease) in accrued expenses and other	(70,849)	125,677
Increase (decrease) in tax liabilities, net	6,711	(1,734)
<b>Net cash provided by operating activities</b>	<b>80,898</b>	<b>91,795</b>
<b>Cash flows from investing activities:</b>		
Additions to property, plant and equipment	(68,213)	(66,584)
Increase in inventory to be converted into equipment for short-term rental	(2,082)	(3,563)
Proceeds from disposition of assets	—	8,864
Proceeds from sale of investment	—	4,211
Business acquired in purchase transaction, net of cash acquired	(45,489)	(9,613)
Increase in identifiable intangible assets and other non-current assets	(9,481)	(11,587)
<b>Net cash used by investing activities</b>	<b>(125,265)</b>	<b>(78,272)</b>
<b>Cash flows from financing activities:</b>		
Distribution to limited partners	(55)	—
Settlement of profits interest units	(3,373)	(2,332)
Proceeds from revolving credit facility	40,000	—
Repayments of long-term debt and capital lease obligations	(70,741)	(26,403)
Debt issuance costs	(6,952)	—
<b>Net cash used by financing activities</b>	<b>(41,121)</b>	<b>(28,735)</b>
Effect of exchange rate changes on cash and cash equivalents	(9,644)	(8,196)
<b>Net decrease in cash and cash equivalents</b>	<b>(95,132)</b>	<b>(23,408)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>183,541</b>	<b>206,949</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 88,409</b>	<b>\$ 183,541</b>

**ACELITY L.P. INC. AND SUBSIDIARIES**  
**Reconciliation from GAAP to Non-GAAP**  
**Supplemental Revenue Data**  
(dollars in thousands)  
(unaudited)

	<b>Three months ended December 31,</b>				<b>GAAP % Change</b>	<b>Constant Currency % Change<sup>(1)</sup></b>
	<b>2015</b>			<b>2014 GAAP</b>		
	<b>GAAP</b>	<b>FX Impact</b>	<b>Constant Currency</b>			
<b>Advanced Wound Therapeutics revenue:</b>						
Rental	\$ 186,424	\$ 2,565	\$ 188,989	\$ 192,415	(3.1)%	(1.8)%
Sales	177,839	11,285	189,124	176,630	0.7	7.1
<b>Total</b>	<b>364,263</b>	<b>13,850</b>	<b>378,113</b>	<b>369,045</b>	<b>(1.3)</b>	<b>2.5</b>
<b>Regenerative Medicine revenue:</b>						
Sales	116,836	1,605	118,441	109,298	6.9	8.4
<b>Other revenue:</b>						
Sales	2,699	119	2,818	4,390	(38.5)	(35.8)
<b>Total Revenue:</b>						
Rental	186,424	2,565	188,989	192,415	(3.1)	(1.8)
Sales	297,374	13,009	310,383	290,318	2.4	6.9
<b>Total</b>	<b>\$ 483,798</b>	<b>\$ 15,574</b>	<b>\$ 499,372</b>	<b>\$ 482,733</b>	<b>0.2 %</b>	<b>3.4 %</b>

	<b>Year ended December 31,</b>				<b>GAAP % Change</b>	<b>Constant Currency % Change<sup>(1)</sup></b>
	<b>2015</b>			<b>2014 GAAP</b>		
	<b>GAAP</b>	<b>FX Impact</b>	<b>Constant Currency</b>			
<b>Advanced Wound Therapeutics revenue:</b>						
Rental	725,612	14,083	\$ 739,695	719,864	0.8 %	2.8 %
Sales	695,943	52,917	748,860	700,414	(0.6)	6.9
<b>Total</b>	<b>1,421,555</b>	<b>67,000</b>	<b>1,488,555</b>	<b>1,420,278</b>	<b>0.1</b>	<b>4.8</b>
<b>Regenerative Medicine revenue:</b>						
Sales	433,866	5,940	439,806	428,089	1.3	2.7
<b>Other revenue:</b>						
Sales	11,752	948	12,700	17,972	(34.6)	(29.3)
<b>Total Revenue:</b>						
Rental	725,612	14,083	739,695	719,864	0.8	2.8
Sales	1,141,561	59,805	1,201,366	1,146,475	(0.4)	4.8
<b>Total</b>	<b>\$ 1,867,173</b>	<b>\$ 73,888</b>	<b>\$ 1,941,061</b>	<b>\$ 1,866,339</b>	<b>—%</b>	<b>4.0%</b>

(1) Represents percentage change between 2015 non-GAAP Constant Currency revenue and 2014 GAAP revenue.

**ACELITY L.P. INC. AND SUBSIDIARIES**  
**Reconciliation from GAAP to Non-GAAP**  
**Selected Financial Information**  
(dollars in thousands)  
(unaudited)

	<b>Three months ended December 31,</b>		<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Net loss	\$ (15,542)	\$ (29,536)	\$ (47,656)	\$ (230,473)
Loss (gain) from discontinued operations, net of tax	—	(1,392)	—	(4,573)
Interest expense, net of interest income	106,630	104,165	425,112	412,438
Income tax benefit	(5,082)	(12,965)	(12,755)	(127,031)
Foreign currency (gain) loss	(2,774)	(4,157)	(6,186)	(17,844)
Depreciation and other amortization	64,383	69,391	261,541	303,905
Derivative instruments (gain) loss	(177)	2,513	4,959	5,183
Management fees and expenses	1,345	1,356	5,274	5,050
Equity-based compensation expense	959	1,067	3,325	4,033
Acquisition, disposition and financing expenses <sup>(1)</sup>	9,276	793	13,837	5,885
Business optimization expenses <sup>(2)</sup>	12,050	24,740	34,997	79,412
Wake Forest settlement	—	—	—	198,578
Other permitted expenses <sup>(3)</sup>	12,408	42,357	27,226	77,553
<b>Adjusted EBITDA from continuing operations</b>	<b>183,476</b>	<b>198,332</b>	<b>709,674</b>	<b>712,116</b>
Adjusted EBITDA from discontinued operations <sup>(4)</sup>	—	1,365	—	6,537
<b>Total adjusted EBITDA</b>	<b>\$ 183,476</b>	<b>\$ 199,697</b>	<b>\$ 709,674</b>	<b>\$ 718,653</b>
<b>Adjusted EBITDA from continuing operations as a percentage of revenue</b>	<b>37.9%</b>	<b>41.1%</b>	<b>38.0%</b>	<b>38.2%</b>

(1) Represents labor, travel, training, consulting and other costs associated with acquisition, disposition and financing activities, such as the acquisition of Systagenix, technology acquisitions and the repricing of our senior secured credit facility.

(2) Represents labor, travel, training, consulting and other costs associated exclusively with our business optimization initiatives.

(3) Represents charges for the impairment of goodwill, intangible assets and fixed assets, the write-off of in-process research and development and other intangible assets, amortization of the fair value step-up in inventory, litigation settlement and other permitted expenses.

(4) Adjusted EBITDA from discontinued operations includes the (gain) loss from discontinued operations, excluding any related gain or loss on disposition of assets, adjusted as defined in our senior secured credit agreement.

	<b>2015</b>			<b>2014 As Reported</b>	<b>GAAP % Change</b>	<b>Constant Currency % Change <sup>(1)</sup></b>
	<b>As Reported</b>	<b>FX Impact</b>	<b>Constant Currency</b>			
<b>Three months ended December 31,</b>						
Adjusted EBITDA from continuing operations	\$ 183,476	\$ 4,257	\$ 187,733	198,332	(7.5)%	(5.3)%
<b>Year ended December 31,</b>						
Adjusted EBITDA from continuing operations	\$ 709,674	\$ 19,150	\$ 728,824	712,116	(0.3)%	2.3 %

(1) Represents percentage change of Adjusted EBITDA from the prior-year period on a constant currency basis.