

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2006-07-27** | Period of Report: **2006-07-27**
SEC Accession No. **0001125282-06-004354**

([HTML Version](#) on [secdatabase.com](#))

FILER

APPLERA CORP

CIK: **77551** | IRS No.: **061534213** | State of Incorporation: **DE** | Fiscal Year End: **0630**
Type: **8-K** | Act: **34** | File No.: **001-04389** | Film No.: **06983222**
SIC: **3826** Laboratory analytical instruments

Mailing Address
301 MERRITT 7
NORWALK CT 06851

Business Address
301 MERRITT 7
NORWALK CT 06851
2038402000

**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

July 27, 2006

Date of Report (Date of earliest event reported)

APPLERA CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

1-4389
(Commission
File No.)

06-1534213
(IRS Employer
Identification No.)

301 Merritt 7
Norwalk, Connecticut 06851
(Address of Principal Executive Offices, Including Zip Code)

(203) 840-2000
(Registrant's telephone number, including area code)

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.

(a) On July 27, 2006, Applera Corporation (“Applera”) announced financial results for Applera and its business units for the fourth quarter of its 2006 fiscal year and for its full 2006 fiscal year. Attached hereto as Exhibit 99.1 and incorporated by reference herein is the text of a press release issued on July 27, 2006, with respect to financial results for the fourth quarter of fiscal year 2006 and the full 2006 fiscal year of Applera and Applera’s Applied Biosystems Group, and attached hereto as Exhibit 99.2 and incorporated by reference herein is the text of a press release issued on July 27, 2006, with respect to financial results for the fourth quarter of fiscal year 2006 and the full 2006 fiscal year of Applera and Applera’s Celera Genomics Group.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

The following exhibits are filed with this Report:

<i>Exhibit No.</i>	<i>Description</i>
99.1	Press Release issued July 27, 2006, with respect to financial results for Applera and Applera’s Applied Biosystems Group.
99.2	Press Release issued July 27, 2006, with respect to financial results for Applera and Applera’s Celera Genomics Group.

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.

APPLERA CORPORATION

By: /s/ Dennis L. Winger
Dennis L. Winger
Senior Vice President and
Chief Financial Officer

Dated: July 27, 2006

EXHIBIT INDEX

<i>Exhibit No.</i>	<i>Description</i>
99.1	Press Release issued July 27, 2006, with respect to financial results for Applera and Applera's Applied Biosystems Group.
99.2	Press Release issued July 27, 2006, with respect to financial results for Applera and Applera's Celera Genomics Group.

Contacts**Media**

Ana Kapor

650.638.6227

kapora1@appliedbiosystems.com**Investors**

Peter Fromen

650.638.5828

fromenpj@appliedbiosystems.com**FOR IMMEDIATE RELEASE****APPLIED BIOSYSTEMS REPORTS FOURTH QUARTER
AND FISCAL 2006 RESULTS****Q4 net revenues increased 9% to \$523.1 million****Q4 fully diluted GAAP EPS of \$0.41, including gain on sale of property****Q4 non-GAAP EPS was \$0.35, excluding specified items**

FOSTER CITY, CA, July 27, 2006– Applied Biosystems Group (NYSE: ABI), an Applera Corporation business, today reported net revenues of \$523.1 million for the fourth quarter of fiscal 2006, a 9% increase over the prior year quarter revenues of \$478.5 million. Revenues for the quarter increased 6% over the prior year period excluding the impact of the March 2006 acquisition of the Research Products Division of Ambion, Inc. The impact of foreign currency on revenues for the quarter was not material. Net income was \$76.7 million, compared to \$71.6 million for the prior year quarter, and was affected by specified items in both periods described below. Earnings per share (EPS) for the quarter were \$0.41, compared to \$0.35 for the prior year quarter. EPS for the quarter on a non-GAAP basis, excluding the specified items described in the reconciliation schedule below, were \$0.35, a 13% increase compared to \$0.31 for the prior year quarter. The net effect of foreign currency increased EPS by approximately \$0.01 compared to the prior year quarter. All per share amounts refer to Applera Corporation-Applied Biosystems Group Common Stock.

“This quarter was a continuation of the encouraging momentum that we have experienced all year,” said Tony L. White, Chief Executive Officer, Applera Corporation. “I congratulate Cathy Burzik and her team for the fine performance they achieved throughout fiscal 2006.”

“Growth across all major geographies has enabled us to achieve an important milestone in generating quarterly revenues over \$500 million for the first time in the Group’s history,” said Catherine M. Burzik, President, Applied Biosystems. “We are pleased to have delivered consistent revenue and earnings growth throughout the year and remain focused on continuing our performance into fiscal 2007.”

During the fourth quarters of both fiscal 2006 and 2005, the Group recorded items that affected the comparability of results. For the fourth quarter of fiscal 2006, these items increased income before taxes by \$14.0 million. These items included a pre-tax gain of \$16.9 million from the sale of a company-owned facility and amortization expense of \$2.9 million related to acquired intangibles. The fourth quarter of fiscal 2006 also included a \$1.4 million favorable tax adjustment to a previously recorded charge in the second quarter of fiscal 2006 related to repatriation of cash balances outside the U.S.

During the fourth quarter of fiscal 2005, the Group recorded pre-tax items that decreased income before taxes by approximately \$20.5 million, including amortization expense of \$0.3 million related to acquired intangibles. Also recorded during the fourth quarter of fiscal 2005 were tax benefits of \$23.5 million primarily related to additional U.S. R&D credit carryforwards, expected results of Canadian examinations, and settlement of certain UK tax matters.

The following table summarizes the impact of these items on EPS calculations:

Reconciliation of GAAP amounts to Non-GAAP amounts

(Dollar amounts in millions)

	Three months ended June 30, 2006			Three months ended June 30, 2005		
	GAAP amounts	Adj.	Non-GAAP amounts	GAAP amounts	Adj.	Non-GAAP amounts
Operating income	\$102.1	\$14.0	\$88.1	\$60.5	\$(20.5)	\$81.0
Income before income taxes	106.8	14.0	92.8	65.4	(20.5)	85.9
Provision (benefit) for income taxes	30.1	3.2	26.9	(6.2)	(30.2)	24.0
Net income	76.7	10.8	65.9	71.6	9.7	61.9
Earnings per share allocations⁽¹⁾	1.3	1.3		(1.1)	(1.1)	
Adjusted net income for earnings per share	\$78.0	\$12.1	\$65.9	\$70.5	\$8.6	\$61.9
Total diluted earnings per share	\$0.41	\$0.06	\$0.35	\$0.35	\$0.04	\$0.31

⁽¹⁾ Represents allocation of interperiod taxes and intercompany sales of assets to adjust net income for purposes of calculating earnings per share.

Quarterly Financial Highlights

Revenues by source and the change relative to the prior year quarter were: \$234.8 million for Instruments, a 5% increase; \$199.6 million for Consumables, an 11% increase; and \$88.7 million for Other Sources, including service and support, royalties, licenses, and consulting, a 19% increase. Quarterly revenues include \$14.9 million of Ambion-related revenues.

Revenues for major geographic regions and their change relative to the prior year quarter were: \$230.7 million in the United States, a 15% increase; \$184.8 million in Europe, an 8% increase including unfavorable foreign currency effects of approximately 1%; \$50.3 million in Japan, a 1% increase including unfavorable currency effects of less than 1%; and \$37.4 million in Other Asia Pacific countries, a 4% increase including unfavorable foreign currency effects of approximately 1%.

Gross margin in the fourth quarter of fiscal 2006 was 54.3% versus 53.1% in the prior year quarter. The increase in gross margin was primarily attributable to expanded PCR licensing initiatives.

Selling, general, and administrative (SG&A) expenditures in the fourth quarter of fiscal 2006 were \$149.9 million, representing 28.7% of revenues, compared to \$124.8 million, representing 26.1% of revenues, in the prior year quarter. The increase in SG&A was driven primarily by Ambion-related expenses, employee-related costs, and strategic investments in China.

Research, development, and engineering (R&D) expenditures in the fourth quarter of fiscal 2006 were \$46.3 million, representing 8.9% of revenues, compared to \$48.2 million, representing 10.1% of revenues, in the prior year quarter. The decrease in R&D expenditures was due primarily to cost savings realized from the transfer of the MALDI TOF product line into the Applied Biosystems/MDS Sciex Instruments joint venture with MDS Inc. in fiscal 2005.

The Group repurchased 5 million shares of Applied Biosystems group common stock during the quarter at a cost of \$144.8 million. This represents the completion of the supplemental repurchase authorization announced in January 2006.

Cash flow from operations was \$111.5 million and capital expenditures were \$12.2 million for the quarter. Depreciation and amortization were \$20.5 million. As of the end of the quarter, cash and short term investments were \$373.9 million, up from \$358.4 million as of March 31, 2006. This increase was largely a result of cash flow from operations. Accounts receivable were \$373.6 million, representing 54 days sales outstanding, and inventory was \$129.4 million, representing 2.4 months of inventory on hand.

Recent Business Highlights

In July, the Group announced that the Technical Board of Appeal of the European Patent Office (EPO) has reinstated Applied Biosystems' European Patent No. 872562 covering real-time PCR thermal cycler technology, overturning a December 2004 decision by the EPO's Opposition Division to revoke the patent for alleged lack of novelty. The case will be returned to the Opposition Division for review of other issues.

In July, the Group announced that it completed the acquisition of Agencourt Personal Genomics, Inc., a privately-held developer of extremely high throughput massively parallel next generation sequencing technology that we believe will be applicable to numerous genetic analysis applications, including de novo genome sequencing, gene expression, and genotyping.

Fiscal 2006 Highlights

For fiscal 2006, the Group reported net revenues of \$1.91 billion, a 7% increase over fiscal 2005 revenues of \$1.79 billion. Revenues for the year include the favorable impact of 1% related to the acquisition of the Research Products Division of Ambion. The net effect of foreign currency decreased net revenues in fiscal 2006 by approximately 1%, compared to the prior year. Net income in fiscal 2006 was \$275.1 million, as compared to \$236.9 million for the prior year. EPS for fiscal 2006 were \$1.43, a 20% increase compared to \$1.19 for the prior year. EPS on a non-GAAP basis, excluding the specified items described in the reconciliation schedule below, were \$1.24, a 17% increase compared to \$1.06 for the prior year. The net effect of foreign currency reduced EPS by approximately \$0.02 compared to the prior year. Cash flow from operations for fiscal 2006 was \$375.3 million compared to \$334.3 million for fiscal 2005.

Revenues by source and the change relative to the prior year were: \$836.3 million for Instruments, a 4% increase; \$734.6 million for Consumables, an 8% increase; and \$340.3 million for Other Sources, including service and support, royalties, licenses, and consulting, a 13% increase. Fiscal year revenues include \$20.4 million of Ambion-related revenues.

During both fiscal 2006 and 2005, the Group recorded items that affected the comparability of results. For fiscal 2006, these items decreased income before taxes by \$19.1 million. These items included: net charges of \$27.5 million related to resolutions of legal disputes; a charge of \$3.4 million to write off the value of acquired in-process research and development in connection with the Ambion acquisition; a gain of \$16.9 million related to the sale of a company-owned facility; and amortization expense of \$4.8 million related to acquired intangibles. Fiscal 2006 also included: tax benefits of \$63.3 million related to a completed IRS exam, a state valuation allowance reversal, and research and development credits; tax benefits of \$13.5 million related to the settlement of certain transfer pricing matters in Japan; and tax charges of \$26.6 million related to the repatriation of cash balances held outside the U.S.

During fiscal 2005, the Group recorded pre-tax items that increased income before taxes by approximately \$5.1 million, including amortization expense of \$1.3 million related to acquired intangibles. In addition, fiscal 2005 results included \$23.5 million for the above mentioned tax benefits.

The following table summarizes the impact of these items on EPS calculations:

Reconciliation of GAAP amounts to Non-GAAP amounts

(Dollar amounts in millions)

	Twelve months ended June 30, 2006			Twelve months ended June 30, 2005		
	GAAP amounts	Adj.	Non-GAAP amounts	GAAP amounts	Adj.	Non-GAAP amounts
Operating income	\$297.0	\$(19.1)	\$316.1	\$280.1	\$5.1	\$275.0
Income before income taxes	317.2	(19.1)	336.3	297.2	5.1	292.1
Provision for income taxes	42.1	(55.4)	97.5	60.3	(21.5)	81.8
Net income	275.1	36.3	238.8	236.9	26.6	210.3
Earnings per share allocations⁽¹⁾	0.1	0.1				
Adjusted net income for earnings per share	\$275.2	\$36.4	\$238.8	\$236.9	\$26.6	\$210.3
Total diluted earnings per share	\$1.43	\$0.19	\$1.24	\$1.19	\$0.13	\$1.06

⁽¹⁾ Represents allocation of intercompany sales of assets to adjust net income for purposes of calculating earnings per share.

Applied Biosystems Outlook

The Group believes that its fiscal year 2007 outlook and financial performance will be affected by, among other things: the introduction and adoption of new products; the level of commercial investments in life science R&D; the level of government funding for life science research; the outcome of pending litigation matters; competitive product introductions and pricing; and the continued integration of Ambion-related products.

Subject to the inherent uncertainty associated with these factors, Applied Biosystems has the following expectations for fiscal year 2007.

Fiscal 2007 Revenue Growth Rate: The Group expects mid to high single digit revenue growth for fiscal 2007. This outlook includes the full fiscal year impact from the March 2006 acquisition of Ambion and the impact of currency. Revenues are expected to increase for both instruments and consumables. The Group anticipates revenue growth in the Real-Time PCR/Applied Genomics and Mass Spectrometry product categories and revenue declines in the Core PCR and DNA Synthesis and Other Product Lines categories. Revenues in the DNA Sequencing product category are expected to approximately equal those in fiscal 2006. Quarterly year-over-year revenue changes may be different from our annual expectations due to a variety of factors, including the timing of customer orders and disbursements of government funding.

Fiscal 2007 Margins and Expenses: The Group anticipates gross margin to equal or slightly exceed the fiscal 2006 gross margin of 54.7%. Operating expenses as a percentage of total revenues in fiscal 2007 are expected to be approximately equal to those in the prior year. SG&A as a percentage of total revenues is expected to be approximately equal to or less than the prior year level of 28.7%. R&D as a percentage of total revenues, and including the impact of Agencourt, is expected to be equal to or slightly above the prior year level of 9.4%. The Group expects operating margin in fiscal 2007 to increase modestly from the fiscal 2006 level of 16.5%, excluding special items in both fiscal years as described in the Use of Non-GAAP Financial Information section below.

Fiscal 2007 Effective Tax Rate: The Group expects the effective tax rate to be approximately 31%, compared to 29% in fiscal 2006. Factors contributing to the anticipated increase in the effective tax rate include the phase out of export benefits, lower R&D credits, and lower overseas dividends, excluding special items in both fiscal years as described in the Use of Non-GAAP Financial Information section below.

Fiscal 2007 non-GAAP Earnings Per Share Growth: The Group expects earnings per share to increase at a rate slightly below the annual revenue growth rate. This outlook excludes the special fiscal 2006 items mentioned above, the adjustment for the amortization of acquired intangibles, and the other items described in the Use of Non-GAAP Financial Information section below. Excluding the impact of the Agencourt acquisition, the incremental impact of stock based compensation, and the increase in the effective tax rate, the Group believes that earnings per share would increase at a low double digit rate over the fiscal 2006 level. The total impact of these three items on fiscal 2007 EPS is expected to be approximately \$0.12.

Fiscal 2007 Capital Spending: Capital spending is expected to be in the range of \$65-75 million.

The Group anticipates that year over year revenue growth rates will be higher in the first three quarters of the fiscal year than in the fourth quarter primarily due to the acquisition of Ambion in March 2006. Additionally, due to the Ambion and Agencourt acquisitions, the Group anticipates higher incremental operating expenses as a percentage of total first quarter fiscal 2007 revenues compared to the prior year period. As a result, the Group expects a mid single digit year over year growth rate in non-GAAP EPS for the first quarter of fiscal 2007, excluding the fiscal 2006 special items mentioned above, the adjustment for the amortization of acquired intangibles, and the other items described in the Use of Non-GAAP Financial Information section below. The Group also expects that the third quarter year over year non-GAAP EPS growth rate will be negatively impacted due to income from licensing fees and royalties associated with a litigation settlement in the third quarter of fiscal 2006.

The Group anticipates special adjustments in fiscal 2007 related to the amortization of acquired intangibles and also anticipates potential in process R&D charges from the Agencourt acquisition that have not yet been quantified.

The total pre-tax impact of FAS 123R (accounting for stock based compensation) in fiscal 2007 is expected to be approximately \$14 million, with an EPS impact of approximately \$0.05.

Other risks and uncertainties that may affect Applied Biosystems' financial performance are detailed in the "Forward-Looking Statements" section of this release.

The comments in the Outlook section of this press release reflect management's current outlook. Applera does not have any current intention to update this outlook and plans to revisit the outlook for its businesses only once each quarter when financial results are announced.

Use of Non-GAAP Financial Information

This press release contains non-GAAP financial information, both historical and forward-looking, and including earnings per share and operating margin adjusted to exclude certain costs, expenses, gains and losses and other specified items. These measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from non-GAAP measures used by other companies. Among the items included in GAAP earnings but excluded for purposes of determining adjusted earnings or other non-GAAP measures that we present are: gains or losses from sales of operating assets and investments; restructuring charges, including severance charges; charges and recoveries relating to significant legal proceedings; asset impairment charges; and amortization of acquired intangibles. In addition, for non-GAAP measures, we have also excluded the allocation of interperiod taxes and intercompany sales. We believe the presentation of non-GAAP information provides useful information to management and investors regarding various financial and business trends relating to our financial condition and results of operations, and that when GAAP information is viewed in conjunction with non-GAAP information, investors are provided with a more meaningful understanding of our ongoing operating performance. In addition, this information is among the primary indicators we use as a basis for evaluating performance, allocating resources, setting incentive compensation targets, and planning and forecasting future periods. This information is not intended to be considered in isolation or as a substitute for GAAP financial information. To the extent this release contains historical non-GAAP financial information, we have also provided corresponding GAAP financial information for comparative purposes. However, in the case of forward-looking non-GAAP financial information, we have not provided any corresponding GAAP information because this information is not accessible to us. We cannot predict the occurrence, timing, or amount of all special items that we exclude from our non-GAAP measures but which could potentially be significant to the calculation of our GAAP information for future fiscal periods.

Conference Call & Webcast

A conference call with Applera Corporation executives will be held today at 11:00 a.m. (ET) to discuss these results and other matters related to the businesses. The call will be formatted to focus on each Applera business separately, approximately at the times indicated below, although the exact timing may be different as the call will proceed without pause between segments:

Applied Biosystems Group 11:00 a.m. (ET)

Celera Genomics Group 11:45 a.m.

During each segment, the management team will make prepared remarks and answer questions from securities analysts and investment professionals. Investors, securities analysts, representatives of the media and other interested parties who would like to participate should dial 706.634.4992 (code "Applera") at any time from 10:45 a.m. until the end of the call. This conference call will also be webcast. Interested parties who wish to listen to the webcast should visit the "Investors & Media" section of either www.applera.com or www.celera.com, or the "Investors" section of www.appliedbiosystems.com. A digital recording will be available approximately two hours after the completion of the conference call on July 27 until August 13, 2006. Interested parties should call 706.645.9291 and enter conference ID 2959424.

Applera also encourages stockholders to submit questions for management consideration by e-mail in advance of today's conference call. Such questions, which should be brief and reasonably related to the releases, may be submitted to inna.kats@applera.com. While management cannot commit to answer all such submissions, it will endeavor to do so during the available time of the conference call.

About Applera Corporation and Applied Biosystems

Applera Corporation consists of two operating groups. The Applied Biosystems Group serves the life science industry and research community by developing and marketing instrument-based systems, consumables, software, and services. Customers use these tools to analyze nucleic acids (DNA and RNA), small molecules, and proteins to make scientific discoveries and develop new pharmaceuticals. Applied Biosystems' products also serve the needs of some markets outside of life science research, which we refer to as "applied markets," such as the fields of: human identity testing (forensic and paternity testing); biosecurity, which refers to products needed in response to the threat of biological terrorism and other malicious, accidental, and natural biological dangers; and quality and safety testing, for example in food and the environment. Applied Biosystems is headquartered in Foster City, CA, and reported sales of over \$1.9 billion during fiscal 2006. The Celera Genomics Group is primarily a molecular diagnostics business that is using proprietary genomics and proteomics discovery platforms to identify and validate novel diagnostic markers, and is developing diagnostic products based on these markers as well as other known markers. Celera Genomics maintains a strategic alliance with Abbott Laboratories for the development and commercialization of molecular, or nucleic acid-based, diagnostic products, and it is also developing new diagnostic products outside of this alliance. Through its genomics and proteomics research efforts, Celera Genomics is also discovering and validating therapeutic targets, and it is seeking strategic partnerships to develop therapeutic products based on these discovered targets. Information about Applera Corporation, including reports and other information filed by the company with the Securities and Exchange Commission, is available at <http://www.applera.com>, or by telephoning 800.762.6923. Information about Applied Biosystems is available at <http://www.appliedbiosystems.com>.

Forward-Looking Statements

Certain statements in this press release, including the Outlook section, are forward-looking. These may be identified by the use of forward-looking words or phrases such as “believe,” “expect,” “should,” “anticipate,” and “planned,” among others. These forward-looking statements are based on Applera Corporation’s current expectations. The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for such forward-looking statements. In order to comply with the terms of the safe harbor, Applera Corporation notes that a variety of factors could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in such forward-looking statements. The risks and uncertainties that may affect the operations, performance, development, and results of Applied Biosystems businesses, including its new activities in the clinical diagnostics instrumentation market, include but are not limited to: (1) rapidly changing technology could adversely affect demand for Applied Biosystems’ products, and its business is dependent on development and customer acceptance of new products; (2) Applied Biosystems’ sales are dependent on customers’ capital spending policies and government-sponsored research; (3) Applied Biosystems has significant overseas operations, and fluctuations in the value of foreign currencies could affect Applied Biosystems’ financial and operating results; (4) Applied Biosystems’ growth depends in part on its ability to acquire complementary technologies through acquisitions, investments, or other strategic relationships or alliances, which may not be successful, may absorb significant resources, may cause dilution, and may result in impairment or other charges; (5) Applied Biosystems may be subject to liabilities related to its use, manufacture, sale, and distribution of hazardous materials; (6) some of Applied Biosystems’ principal facilities are subject to the risk of earthquakes, which could interrupt operations; (7) Applied Biosystems’ products are based on complex, rapidly developing technologies, which has resulted in some ongoing legal actions against Applied Biosystems and which creates a constant risk of lawsuits, arbitrations, investigations, and other legal actions with private parties and governmental entities, particularly involving claims for infringement of patents and other intellectual property rights; (8) Applied Biosystems may need to license intellectual property from third parties to avoid or settle legal actions brought against Applied Biosystems; (9) Applied Biosystems is dependent on the operation of computer hardware, software, and Internet applications and related technology for its businesses, particularly those focused on the development and marketing of information-based products and services; (10) new clinical diagnostic instruments to be developed by Applied Biosystems may not receive required regulatory clearances and/or may be accepted and adopted by the market; (11) Applied Biosystems relies on a single supplier or a limited number of suppliers for some key products and key components of some of its products; and (12) other factors that might be described from time to time in Applera Corporation’s filings with the Securities and Exchange Commission. All information in this press release is as of the date of the release, and Applera does not undertake any duty to update this information, including any forward-looking statements, unless required by law.

Copyright 2006. Applera Corporation. All Rights Reserved. AB (Design), Applied Biosystems and Celera are registered trademarks, and Applera, and Celera Genomics are trademarks of Applera Corporation or its subsidiaries in the U. S. and/or certain other countries.

APPLERA CORPORATION
APPLIED BIOSYSTEMS GROUP
CONDENSED COMBINED STATEMENTS OF OPERATIONS

(Dollar amounts in millions except per share amounts)

(Unaudited)

	Three months ended		Twelve months ended	
	June 30,		June 30,	
	2006	2005 ⁽¹⁾	2006	2005 ⁽¹⁾
Net revenues	\$523.1	\$478.5	\$1,911.2	\$1,787.1
Cost of sales	238.8	224.5	866.4	834.4
Gross margin	284.3	254.0	1,044.8	952.7
Selling, general and administrative	149.9	124.8	548.4	485.6
Research, development and engineering	46.3	48.2	180.3	192.1
Amortization of purchased intangible assets	2.9	0.3	4.8	1.3
Employee-related charges, asset impairments and other		20.2	0.4	31.8
Asset dispositions and legal settlements	(16.9)	10.5	(38.2
Acquired research and development			3.4)
Operating income	102.1	60.5	297.0	280.1
Interest income, net	2.9	4.5	14.7	13.9
Other income (expense), net	1.8	0.4	5.5	3.2
Income before income taxes	106.8	65.4	317.2	297.2
Provision (benefit) for income taxes	30.1	(6.2	42.1	60.3
Net income	\$76.7	\$71.6	\$275.1	\$236.9
<u>Earnings per share analysis</u>				
Net income	\$76.7	\$71.6	\$275.1	\$236.9
Allocated intercompany sales of assets			0.1	
Allocated interperiod taxes ²	1.3	(1.1)	
Total net income allocated	78.0	70.5	275.2	236.9
Less dividends declared on common stock	7.7	8.4	31.7	33.4
Undistributed earnings	\$70.3	\$62.1	\$243.5	\$203.5
Allocation of basic earnings per share				
Basic distributed earnings per share	\$0.04	\$0.04	\$0.17	\$0.17
Basic undistributed earnings per share	0.39	0.32	1.30	1.04
Total basic earnings per share	\$0.43	\$0.36	\$1.47	\$1.21
Allocation of diluted earnings per share				
Diluted distributed earnings per share	\$0.04	\$0.04	\$0.17	\$0.17

Diluted undistributed earnings per share	0.37	0.31	1.26	1.02
Total diluted earnings per share	\$0.41	\$0.35	\$1.43	\$1.19
Weighted average number of common shares				
Basic	182,858,000	197,585,000	186,955,000	196,358,000
Diluted	188,726,000	200,310,000	191,914,000	199,017,000

(1) Certain prior period amounts have been reclassified for comparative purposes.

(2) Represents allocation of interperiod taxes to adjust net income for purposes of calculating earnings per share.

APPLERA CORPORATION
APPLIED BIOSYSTEMS GROUP

Revenues By Product Categories

(Dollar amounts in millions)

(Unaudited)

	Three months ended				
	June 30,				
	2006	2005	Change		
DNA Sequencing	\$137.8	\$143.5	-4	%	
<i>% of total revenues</i>	26	% 30	%		
Real-Time PCR/Applied Genomics*	169.7	138.5	23	%	
<i>% of total revenues</i>	32	% 29	%		
Mass Spectrometry	134.7	118.9	13	%	
<i>% of total revenues</i>	26	% 25	%		
Core PCR & DNA Synthesis	51.7	46.3	12	%	
<i>% of total revenues</i>	10	% 10	%		
Other Product Lines	29.2	31.3	-7	%	
<i>% of total revenues</i>	6	% 6	%		
Total	\$523.1	\$478.5	9	%	

	Twelve months ended				
	June 30,				
	2006	2005	Change		
DNA Sequencing	\$539.9	\$544.2	-1	%	
<i>% of total revenues</i>	29	% 30	%		
Real-Time PCR/Applied Genomics*	600.4	514.5	17	%	
<i>% of total revenues</i>	31	% 29	%		
Mass Spectrometry	465.3	426.5	9	%	
<i>% of total revenues</i>	24	% 24	%		
Core PCR & DNA Synthesis	198.4	191.2	4	%	
<i>% of total revenues</i>	10	% 11	%		
Other Product Lines	107.2	110.7	-3	%	
<i>% of total revenues</i>	6	% 6	%		
Total	\$1,911.2	\$1,787.1	7	%	

*Fiscal 2006 amounts include revenue related to the acquisition of the Research Division Products of Ambion, Inc.

Certain prior year amounts have been reclassified for comparative purposes.

APPLERA CORPORATION
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the Three Months Ended June 30, 2006

(Dollar amounts in millions except per share amounts)

(Unaudited)

	Applied Biosystems Group	Celera Genomics Group	Eliminations	Consolidated
Net revenues	\$523.1	\$17.8	\$(1.2)	\$539.7
Cost of sales	238.8	5.2	(0.5)	243.5
Gross margin	284.3	12.6	(0.7)	296.2
Selling, general and administrative	149.9	9.1	0.1	159.1
Research, development and engineering	46.3	15.7	(0.8)	61.2
Amortization of purchased intangible assets	2.9			2.9
Employee-related charges, asset impairments and other		5.3		5.3
Asset dispositions and legal settlements	(16.9)			(16.9)
Operating income (loss)	102.1	(17.5)		84.6
Interest income, net	2.9	6.0		8.9
Other income (expense), net	1.8			1.8
Income (loss) before income taxes	106.8	(11.5)		95.3
Provision (benefit) for income taxes	30.1	(6.2)	(1.3)	22.6
Net income (loss)	\$76.7	\$(5.3)	\$1.3	\$72.7
Net income (loss) per share				
Basic	\$0.43	\$(0.07)		
Diluted	\$0.41	\$(0.07)		

APPLERA CORPORATION
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

For the Three Months Ended June 30, 2005

(Dollar amounts in millions except per share amounts)

(Unaudited)

	Applied Biosystems Group	Celera Genomics Group	Eliminations	Consolidated
Net revenues	\$478.5	\$14.4	\$(1.9)	\$491.0
Cost of sales	224.5	3.7	(1.2)	227.0
Gross margin	254.0	10.7	(0.7)	264.0
Selling, general and administrative	124.8	10.4		135.2
Research, development and engineering	48.2	35.1	(0.8)	82.5
Amortization of purchased intangible assets	0.3	0.7		1.0
Employee-related charges, asset impairments and other	20.2	(0.2)		20.0
Operating income (loss)	60.5	(35.3)	0.1	25.3
Interest income, net	4.5	4.8		9.3
Other income (expense), net	0.4	0.1		0.5
Income (loss) before income taxes	65.4	(30.4)	0.1	35.1
Benefit for income taxes	(6.2)	(14.0)	1.1	(19.1)
Net income (loss)	\$71.6	\$(16.4)	\$(1.0)	\$54.2
Net income (loss) per share				
Basic	\$0.36	\$(0.22)		
Diluted	\$0.35	\$(0.22)		

Certain fiscal 2005 amounts have been reclassified for comparative purposes.

APPLERA CORPORATION
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the Twelve Months Ended June 30, 2006

(Dollar amounts in millions except per share amounts)

(Unaudited)

	Applied Biosystems Group	Celera Genomics Group	Eliminations	Consolidated
Net revenues	\$1,911.2	\$46.2	\$(8.0)	\$1,949.4
Cost of sales	866.4	19.7	(4.9)	881.2
Gross margin	1,044.8	26.5	(3.1)	1,068.2
Selling, general and administrative	548.4	36.1		584.5
Research, development and engineering	180.3	94.3	(3.2)	271.4
Amortization of purchased intangible assets	4.8	1.1		5.9
Employee-related charges, asset impairments and other	0.4	26.2		26.6
Asset dispositions and legal settlements	10.5	0.7		11.2
Acquired research and development	3.4			3.4
Operating income (loss)	297.0	(131.9)	0.1	165.2
Gain on investments, net		7.6		7.6
Interest income, net	14.7	22.4		37.1
Other income (expense), net	5.5	(0.2)		5.3
Income (loss) before income taxes	317.2	(102.1)	0.1	215.2
Provision (benefit) for income taxes	42.1	(39.4)		2.7
Net income (loss)	\$275.1	\$(62.7)	\$0.1	\$212.5
Net income (loss) per share				
Basic	\$1.47	\$(0.83)		
Diluted	\$1.43	\$(0.83)		

APPLERA CORPORATION
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the Twelve Months Ended June 30, 2005

(Dollar amounts in millions except per share amounts)

(Unaudited)

	Applied Biosystems Group	Celera Genomics Group	Eliminations	Consolidated
Net revenues	\$1,787.1	\$66.5	\$(8.5)	\$1,845.1
Cost of sales	834.4	19.9	(5.7)	848.6
Gross margin	952.7	46.6	(2.8)	996.5
Selling, general and administrative	485.6	39.8		525.4
Research, development and engineering	192.1	141.4	(2.9)	330.6
Amortization of purchased intangible assets	1.3	2.9		4.2
Employee-related charges, asset impairments and other	31.8	2.6		34.4
Asset dispositions and legal settlements	(38.2)			(38.2)
Operating income (loss)	280.1	(140.1)	0.1	140.1
Interest income, net	13.9	14.9		28.8
Other income (expense), net	3.2	1.3		4.5
Income (loss) before income taxes	297.2	(123.9)	0.1	173.4
Provision (benefit) for income taxes	60.3	(46.8)	0.1	13.6
Net income (loss)	\$236.9	\$(77.1)	\$-	\$159.8
Net income (loss) per share				
Basic	\$1.21	\$(1.05)		
Diluted	\$1.19	\$(1.05)		

Certain fiscal 2005 amounts have been reclassified for comparative purposes.

Contact

David Speechly, Ph.D.

510.749.1853

david.speechly@celera.com**CELERA GENOMICS REPORTS FOURTH QUARTER AND FISCAL 2006 RESULTS**

ROCKVILLE, MD - July 27, 2006 - Celera Genomics Group (NYSE:CRA), an Applera Corporation business, today reported a net loss of \$5.3 million, or \$0.07 per share, for the fourth quarter of fiscal 2006 ended June 30, 2006, compared to a net loss of \$16.4 million, or \$0.22 per share, for the fourth quarter of fiscal 2005. The fourth quarter 2006 results included a \$5.3 million pre-tax charge for restructuring costs associated with the previously announced decision to partner or sell the small molecule drug discovery and development programs and the integration of Celera Diagnostics into Celera Genomics. The fourth quarter 2006 results also included a pre-tax gain of \$8.6 million from the sale of certain small molecule drug discovery and development programs. Results for the fourth quarter of fiscal 2005 included a pre-tax favorable adjustment of \$3.6 million associated with the sale of Celera's Rockville, MD facility, a tax benefit of \$2.2 million related to additional U.S. R&D credits, and a \$3.4 million pre-tax charge for severance and asset impairments related to the discontinuation of the Online/Information Business. All per share amounts refer to Applera Corporation-Celera Genomics Group Common Stock.

"With the completion of the partnering efforts and the planned exit from small molecule development, Celera's transformation allows us to focus on the growing field of molecular diagnostics while providing a more rapid path toward profitability," said Tony L. White, Chairman, President and Chief Executive Officer of Applera Corporation.

"We're pleased with the substantial progress we've made this last quarter, including achievements in our alliance with Abbott. We're particularly pleased with the adoption of the *m2000*[™] system in the European markets," said Kathy Ordoñez, President of Celera Genomics. "We advanced discoveries through our proteomics work and entered into a collaboration with Medarex, and our genetic discoveries continue to move through clinical utility studies and towards commercialization, as demonstrated by the licensing agreement with Specialty Laboratories."

For fiscal year 2006, Celera Genomics reported a net loss of \$62.7 million, or \$0.83 per share, compared to a net loss of \$77.1 million, or \$1.05 per share, for fiscal 2005. Fiscal 2006 results included \$26.2 million of pre-tax charges for restructuring costs associated with the previously announced decision to partner or sell the small molecule drug discovery and development programs and the integration of Celera Diagnostics into Celera Genomics. Fiscal 2006 results also included a pre-tax gain of \$8.6 million from the sale of certain small molecule drug discovery and development programs, as well as \$7.6 million of pre-tax gains from the sale of investments. Fiscal 2005 results included the favorable adjustment associated with the sale of the Rockville, MD facility, the tax benefit related to additional U.S. R&D credits, and the pre-tax charge related to the discontinuation of the Online/Information Business mentioned above. In addition, results for fiscal 2005 included a \$4.5 million pre-tax charge related to the discontinuation of most of the operations of Paracel.

Financial Highlights

Reported revenues for the fourth quarter of fiscal 2006 were \$17.8 million, compared to \$14.4 million for the fourth quarter of fiscal 2005. Fourth quarter 2006 reported revenues were primarily comprised of diagnostic-related revenues (previously reported as Celera Diagnostics' revenues in the prior year period) and revenues from the sale of certain small molecule drug discovery and development programs. Excluding the pre-tax gain of \$8.6 million from the sale of the small molecule programs, reported revenues declined over the prior year quarter due to the discontinuation of both the Online/Information and Paracel businesses in fiscal 2005. Additionally, there was a modest decline in licensing and collaborative revenues, which was partially offset by increased equalization revenue.

Reported revenues for the Group are comprised of product sales, equalization payments, license and collaborative revenue, and the sale of the small molecule programs. Product sales consist primarily of shipments to our partner, Abbott, at cost. In the future, product sales that are outside the alliance with Abbott also will be reported in this category. Equalization payments result from an equal sharing of alliance profits and losses between the alliance partners and vary each period depending on the relative income and expense contribution of each partner.

R&D expenses for the fourth quarter of fiscal 2006 were \$15.7 million, compared to \$35.1 million in the prior year quarter. SG&A expenses for the fourth quarter of fiscal 2006 decreased to \$9.1 million, from \$10.4 million in the prior year quarter. These expense reductions were primarily due to the decision to exit small molecule drug discovery and development and the discontinuation of the Online/Information Business.

At June 30, 2006, the Group's cash and short-term investments were approximately \$570 million, compared to approximately \$580 million at March 31, 2006.

Supplemental Financial Information

The following supplemental financial information is provided as a means of increasing the visibility for Celera's performance in terms of its strategic alliance with Abbott:

(Dollar amounts in millions)

	Three months ended June 30,		Twelve months ended June 30,	
	2006	2005	2006	2005
Total Alliance end-user revenues	\$22.5	\$18.2	\$79.5	\$61.7
Celera's 50% pre-tax loss from Alliance activities	\$(5.8)	\$(7.7)	\$(24.1)	\$(35.9)

For the fourth quarter of fiscal 2006, end-user revenues increased 24 percent over the prior year quarter for products sold through the alliance with Abbott. Increased sales of HCV and HIV RealTime™ viral load assays used on the m2000 system, sales of high resolution human leukocyte antigen (HLA) products and sales of the ViroSeq™ HIV-1 Genotyping System all contributed to the increase. These sales increases were partially offset by the discontinuation of the low resolution HLA product line that was removed from the alliance in December 2005.

For fiscal year 2006, end-user revenues for all products sold through the alliance with Abbott increased 29 percent over fiscal 2005, primarily due to increased sales of HCV and HIV RealTime viral load assays used on the *m2000* system and third party high resolution HLA products. These end-user revenues were partially offset by lower sales of the low resolution HLA product line that was removed from the alliance in December 2005.

For the fourth quarter and fiscal year 2006, Celera's 50 percent portion of the pre-tax loss from the alliance decreased compared to the corresponding periods in the prior year. This was primarily a result of decreased R&D spending in both the recent quarter and recent fiscal year. Gross margin in the recent quarter and recent fiscal year declined as a percentage of end-user revenues compared to the corresponding period in the prior year, primarily due to activities associated with the launch of the *m2000* system in fiscal 2006.

Business and Scientific Highlights

In July, Celera submitted a 510(k) Pre-Market Notification application to the U.S. Food and Drug Administration seeking market clearance for its Cystic Fibrosis Genotyping Assay, a qualitative assay for genotyping mutations associated with cystic fibrosis. This assay provides information used for cystic fibrosis carrier screening in adults of reproductive age, as an aid in newborn screening for cystic fibrosis and in confirmatory testing of individuals with suspected cystic fibrosis. Celera already markets a CE marked cystic fibrosis *in-vitro* diagnostic test in Europe.

In July, Celera received approval to CE mark its RealTime HCV Genotyping Assay, which allows it to be sold in Europe as a diagnostic test. This is the first real-time test for genotyping the HCV virus to obtain regulatory approval for commercial sale as an *in-vitro* diagnostic test in Europe, and was developed, and will be commercialized, through the alliance with Abbott.

In July, Celera published data from its research studies showing that variants in the death-associated protein kinase 1 (*DAPK1*) gene on human chromosome 9 correlate strongly with risk for late-onset Alzheimer's disease. These research findings were presented at the International Conference on Alzheimer's Disease 2006 in Madrid, Spain, and will appear in the August 2006 edition of *Human Molecular Genetics*.

In June, Celera and Medarex, Inc. formed a strategic collaboration to discover and develop fully human antibodies for the potential treatment of multiple cancer indications. The collaboration encompasses the development of therapeutic antibodies against proteins identified by Celera's proteomic research discovery efforts.

In June, Celera and Specialty Laboratories signed an agreement granting Specialty a non-exclusive license to Celera's risk markers for cirrhosis. The license agreement allows Specialty to select from among Celera's genetic findings to develop and commercialize a genetic test that predicts risk of progression to liver cirrhosis in individuals infected with HCV.

In June, Celera announced that Schering AG acquired its cathepsin S inhibitor small molecule drug program for the treatment of autoimmune diseases. The financial terms of the transaction included an upfront cash payment and potential development and commercial milestone payments. Celera will be entitled to royalty payments up to the low double digit percentages based on annual sales of any drugs commercialized from the program.

Celera Genomics Outlook

Celera Genomics anticipates that its fiscal 2007 financial performance will be affected by continued growth in demand for current and new diagnostic products and potential revenue from technology licenses and collaborations. Subject to the inherent uncertainty associated with these factors, Celera Genomics has the following expectations regarding its financial performance for fiscal 2007:

Total reported revenues are anticipated to be \$40 - \$45 million, including revenues from licensing and collaborations, which are anticipated to be \$8 - \$12 million.

Reported R&D expenses are anticipated to be \$55 - \$65 million, and SG&A expenses are anticipated to be \$30 - \$35 million.

Net loss from operations is anticipated to be \$28 - \$35 million.

Celera Genomics expects to consume approximately \$45 - \$55 million in cash and short-term investments to fund operations, anticipated growth in placements of the *m2000* system, and cash costs related to the fiscal 2006 restructuring. This does not include any proceeds that might be received from the sale of Celera's small molecule facilities in South San Francisco, CA.

Total end-user revenues recognized through Celera's alliance with Abbott and total revenue from unpartnered new genetic tests are anticipated to be \$105 - \$115 million.

Other risks and uncertainties that may affect Celera Genomics' financial performance are detailed in the Forward-Looking Statements section of this release.

The comments in the Outlook section of this press release reflect management's current outlook. The Company does not have any current intention to update this Outlook and plans to revisit the outlook for its businesses only once each quarter when financial results are announced.

Conference Call & Webcast

A conference call with Applera Corporation executives will be held today at 11:00 a.m. (ET) to discuss these results and other matters related to the businesses. The call will be formatted to focus on each Applera business separately, approximately at the times indicated below, although the exact timing may be different as the call will proceed without pause between segments:

Applied Biosystems Group	11:00 a.m. (ET)
Celera Genomics Group	11:45 a.m.

During each segment, the management team will make prepared remarks and answer questions from securities analysts and investment professionals. Investors, securities analysts, representatives of the media and other interested parties who would like to participate should dial 706.634.4992 (code "Applera") at any time from 10:45 a.m. until the end of the call. This conference call will also be webcast. Interested parties who wish to listen to the webcast should visit the "Investors & Media" section of either www.applera.com or www.celera.com, or the "Investors" section of www.appliedbiosystems.com. A digital recording will be available approximately two hours after the completion of the conference call on July 27 until August 13, 2006. Interested parties should call 706.645.9291 and enter conference ID 2959424.

Applera also encourages stockholders to submit questions for management consideration by e-mail in advance of today's conference call. Such questions, which should be brief and reasonably related to the releases, may be submitted to inna.kats@applera.com. While management cannot commit to answer all such submissions, it will endeavor to do so during the available time of the conference call.

About Applera Corporation and Celera Genomics

Applera Corporation consists of two operating groups. Celera Genomics is primarily a molecular diagnostics business that is using proprietary genomics and proteomics discovery platforms to identify and validate novel diagnostic markers, and is developing diagnostic products based on these markers as well as other known markers. Celera Genomics maintains a strategic alliance with Abbott Laboratories for the development and commercialization of molecular, or nucleic acid-based, diagnostic products, and it is also developing new diagnostic products outside of this alliance. Through its genomics and proteomics research efforts, Celera Genomics is also discovering and validating therapeutic targets, and it is seeking strategic partnerships to develop therapeutic products based on these discovered targets. The Applied Biosystems Group serves the life science industry and research community by developing and marketing instrument-based systems, consumables, software, and services. Customers use these tools to analyze nucleic acids (DNA and RNA), small molecules, and proteins to make scientific discoveries and develop new pharmaceuticals. Applied Biosystems' products also serve the needs of some markets outside of life science research, which we refer to as "applied markets," such as the fields of: human identity testing (forensic and paternity testing); biosecurity, which refers to products needed in response to the threat of biological terrorism and other malicious, accidental, and natural biological dangers; and quality and safety testing, for example in food and the environment. Applied Biosystems is headquartered in Foster City, CA, and reported sales of over \$1.9 billion during fiscal 2006. Information about Applera Corporation, including reports and other information filed by the company with the Securities and Exchange Commission, is available at <http://www.applera.com>, or by telephoning 800.762.6923. Information about Celera Genomics is available at <http://www.celera.com>.

Forward-Looking Statements

Certain statements in this press release, including the Outlook section, are forward-looking. These may be identified by the use of forward-looking words or phrases such as “believe,” “expect,” “should,” “anticipate,” and “intend,” among others. These forward-looking statements are based on Applera Corporation’s current expectations. The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for such forward-looking statements. In order to comply with the terms of the safe harbor, Applera Corporation notes that a variety of factors could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in such forward-looking statements. The risks and uncertainties that may affect the operations, performance, development, and results of Celera Genomics’ business include but are not limited to: (1) Celera Genomics is an early-stage company and may not achieve profitability when expected, if at all; (2) Celera Genomics’ business is substantially dependent on maintaining its existing strategic alliance with Abbott and entering into new collaborations, alliances, and similar arrangements with other companies, which may not be successful; (3) Celera Genomics does not have the resources necessary to develop therapeutic products and therefore will not be able to participate in the development or commercialization of therapeutic products other than through collaborations or licensing arrangements with other companies; (4) Celera Genomics is using novel and unproven methods to discover markers for the development of new diagnostic products and targets for the development of new therapeutics, which may not be successful; (5) clinical trials of therapeutic or diagnostic products may not proceed as anticipated, may take several years and be very expensive, and may not be successful; (6) therapeutic or diagnostic products may not receive required regulatory clearances or approvals; (7) the diagnostic and therapeutic industries are very competitive, and new therapeutic or diagnostic products may not be accepted and adopted by the market; (8) demand for diagnostic or therapeutic products may be adversely affected if users of these products cannot receive adequate reimbursement for these products from third party payors such as private insurance companies and government insurance plans; (9) Celera Genomics relies on access to biological materials and related clinical and other information for some of its research and development efforts, and such materials and information may be in limited supply or inaccessible to Celera Genomics; (10) Celera Genomics may be subject to product liability or other claims as a result of the testing or use of therapeutic or diagnostic products, including those commercialized through collaborators or licensees; (11) Celera Genomics relies on scientific and management personnel having the necessary training and technical backgrounds and also on collaborations with scientific and clinical experts at academic and other institutions who may not be available to Celera Genomics or who may compromise the confidentiality of Celera Genomics’ proprietary information; (12) Celera Genomics may be subject to liabilities related to its use, manufacture, sale, and distribution of hazardous materials; (13) Celera Genomics’ ability to protect its intellectual property is uncertain, its ability to protect its trade secrets is limited, Celera Genomics is subject to the risk of infringement claims, and it may need to license intellectual property from third parties to avoid or settle such claims; (14) Celera Genomics is dependent on the operation of computer hardware, software, and Internet applications and related technology; (15) legal, ethical, and social issues related to the use of genetic information could adversely affect demand for Celera Genomics’ diagnostic products; (16) future acquisitions by Celera Genomics may not be successful, may divert management from operations, may cause dilution, and may result in impairment or other charges; (17) the outcome of the existing stockholder litigation is uncertain; (18) Celera Genomics has limited commercial manufacturing experience and capabilities and relies on a single manufacturing facility for manufacturing its diagnostic products; (19) Celera Genomics relies on a single supplier or a limited number of suppliers for key components of certain of its diagnostic products; (20) Celera Genomics’ principal facilities are subject to the risk of earthquakes, which could interrupt operations; and (21) other factors that might be described from time to time in Applera Corporation’s filings with the Securities and Exchange Commission. All information in this press release is as of the date of the release, and Applera does not undertake any duty to update this information, including any forward-looking statements, unless required by law.

###

Copyright 2006. Applera Corporation. All Rights Reserved. AB(Design) and Celera are registered trademarks, and Applied Biosystems, Applera, Celera Diagnostics, Celera Genomics and ViroSeq are trademarks of Applera Corporation or its subsidiaries in the U.S. and/or certain other countries. m2000 is a trademark of Abbott Laboratories or its subsidiaries in the U.S. and/or certain other countries

APPLERA CORPORATION
CELERA GENOMICS GROUP
CONDENSED COMBINED STATEMENTS OF OPERATIONS

(Dollar amounts in millions except per share amounts)

(Unaudited)

	Three months ended		Twelve months ended	
	June 30,		June 30,	
	2006	2005 ⁽¹⁾	2006	2005 ⁽¹⁾
Net revenues	\$ 17.8	\$ 14.4	\$ 46.2	\$ 66.5
Costs and expenses				
Cost of sales	5.2	3.7	19.7	19.9
Research and development	15.7	35.1	94.3	141.4
Selling, general and administrative	9.1	10.4	36.1	39.8
Amortization of purchased intangible assets		0.7	1.1	2.9
Employee-related charges, asset impairments and other	5.3	(0.2)	26.2	2.6
Asset dispositions and legal settlements			0.7	
Operating loss	(17.5)	(35.3)	(131.9)	(140.1)
Gain on investments, net			7.6	
Interest income, net	6.0	4.8	22.4	14.9
Other income (expense), net		0.1	(0.2)	1.3
Loss before income taxes	(11.5)	(30.4)	(102.1)	(123.9)
Benefit for income taxes	6.2	14.0	39.4	46.8
Net loss	<u>\$ (5.3)</u>	<u>\$ (16.4)</u>	<u>\$ (62.7)</u>	<u>\$ (77.1)</u>
Loss per share analysis				
Net loss per share				
Basic and diluted	\$ (0.07)	\$ (0.22)	\$ (0.83)	\$ (1.05)
Weighted average number of common shares				
Basic and diluted	76,993,000	73,794,000	75,508,000	73,350,000

⁽¹⁾ Certain prior period amounts have been reclassified for comparative purposes.

APPLERA CORPORATION
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

For the Three Months Ended June 30, 2006

(Dollar amounts in millions except per share amounts)

(Unaudited)

	Applied Biosystems Group	Celera Genomics Group	Eliminations	Consolidated
Net revenues	\$523.1	\$17.8	\$(1.2)	\$539.7
Cost of sales	238.8	5.2	(0.5)	243.5
Gross margin	284.3	12.6	(0.7)	296.2
Selling, general and administrative	149.9	9.1	0.1	159.1
Research, development and engineering	46.3	15.7	(0.8)	61.2
Amortization of purchased intangible assets	2.9			2.9
Employee-related charges, asset impairments and other		5.3		5.3
Asset dispositions and legal settlements	(16.9)			(16.9)
Operating income (loss)	102.1	(17.5)		84.6
Interest income, net	2.9	6.0		8.9
Other income (expense), net	1.8			1.8
Income (loss) before income taxes	106.8	(11.5)		95.3
Provision (benefit) for income taxes	30.1	(6.2)	(1.3)	22.6
Net income (loss)	\$76.7	\$(5.3)	\$1.3	\$72.7
Net income (loss) per share				
Basic	\$0.43	\$(0.07)		
Diluted	\$0.41	\$(0.07)		

APPLERA CORPORATION
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

For the Three Months Ended June 30, 2005

(Dollar amounts in millions except per share amounts)

(Unaudited)

	Applied Biosystems Group	Celera Genomics Group	Eliminations	Consolidated
	_____	_____	_____	_____
Net revenues	\$478.5	\$14.4	\$(1.9)	\$491.0
Cost of sales	224.5	3.7	(1.2)	227.0
	_____	_____	_____	_____
Gross margin	254.0	10.7	(0.7)	264.0
Selling, general and administrative	124.8	10.4		135.2
Research, development and engineering	48.2	35.1	(0.8)	82.5
Amortization of purchased intangible assets	0.3	0.7		1.0
Employee-related charges, asset impairments and other	20.2	(0.2)		20.0
	_____	_____	_____	_____
Operating income (loss)	60.5	(35.3)	0.1	25.3
Interest income, net	4.5	4.8		9.3
Other income (expense), net	0.4	0.1		0.5
	_____	_____	_____	_____
Income (loss) before income taxes	65.4	(30.4)	0.1	35.1
Benefit for income taxes	(6.2)	(14.0)	1.1	(19.1)
	_____	_____	_____	_____
Net income (loss)	\$71.6	\$(16.4)	\$(1.0)	\$54.2
	_____	_____	_____	_____
Net income (loss) per share				
Basic	\$0.36	\$(0.22)		
Diluted	\$0.35	\$(0.22)		

Certain fiscal 2005 amounts have been reclassified for comparative purposes.

APPLERA CORPORATION
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

For the Twelve Months Ended June 30, 2006

(Dollar amounts in millions except per share amounts)

(Unaudited)

	Applied Biosystems Group	Celera Genomics Group	Eliminations	Consolidated
	_____	_____	_____	_____
Net revenues	\$1,911.2	\$46.2	\$(8.0)	\$1,949.4
Cost of sales	866.4	19.7	(4.9)	881.2
Gross margin	1,044.8	26.5	(3.1)	1,068.2
Selling, general and administrative	548.4	36.1		584.5
Research, development and engineering	180.3	94.3	(3.2)	271.4
Amortization of purchased intangible assets	4.8	1.1		5.9
Employee-related charges, asset impairments and other	0.4	26.2		26.6
Asset dispositions and legal settlements	10.5	0.7		11.2
Acquired research and development	3.4			3.4
Operating income (loss)	297.0	(131.9)	0.1	165.2
Gain on investments, net		7.6		7.6
Interest income, net	14.7	22.4		37.1
Other income (expense), net	5.5	(0.2)		5.3
Income (loss) before income taxes	317.2	(102.1)	0.1	215.2
Provision (benefit) for income taxes	42.1	(39.4)		2.7
Net income (loss)	\$275.1	\$(62.7)	\$0.1	\$212.5
Net income (loss) per share				
Basic	\$1.47	\$(0.83)		
Diluted	\$1.43	\$(0.83)		

APPLERA CORPORATION
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

For the Twelve Months Ended June 30, 2005

(Dollar amounts in millions except per share amounts)

(Unaudited)

	Applied Biosystems Group	Celera Genomics Group	Eliminations	Consolidated
Net revenues	\$1,787.1	\$66.5	\$(8.5)	\$1,845.1
Cost of sales	834.4	19.9	(5.7)	848.6
Gross margin	952.7	46.6	(2.8)	996.5
Selling, general and administrative	485.6	39.8		525.4
Research, development and engineering	192.1	141.4	(2.9)	330.6
Amortization of purchased intangible assets	1.3	2.9		4.2
Employee-related charges, asset impairments and other	31.8	2.6		34.4
Asset dispositions and legal settlements	(38.2)			(38.2)
Operating income (loss)	280.1	(140.1)	0.1	140.1
Interest income, net	13.9	14.9		28.8
Other income (expense), net	3.2	1.3		4.5
Income (loss) before income taxes	297.2	(123.9)	0.1	173.4
Provision (benefit) for income taxes	60.3	(46.8)	0.1	13.6
Net income (loss)	\$236.9	\$(77.1)	\$-	\$159.8
Net income (loss) per share				
Basic	\$1.21	\$(1.05)		
Diluted	\$1.19	\$(1.05)		

Certain fiscal 2005 amounts have been reclassified for comparative purposes.