

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): March 3, 2017

**BIOSCRIP, INC.**

(Exact name of Registrant as specified in its charter)

Delaware  
(State of Incorporation)

001-11993  
(Commission File Number)

05-0489664  
(I.R.S. Employer  
Identification No.)

1600 Broadway, Suite 950, Denver, Colorado  
(Address of principal executive offices)

80202  
(Zip Code)

Registrant's telephone number, including area code: (720) 697-5200

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:

- 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))
-

**Item 2.02. Results of Operations and Financial Condition.**

On March 3, 2017, BioScrip, Inc. (the “Company”) issued a press release reporting its fourth quarter and full-year 2016 financial results. A copy of the press release is furnished with this Current Report on Form 8-K as Exhibit 99.1 and is incorporated herein by reference.

The press release includes certain non-GAAP financial measures as described therein. As required by Regulation G, reconciliation between any non-GAAP financial measures presented and the most directly comparable GAAP financial measures is also provided.

**Item 8.01. Other Events.**

As previously announced, the Company will host a conference call to discuss its fourth quarter and full-year 2016 financial results on March 3, 2017, at 9:00 a.m. Eastern Time. Interested parties may participate in the conference call by dialing 888-372-9592 (U.S.) or by accessing a link on the Company’s website at [www.bioscrip.com](http://www.bioscrip.com) 5-10 minutes prior to the start of the call. A replay of the conference call will be available for one week after the call’s completion by dialing 855-859-2056 (U.S.) and entering conference call ID number 5266355. An audio webcast and archive will also be available for 30 days under the “Investor Relations” section of the Company’s website.

**Item 9.01. Financial Statements and Exhibits****(d) Exhibits**

See the Exhibit Index, which is hereby incorporated by reference.

As provided in General Instruction B.2 to Form 8-K, the information furnished in Item 2.02 and in Exhibit 99.1 hereto, as it relates to the Company’s financial results for the quarter and year ended December 31, 2016, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that Section and shall not be deemed incorporated by reference into any filing of the Company with the Securities and Exchange Commission under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly provided by specific reference in such filing.

---

**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.

**BIOSCRIP, INC.**

Date: March 3, 2017

By: /s/ Kathryn Stalmack  
Kathryn Stalmack  
Senior Vice President, General Counsel and Secretary

---

**EXHIBIT INDEX**

| <b>Exhibit No.</b> | <b>Description</b>                                       |
|--------------------|--|
| 99.1               | Press Release issued by the Company, dated March 3, 2017 |

---



## BioScrip Reports Fourth Quarter and Full-Year 2016 Financial Results

*Q4 Consolidated Revenue of \$240.1 Million, loss from continuing operations net of income taxes of (\$5.2) million and Adjusted EBITDA of \$9.5 Million*

DENVER, CO, March 3, 2017 – BioScrip, Inc. (NASDAQ: BIOS) (“BioScrip” or the “Company”) today announced its fourth quarter and full-year 2016 financial results. For the fourth quarter, the Company reported revenue from continuing operations of \$240.1 million, net loss from continuing operations of (\$5.2) million and diluted EPS of (\$0.06) loss per share. For the full-year 2016, the Company reported revenue from continuing operations of \$935.6 million, net loss from continuing operations of (\$34.4) million and diluted EPS of (\$0.46) loss per share.

### **Fourth Quarter Highlights**

- Net revenue for the fourth quarter 2016 was \$240.1 million, a decrease of \$3.6 million or 1.5% year over year, reflecting the ongoing favorable shift in revenue mix to a greater percentage of core revenue and less lower-margin non-core revenue;
  - Core revenue increased \$21.9 million or 15.1% year over year to \$166.8 million, representing core mix of 70%, up from 60% core mix in the fourth quarter of 2015;
  - We are on track to achieve the full \$17.0 million in Home Solutions synergies, and we expect to achieve an additional \$23.0 to \$25.0 million in cost reductions by the end of 2017. These additional savings include workforce optimization and reorganization, procurement and formulary management savings, improved asset utilization, enhanced nursing productivity and reduction of delivery costs;
  - Consolidated Loss from continuing operations, net of income taxes was \$(5.2) million, an improvement of \$11.8 million compared to the prior year fourth quarter consolidated loss from continuing operations, net of income taxes of \$(17.0) million. The year over year reduction in loss was the result of improved operating results combined with lower restructuring costs;
  - Consolidated Adjusted EBITDA was \$9.5 million for the fourth quarter 2016, as compared to the \$9.0 million consolidated Adjusted EBITDA in the prior year fourth quarter. The year over year increase in consolidated Adjusted EBITDA was the result of improved core mix, higher gross margins, and expense leverage in 2016.
-

“I am extremely pleased with the great results the BioScrip team delivered during the quarter,” said Daniel E. Greenleaf, President and Chief Executive Officer. “Our focus on driving profitable growth, improving operating processes and realizing operating cost reductions and synergies generated both revenue and Adjusted EBITDA results for the quarter ahead of our prior expectations. We are in the early stages of our 18 to 24 month turnaround initiative, and through ongoing work the BioScrip team continues to uncover opportunities to drive transformational change and unlock value throughout the organization. BioScrip remains on pace to realize at least \$17.0 million of cumulative Home Solutions cost synergies by the end of 2017 and we expect an incremental \$23.0 million to \$25.0 million in cost structure improvements during the year, a portion of which partially offsets the negative impact of the Cures Act legislation.”

Mr. Greenleaf added, “During the quarter our leadership team launched the CORE initiative, a program focused on improving Core growth, Operational efficiencies, Revenue collections and Employee effectiveness. Continued execution of the CORE initiative positions BioScrip for the sustainable growth of our higher-margin core business and ongoing improvement of our operating processes, driving our future financial performance and creating value for our shareholders.”

Mr. Greenleaf continued, “Additionally, we are working diligently, both internally and externally, to mitigate the unfavorable impact of the Cures Act legislation on our business and on the critically ill patients relying on home infusion therapies. These efforts include actively working with Congress and the Centers for Medicare and Medicaid Services (CMS) to propose an amendment to the legislation to account for the infusion benefit as well as the formation of Keep My Infusion Care at Home, a newly established coalition of patients, family members, caregivers, healthcare providers and related industry organizations. For further information, please visit <http://www.keepmyinfusioncareathome.org>. We have made significant progress internally to offset the negative financial impact of the Cures Act and through the National Home Infusion Association (NHIA) and lobbying efforts, we remain in ongoing discussions with the U.S. Congress on the benefits of home infusion therapy and the impact of the Cures Act legislation.”

The Company achieved \$2.6 million in Home Solutions cost synergies in the fourth quarter of 2016. In total, between fourth quarter 2016 realized synergies of \$2.6 million and 2017 expected incremental synergies of \$14.4 million, the Company believes it is positioned to achieve the full \$17.0 million in expected Home Solutions cost synergies.

---

## **Results of Operations**

### **Fourth Quarter 2016 versus Prior Year Fourth Quarter 2015**

Revenue from continuing operations for the fourth quarter of 2016 was \$240.1 million, compared to \$243.7 million in the fourth quarter of 2015, a decrease of \$3.6 million or 1.5%. This revenue decrease resulted from of the Company's previously announced shift in its revenue mix to a greater percentage of core revenue and less lower-margin non-core revenue.

Consolidated gross profit for the fourth quarter of 2016 was \$74.7 million, or 31.1% of revenue, up 410 basis points as a percentage of revenue, compared to the prior year fourth quarter 2015 gross profit of \$65.9 million, or 27.0% of revenue. The improvement in gross profit percentage was the result of the improved revenue mix year over year.

Consolidated Loss from continuing operations, net of income taxes for the fourth quarter of 2016 was (\$5.2) million, representing an improvement of \$11.8 million versus the same period prior year Consolidated Loss from continuing operations, net of income taxes of (\$17.0) million. The year over year reduction in loss was the result of improved operating results combined with lower restructuring costs.

Consolidated Adjusted EBITDA from continuing operations for the fourth quarter of 2016 was \$9.5 million, representing an increase of \$0.5 million versus the same period prior year Consolidated Adjusted EBITDA of \$9.0 million. The increase in Consolidated Adjusted EBITDA was the result of improved operating results in 2016.

### **Full-Year 2016 versus Prior Full-Year 2015**

Revenue from continuing operations for the full year 2016 was \$935.6 million, compared to \$982.2 million in the full year 2015, a decrease of \$46.6 million or 4.7%. This revenue decrease was the result of the Company's previously announced shift in its revenue mix to a greater percentage of core revenue and less lower-margin non-core revenue.

Consolidated gross profit for the full year 2016 was \$265.6 million, or 28.4% of revenue, up 180 basis points as a percentage of revenue, compared to the prior full year 2015 gross profit of \$260.9 million, or 26.6% of revenue. The improvement in gross profit percentage was the result of the improved revenue mix year over year.

Consolidated Loss from continuing operations, net of income taxes for the full year 2016 was (\$34.4) million, representing an improvement of \$269.0 million versus the prior full year 2015 Consolidated Loss from continuing operations, net of income taxes of (\$303.4) million. The year over year change was the result of improved operating results in 2016 combined with the prior year 2015 non-cash goodwill impairment charge, which did not recur in 2016.

Consolidated Adjusted EBITDA from continuing operations for the full year 2016 was \$30.9 million, representing an increase of \$15.0 million as compared to the prior full year 2015 Consolidated Adjusted EBITDA of \$15.9 million. The increase in Consolidated Adjusted EBITDA resulted from improved operational performance in 2016.

---

## **2017 Guidance**

The Company is providing guidance for full-year 2017. This full-year 2017 guidance incorporates the estimated negative impact of the Cures Act legislation on the Company. The Cures Act legislation results in a significant reduction in Medicare reimbursement rates on certain drugs effective January 1, 2017 and does not reimburse any services payments for the administration of these drugs to patients via home infusion pharmacies. For the full-year 2017, we are guiding to revenues in the range of \$920.0 million to \$950.0 million and adjusted EBITDA in the range of \$45.0 million to \$55.0 million.

## **Liquidity and Capital Resources**

As of yesterday, March 2, 2017, the Company had \$21.8 million of liquidity in the form of cash held in bank. Under the terms of the Company's Amended Credit Agreement, the Company no longer has access to a revolving credit facility and therefore cash held in bank represents the Company's liquidity position. As of December 31, 2016 the Company was in full compliance with its bank covenants under the terms of the Amended Credit Agreement. The Company's net Days Sales Outstanding ("DSO") at December 31, 2016, was 43 days.

## **Conference Call and Presentation**

BioScrip will host a conference call and live webcast, March 3, 2017, at 9:00 a.m. Eastern Time, to discuss its fourth quarter and full year 2016 financial results. Interested parties may participate by dialing 888-372-9592 (US) or by accessing a link on the Company's website at [www.bioscrip.com](http://www.bioscrip.com).

A replay of the conference call will be available for one weeks after the call's completion by dialing 855-859-2056 (US) and entering conference call ID number 5266355. An audio webcast and archive will also be available for 30 days under the "Investor Relations" section of the Company's website.

---

## **About BioScrip, Inc.**

BioScrip, Inc. is a leading national provider of infusion and home care management solutions. BioScrip partners with physicians, hospital systems, skilled nursing facilities, healthcare payors, and pharmaceutical manufacturers to provide patients access to post-acute care services. BioScrip operates with a commitment to bring customer-focused pharmacy and related healthcare infusion therapy services into the home or alternate-site setting. By collaborating with the full spectrum of healthcare professionals and the patient, BioScrip provides cost-effective care that is driven by clinical excellence, customer service, and values that promote positive outcomes and an enhanced quality of life for those it serves.

## **Investor Contacts:**

Jeffrey M. Kreger  
Chief Financial Officer & Treasurer  
T: (720) 697-5200  
[jeffrey.kreger@bioscrip.com](mailto:jeffrey.kreger@bioscrip.com)

David Clair  
ICR, Inc.  
T: (646) 277-1266  
[david.clair@icrinc.com](mailto:david.clair@icrinc.com)

## **Forward-Looking Statements – Safe Harbor**

This press release includes statements that may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including the statements regarding 2017 guidance, projections of certain measures of the Company's results of operations, projections of future levels of certain charges and expenses, expectations of Home Solutions cost synergies and incremental cost structure improvements and other statements regarding the Company's financial improvement plan and strategy. You can identify these statements by the fact that they do not relate strictly to historical or current facts. In some cases, forward-looking statements can be identified by words such as "may," "should," "could," "anticipate," "estimate," "expect," "project," "outlook," "aim," "intend," "plan," "believe," "predict," "potential," "continue" or comparable terms. Because such statements inherently involve risks and uncertainties, actual future results may differ materially from those expressed or implied by such forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. Important factors that could cause actual results to differ materially from those in the forward-looking statement include but are not limited to risks associated with: the Company's ability to successfully integrate the HS Infusion Holdings, Inc. business into its existing businesses; the Company's ability to continue to execute its financial improvement plan to reduce operating costs and focus its business on its Infusion Services segment; the Company's ability to evaluate opportunities for improvement and implement solutions as part of its strategic review process; the Company's ability to comply with the covenants in its debt agreements or obtain amendments to such covenants; reductions in federal, state and commercial reimbursement for the Company's products and services; increased government regulation related to the health care and insurance industries; as well as the risks described in the Company's periodic filings with the Securities and Exchange Commission. The Company does not undertake any duty to update these forward-looking statements after the date hereof, even though the Company's situation may change in the future. All of the forward-looking statements herein are qualified by these cautionary statements.

---

**Note Regarding Use of Non-GAAP Financial Measures**

In addition to reporting financial information in accordance with generally accepted accounting principles (GAAP), the Company is also reporting Adjusted EBITDA, which is a non-GAAP financial measure. Adjusted EBITDA is not a measurement of financial performance under GAAP and should not be used in isolation or as a substitute or alternative to net income, operating income or any other performance measure derived in accordance with GAAP, or as a substitute or alternative to cash flow from operating activities or a measure of the Company's liquidity. In addition, the Company's definition of Adjusted EBITDA may not be comparable to similarly titled non-GAAP financial measures reported by other companies. Adjusted EBITDA, as defined by the Company, represents net income before net interest expense, income tax expense, depreciation and amortization, impairment of goodwill, stock-based compensation expense, and restructuring, integration and other expenses. As part of restructuring, the Company may incur significant charges such as the write down of certain long-lived assets, temporary redundant expenses, retraining expenses, potential cash bonus payments and potential accelerated payments or terminated costs for certain of its contractual obligations. Management believes that Adjusted EBITDA provides useful supplemental information regarding the performance of BioScrip's business operations and facilitates comparisons to the Company's historical operating results. For a full reconciliation of Adjusted EBITDA to the most comparable GAAP financial measure, please see the attachment to this earnings release.

TABLES TO FOLLOW

---

**BIOSCRIP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except for share amounts)

|   | <u>December 31, 2016</u> | <u>December 31, 2015</u> |
|---|--------------------------|--------------------------|
| <b>ASSETS</b>   |                          |                          |
| <b>Current assets</b>   |                          |                          |
| Cash and cash equivalents   | \$ 9,569                 | \$ 15,577                |
| Receivables, less allowance for doubtful accounts of \$44,730 and \$59,689  |                          |                          |
| Receivables, less allowance for doubtful accounts of \$44,730 and \$59,689<br>at December 31, 2016 and 2015, respectively   | 111,811                  | 97,353                   |
| Inventory   | 36,165                   | 42,983                   |
| Prepaid expenses and other current assets   | 18,507                   | 27,772                   |
| <b>Total current assets</b>   | <b>176,052</b>           | <b>183,685</b>           |
| Property and equipment, net   | 32,535                   | 31,939                   |
| Goodwill  | 365,947                  | 308,729                  |
| Intangible assets, net  | 31,043                   | 5,128                    |
| Other non-current assets  | 2,163                    | 1,161                    |
| <b>Total assets</b>   | <b>\$ 607,740</b>        | <b>\$ 530,642</b>        |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>  |                          |                          |
| <b>Current liabilities</b>  |                          |                          |
| Current portion of long-term debt   | \$ 18,521                | \$ 24,380                |
| Accounts payable  | 59,134                   | 65,077                   |
| Amounts due to plan sponsors  | 3,799                    | 3,491                    |
| Accrued interest  | 6,705                    | 6,898                    |
| Accrued expenses and other current liabilities  | 42,191                   | 52,918                   |
| <b>Total current liabilities</b>  | <b>130,350</b>           | <b>152,764</b>           |
| Long-term debt, net of current portion  | 433,413                  | 393,741                  |
| Deferred taxes  | 2,281                    | 236                      |
| Other non-current liabilities   | 1,257                    | 1,861                    |
| <b>Total liabilities</b>  | <b>567,301</b>           | <b>548,602</b>           |
| Series A convertible preferred stock, \$.0001 par value; 825,000 shares authorized;<br>21,645 and 635,822 shares issued and outstanding; and, \$2,603 and \$69,702<br>liquidation preference as of December 31, 2016 and December 31, 2015, respectively  | 2,462                    | 62,918                   |
| Series C convertible preferred stock, \$.0001 par value; 625,000 shares authorized;<br>614,177 shares issued and outstanding; and \$75,491 liquidation preference as of<br>December 31, 2016  | 69,540                   | -                        |
| <b>Stockholders' (deficit) equity</b>   |                          |                          |
| Preferred stock, \$.0001 par value; 5,000,000 and 4,175,000 shares authorized; no shares<br>issued and outstanding as of December 31, 2016 and December 31, 2015, respectively  | -                        | -                        |
| Common stock, \$.0001 par value; 250,000,000 and 125,000,000 shares authorized as of<br>December 31, 2016 and December 31, 2015, respectively; 117,682,543 and 71,421,664<br>shares issued and 117,682,543 and 68,767,613 shares outstanding as of<br>December 31, 2016 and December 31, 2015, respectively | 12                       | 8                        |
| Treasury stock, no shares outstanding as of December 31, 2016 and 2,654,051 shares<br>outstanding, at cost, as of December 31, 2015   | -                        | (10,737)                 |
| Additional paid-in capital  | 611,844                  | 531,764                  |
| Accumulated deficit   | (643,419)                | (601,913)                |
| <b>Total stockholders' deficit</b>  | <b>(31,563)</b>          | <b>(80,878)</b>          |
| <b>Total liabilities and stockholders' deficit</b>  | <b>\$ 607,740</b>        | <b>\$ 530,642</b>        |

**BIOSCRIP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share amounts)

|  | Years Ended December 31, |                     |
|--|--------------------------|---------------------|
|  | 2016                     | 2015                |
| <b>Net revenue</b>   | <b>\$ 935,589</b>        | <b>\$ 982,223</b>   |
| <b>Cost of revenue (excluding depreciation expense)</b>          | <b>669,958</b>           | <b>721,308</b>      |
| <b>Gross profit</b>  | <b>265,631</b>           | <b>260,915</b>      |
| <i>% of revenues</i>   | <i>28.4%</i>             | <i>26.6%</i>        |
| Other operating expenses   | 170,718                  | 165,998             |
| Bad debt expense   | 26,799                   | 41,042              |
| General and administrative expenses                              | 39,225                   | 42,524              |
| Change in fair value of equity linked liabilities                | (10,450)                 | -                   |
| Impairment of goodwill   | -                        | 251,850             |
| Restructuring, acquisition, integration, and other expenses, net | 15,859                   | 24,405              |
| Depreciation and amortization expense                            | 21,551                   | 22,743              |
| Interest expense, net  | 38,235                   | 37,313              |
| (Gain) on dispositions   | (3,954)                  | -                   |
| <b>Loss from continuing operations, before income taxes</b>      | <b>(32,352)</b>          | <b>(324,960)</b>    |
| Income tax expense (benefit)                                     | 2,015                    | (21,532)            |
| <b>Loss from continuing operations, net of income taxes</b>      | <b>(34,367)</b>          | <b>(303,428)</b>    |
| Income (loss) from discontinued operations, net of income taxes  | (7,139)                  | 3,721               |
| <b>Net loss</b>  | <b>\$ (41,506)</b>       | <b>\$ (299,707)</b> |
| Accrued dividends on preferred stock                             | (8,392)                  | (6,120)             |
| Deemed dividend on preferred stock                               | (692)                    | (3,690)             |
| <b>Loss attributable to common stockholders</b>                  | <b>\$ (50,590)</b>       | <b>\$ (309,517)</b> |
| <b>Denominator - Basic and Diluted:</b>                          |                          |                     |
| Weighted average number of common shares outstanding             | 93,740                   | 68,710              |
| <b>Loss from continuing operations, basic and diluted</b>        | <b>\$ (0.46)</b>         | <b>\$ (4.56)</b>    |
| Income from discontinued operations, basic and diluted           | (0.08)                   | 0.05                |
| <b>Loss per common share, basic and diluted</b>                  | <b>\$ (0.54)</b>         | <b>\$ (4.51)</b>    |

**BIOSCRIP, INC. AND SUBSIDIARIES**  
**QUARTERLY CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share amounts)

|  | Three Months Ended |                    |                    |                    | Twelve<br>Months<br>Ended |
|--|--------------------|--------------------|--------------------|--------------------|---------------------------|
|  | 3/31/2016          | 6/30/2016          | 9/30/2016          | 12/31/2016         | 12/31/2016                |
| <b>Net revenue</b>   | \$ 238,462         | \$ 232,462         | \$ 224,542         | \$ 240,123         | \$ 935,589                |
| <b>Cost of revenue (excluding depreciation expense)</b>          | 174,230            | 168,298            | 161,957            | 165,473            | 669,958                   |
| <b>Gross profit</b>  | 64,232             | 64,164             | 62,585             | 74,650             | 265,631                   |
| <i>% of revenues</i>   | 26.9%              | 27.6%              | 27.9%              | 31.1%              | 28.4%                     |
| Other operating expenses   | 39,658             | 40,619             | 42,729             | 47,712             | 170,718                   |
| Bad debt expense   | 7,592              | 4,279              | 7,727              | 7,201              | 26,799                    |
| General and administrative expenses                              | 11,051             | 9,414              | 9,948              | 8,812              | 39,225                    |
| Change in fair value of equity linked liabilities                | -                  | -                  | -                  | (10,450)           | (10,450)                  |
| Restructuring, acquisition, integration, and other expenses, net | 2,667              | 4,291              | 2,368              | 6,533              | 15,859                    |
| Depreciation and amortization expense                            | 4,538              | 4,252              | 4,166              | 8,595              | 21,551                    |
| Interest expense, net  | 9,412              | 9,469              | 9,331              | 10,023             | 38,235                    |
| (Gain) on disposition of property and equipment                  | (939)              | -                  | (3,015)            | -                  | (3,954)                   |
| <b>Loss from continuing operations, before income taxes</b>      | <b>(9,747)</b>     | <b>(8,160)</b>     | <b>(10,669)</b>    | <b>(3,776)</b>     | <b>(32,352)</b>           |
| Income tax expense   | 23                 | 149                | 421                | 1,422              | 2,015                     |
| <b>Loss from continuing operations, net of income taxes</b>      | <b>(9,770)</b>     | <b>(8,309)</b>     | <b>(11,090)</b>    | <b>(5,198)</b>     | <b>(34,367)</b>           |
| Income (loss) from discontinued operations, net of income taxes  | 233                | 75                 | (174)              | (7,273)            | (7,139)                   |
| <b>Net loss</b>  | <b>\$ (9,537)</b>  | <b>\$ (8,234)</b>  | <b>\$ (11,264)</b> | <b>\$ (12,471)</b> | <b>\$ (41,506)</b>        |
| Accrued dividends on preferred stock                             | (1,998)            | (2,056)            | (2,138)            | (2,200)            | (8,392)                   |
| Deemed dividends on preferred stock                              | (172)              | (173)              | (173)              | (174)              | (692)                     |
| <b>Loss attributable to common stockholders</b>                  | <b>\$ (11,707)</b> | <b>\$ (10,463)</b> | <b>\$ (13,575)</b> | <b>\$ (14,845)</b> | <b>\$ (50,590)</b>        |
| <b>Loss per common share:</b>                                    |                    |                    |                    |                    |                           |
| <b>Denominator - Basic and Diluted:</b>                          |                    |                    |                    |                    |                           |
| Weighted average number of common shares outstanding             | 68,771             | 73,186             | 114,826            | 117,683            | 93,740                    |
| <b>Loss from continuing operations, basic and diluted</b>        | \$ (0.17)          | \$ (0.14)          | \$ (0.12)          | \$ (0.06)          | \$ (0.46)                 |
| Income from discontinued operations, basic and diluted           | -                  | -                  | -                  | (0.06)             | (0.08)                    |
| <b>Net loss per common share, basic and diluted</b>              | <b>\$ (0.17)</b>   | <b>\$ (0.14)</b>   | <b>\$ (0.12)</b>   | <b>\$ (0.12)</b>   | <b>\$ (0.54)</b>          |

**BIOSCRIP, INC. AND SUBSIDIARIES**  
**QUARTERLY CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share amounts)

|  | Three Months Ended |                     |                    |                    | Twelve Months Ended |
|--|--------------------|---------------------|--------------------|--------------------|---------------------|
|  | 3/31/2015          | 6/30/2015           | 9/30/2015          | 12/31/2015         | 12/31/2015          |
| <b>Net revenue</b>   | \$ 244,357         | \$ 246,897          | \$ 247,224         | \$ 243,745         | \$ 982,223          |
| <b>Cost of revenue (excluding depreciation expense)</b>          | 179,402            | 182,079             | 181,991            | 177,836            | 721,308             |
| <b>Gross profit</b>  | 64,955             | 64,818              | 65,233             | 65,909             | 260,915             |
| <i>% of revenues</i>   | 26.6%              | 26.3%               | 26.4%              | 27.0%              | 26.6%               |
| Other operating expenses   | 41,616             | 43,313              | 41,198             | 39,871             | 165,998             |
| Bad debt expense   | 8,346              | 15,165              | 9,321              | 8,210              | 41,042              |
| General and administrative expenses                              | 11,699             | 11,866              | 9,308              | 9,651              | 42,524              |
| Impairment of goodwill   | -                  | 238,000             | 13,850             | -                  | 251,850             |
| Restructuring, acquisition, integration, and other expenses, net | 3,704              | 5,969               | 5,369              | 9,363              | 24,405              |
| Depreciation and amortization expense                            | 5,794              | 6,247               | 5,471              | 5,231              | 22,743              |
| Interest expense, net  | 9,163              | 9,080               | 9,507              | 9,563              | 37,313              |
| <b>Loss from continuing operations, before income taxes</b>      | <b>(15,367)</b>    | <b>(264,822)</b>    | <b>(28,791)</b>    | <b>(15,980)</b>    | <b>(324,960)</b>    |
| Income tax expense (benefit)                                     | 1,928              | (19,921)            | (4,551)            | 1,012              | (21,532)            |
| <b>Loss from continuing operations, net of income taxes</b>      | <b>(17,295)</b>    | <b>(244,901)</b>    | <b>(24,240)</b>    | <b>(16,992)</b>    | <b>(303,428)</b>    |
| (Loss) income from discontinued operations, net of income taxes  | (2,379)            | 94                  | 7,457              | (1,451)            | 3,721               |
| <b>Net loss</b>  | <b>\$ (19,674)</b> | <b>\$ (244,807)</b> | <b>\$ (16,783)</b> | <b>\$ (18,443)</b> | <b>\$ (299,707)</b> |
| Accrued dividends on preferred stock                             | (453)              | (1,805)             | (1,899)            | (1,963)            | (6,120)             |
| Deemed dividends on preferred stock                              | (1,164)            | (2,186)             | (169)              | (171)              | (3,690)             |
| <b>Loss attributable to common stockholders</b>                  | <b>\$ (21,291)</b> | <b>\$ (248,798)</b> | <b>\$ (18,851)</b> | <b>\$ (20,577)</b> | <b>\$ (309,517)</b> |
| <b>Loss per common share:</b>                                    |                    |                     |                    |                    |                     |
| <b>Denominator - Basic and Diluted:</b>                          |                    |                     |                    |                    |                     |
| Weighted average number of common shares outstanding             | 68,637             | 68,698              | 68,742             | 68,760             | 68,710              |
| <b>Loss from continuing operations, basic and diluted</b>        | \$ (0.28)          | \$ (3.62)           | \$ (0.38)          | \$ (0.28)          | \$ (4.56)           |
| Income from discontinued operations, basic and diluted           | (0.03)             | -                   | 0.11               | (0.02)             | 0.05                |
| <b>Net loss per common share, basic and diluted</b>              | <b>\$ (0.31)</b>   | <b>\$ (3.62)</b>    | <b>\$ (0.27)</b>   | <b>\$ (0.30)</b>   | <b>\$ (4.51)</b>    |

**BIOSCRIP, INC. AND SUBSIDIARIES**  
**QUARTERLY RECONCILIATION BETWEEN GAAP AND NON-GAAP MEASURES**  
(in thousands)

|   | Three Months Ended |                   |                    |                   | Twelve Months Ended |
|---|--------------------|-------------------|--------------------|-------------------|---------------------|
|   | 3/31/2016          | 6/30/2016         | 9/30/2016          | 12/31/2016        | 12/31/2016          |
| <b>Adjusted EBITDA by Segment:</b>                                      |                    |                   |                    |                   |                     |
| Infusion Services Adjusted EBITDA                                       | \$ 16,982          | \$ 19,266         | \$ 12,129          | \$ 19,737         | \$ 68,114           |
| Adjusted EBITDA margin %  | 7.1%               | 8.3%              | 5.4%               | 8.2%              | 7.3%                |
| Corporate Overhead Adjusted EBITDA                                      | (9,577)            | (8,895)           | (8,590)            | (10,200)          | (37,262)            |
| Adjusted EBITDA margin %  | (4.0%)             | (3.8%)            | (3.8%)             | (4.2%)            | (4.0%)              |
| <b>Consolidated Adjusted EBITDA</b>                                     | <b>7,405</b>       | <b>10,371</b>     | <b>3,539</b>       | <b>9,537</b>      | <b>30,852</b>       |
| Adjusted EBITDA margin %  | 3.1%               | 4.5%              | 1.6%               | 4.0%              | 3.3%                |
| Interest expense, net   | (9,412)            | (9,469)           | (9,331)            | (10,023)          | (38,235)            |
| Gain on dispositions  | 939                | -                 | 3,015              | -                 | 3,954               |
| Income tax expense  | (23)               | (149)             | (421)              | (1,422)           | (2,015)             |
| Depreciation and amortization expense                                   | (4,538)            | (4,252)           | (4,166)            | (8,595)           | (21,551)            |
| Stock-based compensation (expense) benefit                              | (1,474)            | (519)             | (1,358)            | 1,388             | (1,963)             |
| Change in fair value of equity linked liabilities                       | -                  | -                 | -                  | 10,450            | 10,450              |
| Restructuring, acquisition, integration, and other expenses, net (1)    | (2,667)            | (4,291)           | (2,368)            | (6,533)           | (15,859)            |
| <b>Loss from continuing operations, net of income taxes</b>             | <b>\$ (9,770)</b>  | <b>\$ (8,309)</b> | <b>\$ (11,090)</b> | <b>\$ (5,198)</b> | <b>\$ (34,367)</b>  |
| <b>General and Administrative Expenses on Face of Income Statement:</b> |                    |                   |                    |                   |                     |
| Corporate overhead adjusted EBITDA                                      | \$ (9,577)         | \$ (8,895)        | \$ (8,590)         | \$ (10,200)       | \$ (37,262)         |
| Stock-based compensation (expense)                                      | (1,474)            | (519)             | (1,358)            | 1,388             | (1,963)             |
| General and administrative expenses                                     | <u>\$ (11,051)</u> | <u>\$ (9,414)</u> | <u>\$ (9,948)</u>  | <u>\$ (8,812)</u> | <u>\$ (39,225)</u>  |

(1) Restructuring, acquisition, integration and other expenses, net include costs associated with restructuring, acquisition, and integration initiatives such as employee severance costs, certain legal and professional fees, redundant wage costs, impacts recorded from the change in contingent consideration obligations, and other costs related to contract terminations and closed locations.

**BIOSCRIP, INC. AND SUBSIDIARIES**  
**QUARTERLY RECONCILIATION BETWEEN GAAP AND NON-GAAP MEASURES**  
(in thousands)

|   | Three Months Ended |                     |                    |                    | Twelve Months Ended |
|---|--------------------|---------------------|--------------------|--------------------|---------------------|
|   | 3/31/2015          | 6/30/2015           | 9/30/2015          | 12/31/2015         | 12/31/2015          |
| <b>Adjusted EBITDA by Segment:</b>                                      |                    |                     |                    |                    |                     |
| Infusion Services Adjusted EBITDA                                       | \$ 14,993          | \$ 6,340            | \$ 14,714          | \$ 17,828          | \$ 53,875           |
| Adjusted EBITDA margin %  | 6.1%               | 2.6%                | 6.0%               | 7.3%               | 5.5%                |
| Corporate Overhead Adjusted EBITDA                                      | (10,042)           | (10,704)            | (8,476)            | (8,789)            | (38,011)            |
| Adjusted EBITDA margin %  | (4.1%)             | (4.3%)              | (3.4%)             | (3.6%)             | (3.9%)              |
| <b>Consolidated Adjusted EBITDA</b>                                     | <b>4,951</b>       | <b>(4,364)</b>      | <b>6,238</b>       | <b>9,039</b>       | <b>15,864</b>       |
| Adjusted EBITDA margin %  | 2.0%               | (1.8%)              | 2.5%               | 3.7%               | 1.6%                |
| Interest expense, net   | (9,163)            | (9,080)             | (9,507)            | (9,563)            | (37,313)            |
| Income tax (expense) benefit  | (1,928)            | 19,921              | 4,551              | (1,012)            | 21,532              |
| Depreciation and amortization expense                                   | (5,794)            | (6,247)             | (5,471)            | (5,231)            | (22,743)            |
| Stock-based compensation expense  | (1,657)            | (1,162)             | (832)              | (862)              | (4,513)             |
| Impairment of goodwill  | -                  | (238,000)           | (13,850)           | -                  | (251,850)           |
| Restructuring, acquisition, integration, and other expenses, net (1)    | (3,704)            | (5,969)             | (5,369)            | (9,363)            | (24,405)            |
| <b>Loss from continuing operations, net of income taxes</b>             | <b>\$ (17,295)</b> | <b>\$ (244,901)</b> | <b>\$ (24,240)</b> | <b>\$ (16,992)</b> | <b>\$ (303,428)</b> |
| <b>General and Administrative Expenses on Face of Income Statement:</b> |                    |                     |                    |                    |                     |
| Corporate overhead adjusted EBITDA                                      | \$ (10,042)        | \$ (10,704)         | \$ (8,476)         | \$ (8,789)         | \$ (38,011)         |
| Stock-based compensation expense  | (1,657)            | (1,162)             | (832)              | (862)              | (4,513)             |
| General and administrative expenses                                     | <u>(11,699)</u>    | <u>(11,866)</u>     | <u>(9,308)</u>     | <u>(9,651)</u>     | <u>(42,524)</u>     |

(1) Restructuring, acquisition, integration and other expenses, net include costs associated with restructuring, acquisition, and integration initiatives such as employee severance costs, certain legal and professional fees, redundant wage costs, impacts recorded from the change in contingent consideration obligations, and other costs related to contract terminations and closed locations.

**BIOSCRIP, INC AND SUBSIDIARIES**  
**CONSOLIDATED CONDENSED CASH FLOWS**  
(in thousands)

|  | Three Months Ended |                  |                    |                 | Twelve Months<br>Ended |
|--|--------------------|------------------|--------------------|-----------------|------------------------|
|  | 3/31/2016          | 6/30/2016        | 9/30/2016          | 12/31/2016      | 12/31/2016             |
| <b>Cash flows from operating activities:</b> |                    |                  |                    |                 |                        |
| <b>Net loss from continuing operations</b>   | \$ (9,770)         | \$ (8,309)       | \$ (11,090)        | \$ (5,198)      | \$ (34,367)            |
| Receivables, net of bad debt expense         | (4,417)            | 3,136            | 8,001              | (9,222)         | (2,502)                |
| Inventory                                    | 13,867             | (3,330)          | 2,265              | (2,786)         | 10,016                 |
| Prepaid expenses and other assets            | 7,897              | (7,575)          | 8,839              | (10,053)        | (892)                  |
| Accounts payable                             | (11,995)           | (4,195)          | (15,058)           | 10,731          | (20,517)               |
| Accrued interest                             | (4,630)            | 4,438            | (4,437)            | 4,436           | (193)                  |
| Accrued expenses and other liabilities       | (2,227)            | (851)            | (4,302)            | (418)           | (7,798)                |
| <b>Non-Cash Adjustments:</b>                 |                    |                  |                    |                 |                        |
| Depreciation and amortization                | 4,538              | 4,252            | 4,166              | 8,595           | 21,551                 |
| Deferred taxes                               | 174                | 178              | 184                | 1,509           | 2,045                  |
| Other Non-Cash                               | 1,589              | 1,554            | (5,342)            | (347)           | (2,546)                |
| <b>Operating Cash Flow (Use)</b>             | <b>(4,974)</b>     | <b>(10,702)</b>  | <b>(16,774)</b>    | <b>(2,753)</b>  | <b>(35,203)</b>        |
| Discontinued operations                      | (5,989)            | 76               | (175)              | (1,478)         | (7,566)                |
| Capital expenditures                         | (2,429)            | (3,037)          | (2,578)            | (1,598)         | (9,642)                |
| Proceeds from dispositions                   | 1,105              | 27               | 3,045              | -               | 4,177                  |
| Common stock raise, net                      | -                  | 83,267           | -                  | -               | 83,267                 |
| Home Solutions Acquisition                   | -                  | -                | (67,516)           | -               | (67,516)               |
| Term note (repayments)                       | (3,137)            | (3,137)          | (3,137)            | (3,139)         | (12,550)               |
| Revolver borrowing (repayments)              | 8,000              | (23,000)         | 39,000             | 16,300          | 40,300                 |
| Deferred financing costs and other           | (104)              | (118)            | (455)              | (598)           | (1,275)                |
| <b>Total All Cash Flow (Use)</b>             | <b>\$ (7,528)</b>  | <b>\$ 43,376</b> | <b>\$ (48,590)</b> | <b>\$ 6,734</b> | <b>\$ (6,008)</b>      |

**BIOSCRIP, INC AND SUBSIDIARIES**  
**CONSOLIDATED CONDENSED CASH FLOWS**  
(in thousands)

|  | Three Months Ended |                    |                  |                    | Twelve Months<br>Ended |
|--|--------------------|--------------------|------------------|--------------------|------------------------|
|  | 3/31/2015          | 6/30/2015          | 9/30/2015        | 12/31/2015         | 12/31/2015             |
| <b>Cash flows from operating activities:</b> |                    |                    |                  |                    |                        |
| <b>Net loss from continuing operations</b>   | \$ (17,295)        | \$ (244,901)       | \$ (24,240)      | \$ (16,992)        | \$ (303,428)           |
| Receivables, net of bad debt expense         | 799                | 7,134              | (4,310)          | 17,005             | 20,628                 |
| Inventory                                    | (4,666)            | (483)              | 15,477           | (16,097)           | (5,769)                |
| Prepaid expenses and other assets            | (854)              | 163                | (2,695)          | (617)              | (4,003)                |
| Accounts payable                             | 995                | (13,723)           | (23,094)         | 11,693             | (24,129)               |
| Accrued interest                             | (4,585)            | 4,437              | (4,438)          | 4,630              | 44                     |
| Accrued expenses and other liabilities       | (11,200)           | 1,267              | 24               | 1,850              | (8,059)                |
| <b>Non-Cash Adjustments:</b>                 |                    |                    |                  |                    |                        |
| Depreciation and amortization                | 5,794              | 6,247              | 5,471            | 5,231              | 22,743                 |
| Impairment of goodwill                       | -                  | 238,000            | 13,850           | -                  | 251,850                |
| Deferred Taxes                               | 1,927              | (17,761)           | (5,374)          | 1,119              | (20,089)               |
| Other Non-Cash                               | 2,458              | 2,081              | 2,570            | 814                | 7,923                  |
| <b>Operating Cash Flow (Use)</b>             | <b>(26,627)</b>    | <b>(17,539)</b>    | <b>(26,759)</b>  | <b>8,636</b>       | <b>(62,289)</b>        |
| Discontinued operations                      | (1,421)            | (573)              | 28,669           | (4,563)            | 22,112                 |
| Capital expenditures                         | (2,063)            | (3,734)            | (4,349)          | (1,398)            | (11,544)               |
| Preferred stock and warrants                 | 58,951             | -                  | 740              | -                  | 59,691                 |
| Revolver borrowing (repayments)              | (5,000)            | -                  | 30,000           | (15,000)           | 10,000                 |
| Deferred financing costs and other           | (1,365)            | (229)              | -                | (1,539)            | (3,133)                |
| <b>Total All Cash Flow (Use)</b>             | <b>\$ 22,475</b>   | <b>\$ (22,075)</b> | <b>\$ 28,301</b> | <b>\$ (13,864)</b> | <b>\$ 14,837</b>       |

**BIOSCRIP, INC AND SUBSIDIARIES**  
**FULL YEAR 2017 GUIDANCE**  
(dollars in millions, except EPS)

|                                      | <u>Low End<br/>of Range</u> | <u>High End<br/>of Range</u> |
|--------------------------------------|-----------------------------|------------------------------|
| Revenues                             | \$ 920.0                    | \$ 950.0                     |
| Adjusted EBITDA                      | 45.0                        | 55.0                         |
| <i>adjusted ebitda margin</i>        | <i>4.9%</i>                 | <i>5.8%</i>                  |
| Stock Compensation                   | 3.0                         | 2.5                          |
| Depreciation & Amortization          | 27.0                        | 25.0                         |
| Interest Expense, net                | 52.0                        | 49.0                         |
| Restructuring Costs                  | 4.0                         | 3.0                          |
| Income Tax Expense                   | 3.0                         | 2.0                          |
| Preferred Stock Dividends            | 9.4                         | 9.4                          |
| Net Loss - Continuing Ops            | <u>\$ (53.4)</u>            | <u>\$ (35.9)</u>             |
| <b>Diluted Loss Per Common Share</b> | <b><u>\$ (0.45)</u></b>     | <b><u>\$ (0.30)</u></b>      |
| weighted-average diluted shares      | 118,000                     | 118,000                      |