

**Alere Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations**  
(in thousands, except per share amounts)

	<b>Three Months Ended June 30,</b>	
	<b>2014</b>	<b>2013</b>
Net product sales and services revenue	\$ 731,339	\$ 759,120
License and royalty revenue	6,604	4,865
Net revenue	737,943	763,985
Cost of net revenue	398,025	379,498
Gross profit	339,918	384,487
Gross margin	46%	50%
Operating expenses:		
Research and development	37,430	40,500
Selling, general and administrative	310,609	299,583
Loss on disposition	638	-
Operating income	(8,759)	44,404
Interest and other income (expense), net	(49,532)	(91,390)
Loss before provision (benefit) for income taxes	(58,291)	(46,986)
Provision (benefit) for income taxes	(6,611)	17,867
Loss before equity earnings of unconsolidated entities, net of tax	(51,680)	(64,853)
Equity earnings of unconsolidated entities, net of tax	2,087	4,551
Net loss	(49,593)	(60,302)
Less: Net income attributable to non-controlling interests	62	267
Net loss attributable to Alere Inc. and Subsidiaries	(49,655)	(60,569)
Preferred stock dividends	(5,309)	(5,309)
Net loss available to common stockholders	\$ (54,964)	\$ (65,878)
<b>Basic and diluted net loss per common share</b>	<b>\$ (0.67)</b>	<b>\$ (0.81)</b>
Weighted average shares - basic and diluted	82,648	81,311

**Alere Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations**  
(in thousands, except per share amounts)

	<b>Six Months Ended June 30,</b>	
	<b>2014</b>	<b>2013</b>
Net product sales and services revenue	\$ 1,442,749	\$ 1,494,305
License and royalty revenue	11,816	8,929
Net revenue	<u>1,454,565</u>	<u>1,503,234</u>
Cost of net revenue	<u>763,408</u>	<u>754,490</u>
Gross profit	691,157	748,744
Gross margin	48%	50%
Operating expenses:		
Research and development	76,129	81,954
Selling, general and administrative	597,209	591,897
Loss on disposition	638	-
Operating income	<u>17,181</u>	<u>74,893</u>
Interest and other income (expense), net	<u>(96,854)</u>	<u>(149,259)</u>
Loss before benefit for income taxes	(79,673)	(74,366)
Benefit for income taxes	<u>(16,528)</u>	<u>(19,004)</u>
Loss before equity earnings of unconsolidated entities, net of tax	(63,145)	(55,362)
Equity earnings of unconsolidated entities, net of tax	<u>7,439</u>	<u>7,485</u>
Net loss	<u>(55,706)</u>	<u>(47,877)</u>
Less: Net income attributable to non-controlling interests	170	242
Net loss attributable to Alere Inc. and Subsidiaries	<u>(55,876)</u>	<u>(48,119)</u>
Preferred stock dividends	<u>(10,559)</u>	<u>(10,559)</u>
Net loss available to common stockholders	<u>\$ (66,435)</u>	<u>\$ (58,678)</u>
<b>Basic and diluted net loss per common share</b>	<u>\$ (0.81)</u>	<u>\$ (0.72)</u>
Weighted average shares - basic and diluted	<u>82,518</u>	<u>81,255</u>

**Alere Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
(in thousands)

	<u>June 30,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 398,802	\$ 361,908
Restricted cash	10,268	6,373
Marketable securities	802	858
Accounts receivable, net	537,605	548,729
Inventories, net	368,153	364,185
Prepaid expenses and other current assets	189,696	190,361
<b>Total current assets</b>	<u>1,505,326</u>	<u>1,472,414</u>
PROPERTY, PLANT AND EQUIPMENT, NET	541,873	545,164
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	4,733,568	4,835,004
RESTRICTED CASH - NON-CURRENT	28,886	29,370
DEFERRED FINANCING COSTS AND OTHER ASSETS, NET	181,012	178,862
<b>Total assets</b>	<u>\$ 6,990,665</u>	<u>\$ 7,060,814</u>
 <b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES:</b>		
Short-term debt and current portions of long-term debt and capital lease obligations	\$ 69,496	\$ 55,967
Other current liabilities	599,621	617,219
<b>Total current liabilities</b>	<u>669,117</u>	<u>673,186</u>
<b>LONG-TERM LIABILITIES:</b>		
Long-term debt and capital lease obligations, net of current portions	3,737,834	3,787,195
Deferred tax liabilities	293,150	329,249
Other long-term liabilities	221,782	188,336
<b>Total long-term liabilities</b>	<u>4,252,766</u>	<u>4,304,780</u>
<b>TOTAL EQUITY</b>	<u>2,068,782</u>	<u>2,082,848</u>
<b>Total liabilities and equity</b>	<u>\$ 6,990,665</u>	<u>\$ 7,060,814</u>

**Alere Inc. and Subsidiaries**  
**Reconciliation to Non-GAAP Adjusted Operating Results**  
(in thousands, except per share amounts)

	Three Months Ended June 30,	
	2014	2013
<b>Reconciliation to Non-GAAP Adjusted Operating Income <sup>(1)</sup></b>		
Operating income (loss)	\$ (8,759)	\$ 44,404
Adjustment related to acquired software license contracts	373	592
Amortization of acquisition-related intangible assets	66,349	79,158
Restructuring charges	15,830	8,044
Stock-based compensation expense	(1,122)	4,677
Compensation charges associated with acquisition-related contingent consideration obligations	581	580
Acquisition-related costs	49	426
Fair value adjustments to acquisition-related contingent consideration	16,779	5,258
Non-cash charge associated with acquired inventory	-	711
Costs associated with potential business dispositions	11,600	-
Loss on disposition	638	-
<b>Non-GAAP adjusted operating income</b>	<b>\$ 102,318</b>	<b>\$ 143,850</b>
<b>Reconciliation to Non-GAAP Adjusted Net Income <sup>(1)</sup></b>		
Net loss available to common stockholders	\$ (54,964)	\$ (65,878)
Adjustment related to acquired software license contracts	373	592
Amortization of acquisition-related intangible assets	66,369	79,240
Restructuring charges	15,938	8,106
Stock-based compensation expense	(1,122)	4,677
Compensation charges associated with acquisition-related contingent consideration obligations	581	580
Acquisition-related costs	49	426
Fair value adjustments to acquisition-related contingent consideration	16,779	5,258
Non-cash charge associated with acquired inventory	-	711
Costs associated with potential business dispositions	11,600	-
Interest expense recorded in connection with fees paid for certain debt modifications and the termination of our senior secured credit facility	364	810
Interest accretion associated with acquisition-related compensation charges	98	160
Non-cash write-off of an investment	-	5,110
Bargain purchase gain associated with the acquisition of the Liberty business	-	(8,062)
Expense associated with extinguishment of debt	-	35,604
Income tax effects on items above	(21,092)	(12,768)
Loss on disposition	638	-
<b>Non-GAAP adjusted net income available to common stockholders</b>	<b>\$ 35,611</b>	<b>\$ 54,566</b>
<b>Net loss per diluted common share</b>	<b>\$ (0.67)</b>	<b>\$ (0.81)</b>
<b>Non-GAAP adjusted net income per diluted common share</b>	<b>\$ 0.42</b>	<b>\$ 0.64</b>
<b>Weighted average shares - diluted</b>	<b>82,648</b>	<b>81,311</b>
<b>Non-GAAP adjusted weighted average shares - diluted</b>	<b>87,453</b>	<b>95,207</b>

<sup>(1)</sup> In calculating "non-GAAP adjusted operating income" and "non-GAAP adjusted net income", the Company excludes (i) certain non-cash charges, including amortization expense and stock-based compensation expense, (ii) non-recurring charges and income, and (iii) certain other charges and income that have a significant positive or negative impact on results yet do not occur on a consistent or regular basis in its business. In determining whether a particular item meets one of these criteria, management considers facts and circumstances that it believes are relevant. Management believes that excluding such charges and income from operating income and net income or loss allows investors and management to evaluate and compare the Company's operating results from continuing operations from period to period in a meaningful and consistent manner. Due to the frequency of their occurrence in its business, the Company does not adjust operating income or net income or loss for the costs associated with litigation, including payments made or received through settlements. It should be noted that "non-GAAP adjusted operating income" and "non-GAAP adjusted net income" are not standard financial measurements under accounting principles generally accepted in the United States of America ("GAAP") and should not be considered as an alternative to operating income and net income or loss or cash flow from operating activities, as a measure of liquidity or as an indicator of operating performance or any measure of performance derived in accordance with GAAP. In addition, all companies do not calculate non-GAAP financial measures in the same manner and, accordingly, "non-GAAP adjusted operating income" and "non-GAAP adjusted net income" presented in this press release may not be comparable to similar measures used by other companies.

**Alere Inc. and Subsidiaries**  
**Reconciliation to Non-GAAP Adjusted Operating Results**  
(in thousands, except per share amounts)

	Six Months Ended June 30,	
	2014	2013
<b>Reconciliation to Non-GAAP Adjusted Operating Income <sup>(1)</sup></b>		
Operating income	\$ 17,181	\$ 74,893
Adjustment related to acquired software license contracts	792	1,235
Amortization of acquisition-related intangible assets	132,822	155,025
Restructuring charges	23,045	11,936
Stock-based compensation expense	4,582	8,800
Compensation charges associated with acquisition-related contingent consideration obligations	1,003	1,270
Acquisition-related costs	370	1,322
Fair value adjustments to acquisition-related contingent consideration	21,329	16,276
Non-cash charge associated with acquired inventory	-	1,172
Costs associated with potential business dispositions	14,560	-
Loss on disposition	638	-
<b>Non-GAAP adjusted operating income</b>	<b>\$ 216,322</b>	<b>\$ 271,929</b>
<b>Reconciliation to Non-GAAP Adjusted Net Income <sup>(1)</sup></b>		
Net loss available to common stockholders	\$ (66,435)	\$ (58,678)
Adjustment related to acquired software license contracts	792	1,235
Amortization of acquisition-related intangible assets	132,860	155,229
Restructuring charges	23,278	12,053
Stock-based compensation expense	4,582	8,800
Compensation charges associated with acquisition-related contingent consideration obligations	1,003	1,270
Acquisition-related costs	370	1,322
Fair value adjustments to acquisition-related contingent consideration	21,329	16,276
Non-cash charge associated with acquired inventory	-	1,172
Costs associated with potential business dispositions	14,560	-
Loss on disposition	638	-
Interest expense recorded in connection with fees paid for certain debt modifications and the termination of our senior secured credit facility	728	1,762
Interest accretion associated with acquisition-related compensation charges	193	160
Non-cash write-off of an investment	-	5,110
Bargain purchase gain associated with the acquisition of the Liberty business	-	(8,062)
Expense associated with extinguishment of debt	-	35,767
Income tax effects on items above	(50,950)	(74,823)
<b>Non-GAAP adjusted net income available to common stockholders</b>	<b>\$ 82,948</b>	<b>\$ 98,593</b>
<b>Net loss per diluted common share</b>	<b>\$ (0.81)</b>	<b>\$ (0.72)</b>
<b>Non-GAAP adjusted net income per diluted common share</b>	<b>\$ 0.97</b>	<b>\$ 1.16</b>
<b>Weighted average shares - diluted</b>	<b>82,518</b>	<b>81,255</b>
<b>Non-GAAP adjusted weighted average shares - diluted</b>	<b>87,150</b>	<b>95,071</b>

<sup>(1)</sup> In calculating "non-GAAP adjusted operating income" and "non-GAAP adjusted net income", the Company excludes (i) certain non-cash charges, including amortization expense and stock-based compensation expense, (ii) non-recurring charges and income, and (iii) certain other charges and income that have a significant positive or negative impact on results yet do not occur on a consistent or regular basis in its business. In determining whether a particular item meets one of these criteria, management considers facts and circumstances that it believes are relevant. Management believes that excluding such charges and income from operating income and net income or loss allows investors and management to evaluate and compare the Company's operating results from continuing operations from period to period in a meaningful and consistent manner. Due to the frequency of their occurrence in its business, the Company does not adjust operating income or net income or loss for the costs associated with litigation, including payments made or received through settlements. It should be noted that "non-GAAP adjusted operating income" and "non-GAAP adjusted net income" are not standard financial measurements under accounting principles generally accepted in the United States of America ("GAAP") and should not be considered as an alternative to operating income and net income or loss or cash flow from operating activities, as a measure of liquidity or as an indicator of operating performance or any measure of performance derived in accordance with GAAP. In addition, all companies do not calculate non-GAAP financial measures in the same manner and, accordingly, "non-GAAP adjusted operating income" and "non-GAAP adjusted net income" presented in this press release may not be comparable to similar measures used by other companies.

**Alere Inc. and Subsidiaries**  
**Selected Consolidated Revenues by Business Area <sup>(1)</sup>**  
(in thousands)

<b>Professional Diagnostics Segment</b>					<b>% Change</b>	<b>% Change</b>
	<b>Q2 2014</b>	<b>YTD 2014</b>	<b>Q2 2013</b>	<b>YTD 2013</b>	<b>Q2 14 v. Q2 13</b>	<b>YTD 14 v. YTD 13</b>
Infectious disease	\$ 165,641	\$ 329,671	\$ 157,706	\$ 347,550	5%	-5%
Toxicology	164,677	316,574	165,884	314,933	-1%	1%
Cardiology	101,783	223,416	118,436	233,369	-14%	-4%
Diabetes	51,227	101,948	74,905	124,988	-32%	-18%
Other <sup>(1)</sup>	94,750	167,802	82,666	157,385	15%	7%
<b>Professional diagnostics net product sales and services revenue <sup>(1)</sup></b>	<b>578,078</b>	<b>1,139,411</b>	<b>599,597</b>	<b>1,178,225</b>	<b>-4%</b>	<b>-3%</b>
License and royalty revenue	5,292	10,504	4,165	8,029	27%	31%
<b>Professional diagnostics net revenue</b>	<b>\$ 583,370</b>	<b>\$ 1,149,915</b>	<b>\$ 603,762</b>	<b>\$ 1,186,254</b>	<b>-3%</b>	<b>-3%</b>
<b>Health Information Solutions Segment</b>					<b>% Change</b>	<b>% Change</b>
	<b>Q2 2014</b>	<b>YTD 2014</b>	<b>Q2 2013</b>	<b>YTD 2013</b>	<b>Q2 14 v. Q2 13</b>	<b>YTD 14 v. YTD 13</b>
Condition and case management	\$ 48,527	\$ 97,846	\$ 52,578	\$ 106,704	-8%	-8%
Wellness	23,534	48,484	27,230	53,530	-14%	-9%
Women's & children's health	24,324	46,539	29,256	58,336	-17%	-20%
Patient self-testing services	29,430	56,614	25,711	50,412	14%	12%
<b>Health information solutions net revenue</b>	<b>\$ 125,815</b>	<b>\$ 249,483</b>	<b>\$ 134,775</b>	<b>\$ 268,982</b>	<b>-7%</b>	<b>-7%</b>

<sup>(1)</sup> Revenues are presented in accordance with generally accepted accounting principles and exclude an adjustment of \$0.4 million and \$0.8 million, and \$0.6 million and \$1.2 million related to acquired software license contracts which were not recognized during the three and six months ended June 30, 2014 and 2013, respectively, due to business combination accounting rules.

**Alere Inc. and Subsidiaries**  
**Reconciliation of Operating Income (Loss) to Non-GAAP Adjusted Operating Income (Loss)**  
(in thousands)

Operating Segment	For the Three Months Ended June 30, 2014				
	Professional Diagnostics	Health Information Solutions	Consumer Diagnostics	Corporate	Total
<b>Net revenue</b>	\$ 583,370	\$ 125,815	\$ 28,758	\$ -	\$ 737,943
Adjustment related to acquired software license contracts <sup>(1)</sup>	373	-	-	-	373
<b>Non-GAAP adjusted net revenue</b>	<u>\$ 583,743</u>	<u>\$ 125,815</u>	<u>\$ 28,758</u>	<u>\$ -</u>	<u>\$ 738,316</u>
<b>Operating income (loss)</b>	\$ 11,516	\$ (4,247)	\$ 4,627	\$ (20,655)	\$ (8,759)
Adjustment related to acquired software license contracts <sup>(1)</sup>	373	-	-	-	373
Amortization of acquisition-related intangible assets	57,339	8,836	174	-	66,349
Restructuring charges	11,144	631	-	4,055	15,830
Stock-based compensation expense	-	-	-	(1,122)	(1,122)
Compensation charges associated with acquisition-related contingent consideration obligations	581	-	-	-	581
Acquisition-related costs	-	-	-	49	49
Fair value adjustments to acquisition-related contingent consideration	15,579	1,000	-	200	16,779
Costs associated with potential business dispositions	11,600	-	-	-	11,600
Loss on disposition	638	-	-	-	638
<b>Non-GAAP adjusted operating income (loss)</b>	<u>\$ 108,770</u>	<u>\$ 6,220</u>	<u>\$ 4,801</u>	<u>\$ (17,473)</u>	<u>\$ 102,318</u>
<b>Non-GAAP adjusted operating income (loss) as % of Non-GAAP adjusted net revenue</b>	<u>18.6%</u>	<u>4.9%</u>	<u>16.7%</u>		<u>13.9%</u>

(1) Estimated revenue related to acquired software license contracts that was not recognized during the second quarter of 2014 due to business combination accounting rules.

Operating Segment	For the Three Months Ended June 30, 2013				
	Professional Diagnostics	Health Information Solutions	Consumer Diagnostics	Corporate	Total
<b>Net revenue</b>	\$ 603,762	\$ 134,775	\$ 25,448	\$ -	\$ 763,985
Adjustment related to acquired software license contracts <sup>(1)</sup>	592	-	-	-	592
<b>Non-GAAP adjusted net revenue</b>	<u>\$ 604,354</u>	<u>\$ 134,775</u>	<u>\$ 25,448</u>	<u>\$ -</u>	<u>\$ 764,577</u>
<b>Operating income (loss)</b>	\$ 72,896	\$ (11,759)	\$ 3,404	\$ (20,137)	\$ 44,404
Adjustment related to acquired software license contracts <sup>(1)</sup>	592	-	-	-	592
Amortization of acquisition-related intangible assets	67,968	10,732	458	-	79,158
Restructuring charges	1,740	6,304	-	-	8,044
Stock-based compensation expense	-	-	-	4,677	4,677
Compensation charges associated with acquisition-related contingent consideration obligations	580	-	-	-	580
Non-cash charge associated with acquired inventory	711	-	-	-	711
Acquisition-related costs	-	-	-	426	426
Fair value adjustments to acquisition-related contingent consideration	4,330	1,028	-	(100)	5,258
<b>Non-GAAP adjusted operating income (loss)</b>	<u>\$ 148,817</u>	<u>\$ 6,305</u>	<u>\$ 3,862</u>	<u>\$ (15,134)</u>	<u>\$ 143,850</u>
<b>Non-GAAP adjusted operating income (loss) as % of Non-GAAP adjusted net revenue</b>	<u>24.6%</u>	<u>4.7%</u>	<u>15.2%</u>		<u>18.8%</u>

(1) Estimated revenue related to acquired software license contracts that was not recognized during the second quarter of 2013 due to business combination accounting rules.

**Comments:**

In calculating "adjusted operating income (loss)" in the schedule presented above, the Company excludes from operating income (loss) (i) certain non-cash charges, including amortization expense and stock-based compensation expense, (ii) non-recurring charges and income, and (iii) certain other charges and income that have a significant positive or negative impact on results yet do not occur on a consistent or regular basis in its business. In determining whether a particular item meets one of these criteria, management considers facts and circumstances that it believes are relevant. Management believes that excluding such charges and income from operating income (loss) allows investors and management to evaluate and compare the Company's operating results from continuing operations from period to period in a meaningful and consistent manner. Due to the frequency of their occurrence in its business, the Company does not adjust operating income (loss) for the costs associated with litigation, including payments made or received through settlements. It should be noted that "adjusted operating income (loss)" is not a standard financial measurement under accounting principles generally accepted in the United States of America ("GAAP") and should not be considered as an alternative to operating income (loss) as an indicator of operating performance or any measure of performance derived in accordance with GAAP. In addition, all companies do not calculate non-GAAP financial measures in the same manner and, accordingly, "adjusted operating income (loss)" presented in this schedule may not be comparable to similar measures used by other companies.

Reference should also be made to the Company's financial results contained in our earnings press release respective to the periods presented in this schedule, which include a more detailed discussion of the adjustments to the GAAP operating results presented above.

**Alere Inc. and Subsidiaries**  
**Reconciliation of Operating Income (Loss) to Non-GAAP Adjusted Operating Income (Loss)**  
(in thousands)

**For the Six Months Ended June 30, 2014**

Operating Segment	For the Six Months Ended June 30, 2014				Total
	Professional Diagnostics	Health Information Solutions	Consumer Diagnostics	Corporate	
<b>Net revenue</b>	\$ 1,149,915	\$ 249,483	\$ 55,167	\$ -	\$ 1,454,565
Adjustment related to acquired software license contracts <sup>(1)</sup>	792	-	-	-	792
<b>Non-GAAP adjusted net revenue</b>	<u>\$ 1,150,707</u>	<u>\$ 249,483</u>	<u>\$ 55,167</u>	<u>\$ -</u>	<u>\$ 1,455,357</u>
<b>Operating income (loss)</b>	\$ 62,842	\$ (10,967)	\$ 6,875	\$ (41,569)	\$ 17,181
Adjustment related to acquired software license contracts <sup>(1)</sup>	792	-	-	-	792
Amortization of acquisition-related intangible assets	114,624	17,735	463	-	132,822
Restructuring charges	15,447	3,448	-	4,150	23,045
Stock-based compensation expense	-	-	-	4,582	4,582
Compensation charges associated with acquisition-related contingent consideration obligations	1,003	-	-	-	1,003
Non-cash charge associated with acquired inventory	-	-	-	-	-
Acquisition-related costs	-	-	-	370	370
Fair value adjustments to acquisition-related contingent consideration	21,040	(11)	-	300	21,329
Costs associated with potential business dispositions	14,560	-	-	-	14,560
Loss on disposition	638	-	-	-	638
<b>Non-GAAP adjusted operating income (loss)</b>	<u>\$ 230,946</u>	<u>\$ 10,205</u>	<u>\$ 7,338</u>	<u>\$ (32,167)</u>	<u>\$ 216,322</u>
<b>Non-GAAP adjusted operating income (loss) as % of Non-GAAP adjusted net revenue</b>	<u>20.1%</u>	<u>4.1%</u>	<u>13.3%</u>		<u>14.9%</u>

(1) Estimated revenue related to acquired software license contracts that was not recognized during the first six months of 2014 due to business combination accounting rules.

**For the Six Months Ended June 30, 2013**

Operating Segment	For the Six Months Ended June 30, 2013				Total
	Professional Diagnostics	Health Information Solutions	Consumer Diagnostics	Corporate	
<b>Net revenue</b>	\$ 1,186,254	\$ 268,982	\$ 47,998	\$ -	\$ 1,503,234
Adjustment related to acquired software license contracts <sup>(1)</sup>	1,235	-	-	-	1,235
<b>Non-GAAP adjusted net revenue</b>	<u>\$ 1,187,489</u>	<u>\$ 268,982</u>	<u>\$ 47,998</u>	<u>\$ -</u>	<u>\$ 1,504,469</u>
<b>Operating income (loss)</b>	\$ 132,736	\$ (25,652)	\$ 5,684	\$ (37,875)	\$ 74,893
Adjustment related to acquired software license contracts <sup>(1)</sup>	1,235	-	-	-	1,235
Amortization of acquisition-related intangible assets	132,261	21,770	994	-	155,025
Restructuring charges	3,129	8,807	-	-	11,936
Stock-based compensation expense	-	-	-	8,800	8,800
Compensation charges associated with acquisition-related contingent consideration obligations	1,270	-	-	-	1,270
Non-cash charge associated with acquired inventory	1,172	-	-	-	1,172
Acquisition-related costs	-	-	-	1,322	1,322
Fair value adjustments to acquisition-related contingent consideration	11,393	4,383	-	500	16,276
<b>Non-GAAP adjusted operating income (loss)</b>	<u>\$ 283,196</u>	<u>\$ 9,308</u>	<u>\$ 6,678</u>	<u>\$ (27,253)</u>	<u>\$ 271,929</u>
<b>Non-GAAP adjusted operating income (loss) as % of Non-GAAP adjusted net revenue</b>	<u>23.8%</u>	<u>3.5%</u>	<u>13.9%</u>		<u>18.1%</u>

(1) Estimated revenue related to acquired software license contracts that was not recognized during the first six months of 2013 due to business combination accounting rules.

**Comments:**

In calculating "adjusted operating income (loss)" in the schedule presented above, the Company excludes from operating income (loss) (i) certain non-cash charges, including amortization expense and stock-based compensation expense, (ii) non-recurring charges and income, and (iii) certain other charges and income that have a significant positive or negative impact on results yet do not occur on a consistent or regular basis in its business. In determining whether a particular item meets one of these criteria, management considers facts and circumstances that it believes are relevant. Management believes that excluding such charges and income from operating income (loss) allows investors and management to evaluate and compare the Company's operating results from continuing operations from period to period in a meaningful and consistent manner. Due to the frequency of their occurrence in its business, the Company does not adjust operating income (loss) for the costs associated with litigation, including payments made or received through settlements. It should be noted that "adjusted operating income (loss)" is not a standard financial measurement under accounting principles generally accepted in the United States of America ("GAAP") and should not be considered as an alternative to operating income (loss) as an indicator of operating performance or any measure of performance derived in accordance with GAAP. In addition, all companies do not calculate non-GAAP financial measures in the same manner and, accordingly, "adjusted operating income (loss)" presented in this schedule may not be comparable to similar measures used by other companies.

Reference should also be made to the Company's financial results contained in our earnings press release respective to the periods presented in this schedule, which include a more detailed discussion of the adjustments to the GAAP operating results presented above.



**Alere Inc. and Subsidiaries**  
**Reconciliations to Non-GAAP Adjusted P&L Categories**  
(in thousands)

	<u>Three Months Ended June 30, 2014</u>	<u>Three Months Ended June 30, 2013</u>
<b>Net revenue</b>	\$ 737,943	\$ 763,985
Adjustment related to acquired software license contracts	373	592
<b>Non-GAAP adjusted net revenue</b>	<u>\$ 738,316</u>	<u>\$ 764,577</u>
<b>Cost of net revenue</b>	\$ 398,025	\$ 379,498
Less adjustments:		
Amortization of acquisition-related intangible assets	(16,443)	(17,102)
Restructuring charges	(292)	(729)
Stock-based compensation expense	(285)	(278)
Non-cash charge associated with acquired inventory	-	(711)
<b>Non-GAAP adjusted cost of net revenue</b>	<u>\$ 381,005</u>	<u>\$ 360,678</u>
<b>Non-GAAP adjusted gross profit</b>	<u>\$ 357,311</u>	<u>\$ 403,899</u>
	<u>Three Months Ended June 30, 2014</u>	<u>Three Months Ended June 30, 2013</u>
<b>Research and development</b>	\$ 37,430	\$ 40,500
Less adjustments:		
Amortization of acquisition-related intangible assets	(1,184)	(1,216)
Restructuring charges	(3,031)	(645)
Stock-based compensation expense	1,811	(783)
<b>Non-GAAP adjusted research and development</b>	<u>\$ 35,026</u>	<u>\$ 37,856</u>
	<u>Three Months Ended June 30, 2014</u>	<u>Three Months Ended June 30, 2013</u>
<b>Selling, general and administrative</b>	\$ 310,609	\$ 299,583
Less adjustments:		
Amortization of acquisition-related intangible assets	(48,722)	(60,840)
Restructuring charges	(12,507)	(6,670)
Stock-based compensation expense	(404)	(3,616)
Compensation charges associated with acquisition-related contingent consideration obligations	(581)	(580)
Acquisition-related costs	(49)	(426)
Fair value adjustments to acquisition-related contingent consideration	(16,779)	(5,258)
Costs associated with potential business dispositions	(11,600)	-
<b>Non-GAAP adjusted selling, general and administrative</b>	<u>\$ 219,967</u>	<u>\$ 222,193</u>
	<u>Three Months Ended June 30, 2014</u>	<u>Three Months Ended June 30, 2013</u>
<b>Loss on disposition</b>	\$ 638	\$ -
Loss on disposition	(638)	-
<b>Non-GAAP adjusted loss on disposition</b>	<u>\$ -</u>	<u>\$ -</u>
	<u>Three Months Ended June 30, 2014</u>	<u>Three Months Ended June 30, 2013</u>
<b>Interest and other income (expense), net</b>	\$ (49,532)	\$ (91,390)
Less adjustments:		
Restructuring charges	108	62
Interest expense recorded in connection with fees paid for certain debt modifications and the termination of our senior secured credit facility	364	810
Interest accretion associated with acquisition-related compensation charges	98	160
Non-cash write-off of an investment	-	5,110
Bargain purchase gain associated with the acquisition of the Liberty	-	(8,062)
Expense associated with extinguishment of debt	-	35,604
<b>Non-GAAP adjusted interest and other income (expense), net</b>	<u>\$ (48,962)</u>	<u>\$ (57,706)</u>
	<u>Three Months Ended June 30, 2014</u>	<u>Three Months Ended June 30, 2013</u>
<b>Provision (benefit) for income taxes</b>	\$ (6,611)	\$ 17,867
Add: Income tax effects on Non-GAAP adjustments	21,121	12,783
<b>Non-GAAP adjusted provision for income taxes</b>	<u>\$ 14,510</u>	<u>\$ 30,650</u>
	<u>Three Months Ended June 30, 2014</u>	<u>Three Months Ended June 30, 2013</u>
<b>Equity earnings of unconsolidated entities, net of tax</b>	\$ 2,087	\$ 4,551
Less adjustments:		
Amortization of acquisition-related intangible assets	150	150
Income tax effects on items above	-	-
<b>Non-GAAP adjusted equity earnings of unconsolidated entities, net of</b>	<u>\$ 2,237</u>	<u>\$ 4,701</u>

**Alere Inc. and Subsidiaries**  
**Reconciliations to Non-GAAP Adjusted P&L Categories**  
(in thousands)

	<u>Six Months Ended June 30, 2014</u>	<u>Six Months Ended June 30, 2013</u>
<b>Net revenue</b>	\$ 1,454,565	\$ 1,503,234
Adjustment related to acquired software license contracts	792	1,235
<b>Non-GAAP adjusted net revenue</b>	<u>\$ 1,455,357</u>	<u>\$ 1,504,469</u>
<b>Cost of net revenue</b>	\$ 763,408	\$ 754,490
Less adjustments:		
Amortization of acquisition-related intangible assets	(33,079)	(36,272)
Restructuring charges	(1,167)	(1,352)
Stock-based compensation expense	(572)	(510)
Non-cash charge associated with acquired inventory	-	(1,172)
<b>Non-GAAP adjusted cost of net revenue</b>	<u>\$ 728,590</u>	<u>\$ 715,184</u>
<b>Non-GAAP adjusted gross profit</b>	<u>\$ 726,767</u>	<u>\$ 789,285</u>
	<u>Six Months Ended June 30, 2014</u>	<u>Six Months Ended June 30, 2013</u>
<b>Research and development</b>	\$ 76,129	\$ 81,954
Less adjustments:		
Amortization of acquisition-related intangible assets	(2,349)	(2,498)
Restructuring charges	(3,031)	(645)
Stock-based compensation expense	620	(1,530)
<b>Non-GAAP adjusted research and development</b>	<u>\$ 71,369</u>	<u>\$ 77,281</u>
	<u>Six Months Ended June 30, 2014</u>	<u>Six Months Ended June 30, 2013</u>
<b>Selling, general and administrative</b>	\$ 597,209	\$ 591,897
Less adjustments:		
Amortization of acquisition-related intangible assets	(97,394)	(116,255)
Restructuring charges	(18,847)	(9,939)
Stock-based compensation expense	(4,630)	(6,760)
Compensation charges associated with acquisition-related contingent consideration obligations	(1,003)	(1,270)
Acquisition-related costs	(370)	(1,322)
Fair value adjustments to acquisition-related contingent consideration	(21,329)	(16,276)
Costs associated with potential business dispositions	(14,560)	-
<b>Non-GAAP adjusted selling, general and administrative</b>	<u>\$ 439,076</u>	<u>\$ 440,075</u>
	<u>Six Months Ended June 30, 2014</u>	<u>Six Months Ended June 30, 2013</u>
<b>Loss on disposition</b>	\$ 638	\$ -
Loss on disposition	(638)	-
<b>Non-GAAP adjusted loss on disposition</b>	<u>\$ -</u>	<u>\$ -</u>
	<u>Six Months Ended June 30, 2014</u>	<u>Six Months Ended June 30, 2013</u>
<b>Interest and other income (expense), net</b>	\$ (96,854)	\$ (149,259)
Less adjustments:		
Restructuring charges	233	117
Interest expense recorded in connection with fees paid for certain debt modifications and the termination of our senior secured credit facility	728	1,762
Interest accretion associated with acquisition-related compensation charges	193	160
Non-cash write-off of an investment	-	5,110
Bargain purchase gain associated with the acquisition of the Liberty business	-	(8,062)
Expense associated with extinguishment of debt	-	35,767
<b>Non-GAAP adjusted interest and other income (expense), net</b>	<u>\$ (95,700)</u>	<u>\$ (114,405)</u>
	<u>Six Months Ended June 30, 2014</u>	<u>Six Months Ended June 30, 2013</u>
<b>Benefit for income taxes</b>	\$ (16,528)	\$ (19,004)
Add: Income tax effects on Non-GAAP adjustments	51,008	74,844
<b>Non-GAAP adjusted provision for income taxes</b>	<u>\$ 34,480</u>	<u>\$ 55,840</u>
	<u>Six Months Ended June 30, 2014</u>	<u>Six Months Ended June 30, 2013</u>
<b>Equity earnings of unconsolidated entities, net of tax</b>	\$ 7,439	\$ 7,485
Less adjustments:		
Amortization of acquisition-related intangible assets	298	301
Income tax effects on items above	-	-
<b>Non-GAAP adjusted equity earnings of unconsolidated entities, net of tax</b>	<u>\$ 7,737</u>	<u>\$ 7,786</u>

**Alere Inc. and Subsidiaries**  
**Reconciliation of Net Loss to Non-GAAP EBITDA**  
(in thousands)

	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
<b>Net Loss</b> <sup>(1)</sup>	\$ (49,593)	\$ (55,706)
Adjustment related to acquired software license contracts	373	792
Income tax benefit	(6,611)	(16,528)
Depreciation and amortization	98,040	196,274
Interest, net	51,680	103,339
Non-cash stock-based compensation expense	(1,122)	4,582
Non-cash fair value adjustments to acquisition-related contingent consideration	16,779	21,329
Loss on disposition	638	638
<b>Non-GAAP EBITDA</b>	<u>\$ 110,184</u>	<u>\$ 254,720</u>

<sup>(1)</sup> Net loss for the three months and six months ended June 30, 2014 includes non-interest related restructuring charges of \$15.8 million and \$23.0 million, \$0.1 million and \$0.4 million of acquisition costs and \$11.6 million and \$14.6 million of costs associated with potential business dispositions, respectively, which have not been added back for purposes of computing Non-GAAP EBITDA.

## Reconciliation of Cash Flow from Operating Activities to Free Cash Flow

(in thousands)

	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
Cash flow from operating activities	\$ 19,259	\$ 125,167
Capital expenditures	(26,890)	(54,430)
Free cash flow	<u>\$ (7,631)</u>	<u>\$ 70,737</u>