

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 28, 2015

ALERE INC.

(Exact name of registrant as specified in charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

1-16789
(Commission
File Number)

04-3565120
(IRS Employer
Identification No.)

51 Sawyer Road, Suite 200, Waltham, Massachusetts 02453
(Address of Principal Executive Offices) (Zip Code)

(781) 647-3900
(Registrant's telephone number, including area code)

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 (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On May 28, 2015, Alere Inc. (the “Company”) filed its Quarterly Report on Form 10-Q for the period ended March 31, 2015 (the “Form 10-Q”), an amendment to its Annual Report for the year ended December 31, 2014 on Form 10-K/A (the “Form 10-K/A”) and an amendment to its Quarterly Report for the three months ended September 30, 2014 on Form 10-Q/A (the “Form 10-Q/A”). The Form 10-K/A and the Form 10-Q/A were filed to restate the Company’s previously issued consolidated financial statements for the year ended December 31, 2014 and the three and nine months ended September 30, 2014 to correct errors related primarily to the Company’s accounting for income taxes for its discontinued operations. In addition, the Form 10-K/A includes revised, but not restated, financial information for (i) the years ended December 31, 2012 and 2013 and (ii) each of the three months ended March 31, 2013, June 30, 2013, September 30, 2013, December 31, 2013, March 31, 2014 and June 30, 2014 to reflect certain uncorrected errors previously deemed immaterial.

On May 5, 2015 in a press release entitled “Alere Reports Preliminary First Quarter 2015 Financial Results and Announces 2014 Restatement” (the “Press Release”), the Company estimated that adjustments related to dispositions and other individually immaterial adjustments would decrease its GAAP income from discontinued operations, net of tax, for the fiscal year ended December 31, 2014 by between \$36.0 million and \$50.0 million and increase the Company’s GAAP loss from continuing operations for the same period by between \$9 and \$13 million. The Company expected that, on a non-GAAP adjusted basis (as such adjustments were described in the Press Release), these adjustments would decrease its income from continuing operations in fiscal year 2014 by between \$6.0 million and \$8.0 million.

As a result of the completion of the restatement analysis, for fiscal year 2014 the Company reported a decrease of \$39.6 million in GAAP income from discontinued operations, net of tax; an increase in GAAP loss from continuing operations of \$8.0 million; and a decrease in income from continuing operations of \$4.5 million on a non-GAAP adjusted basis, which excludes a favorable adjustment related to the fair value of contingent consideration of approximately \$4.6 million, along with other unfavorable adjustments primarily related to taxes associated with dispositions of \$8.1 million, all of which were included in the \$8.0 million increase in GAAP loss from continuing operations noted above.

For further information regarding the restatements and revisions, including a detailed reconciliation of all adjustments made as a result of the restatements and the revisions, the Company refers you to Note 2, “Restatement and Revision of Previously Reported Consolidated Financial Statements” to its consolidated financial statements included in the Form 10-K/A and Note 2, “Restatement and Revision of Previously Reported Consolidated Financial Statements” to its consolidated financial statements included in the Form 10-Q/A.

In addition, after completing its quarterly close and while preparing the Form 10-Q, the Company identified two adjustments and their related tax effects that resulted in changes to the preliminary financial results reported in the Press Release. The changes relate to (i) a \$2.3 million increase to the Company’s estimated reserve for distributor rebates as a result of information provided by a distributor subsequent to May 5, 2015, and (ii) the identification and

recording of an additional \$2.3 million of unrealized foreign exchange loss. These adjustments and their related tax effects are summarized in the table below:

Alere Inc. and Subsidiaries
Reconciliation of Earnings per Share
Press Release to Form 10-Q Filing for the period ended March 31, 2015(1)
(in \$000s, except per share amounts)

	<u>GAAP</u>	<u>Non-GAAP Adjusted Cash Basis</u>
Post May 5, 2015 adjustments:		
Reduction in net product sales and services revenue ⁽²⁾	\$ (2,272)	\$ (2,272)
Increase in interest and other income (expense), net ⁽³⁾	<u>(2,282)</u>	<u>(2,282)</u>
Pretax adjustments	(4,554)	(4,554)
Impact of pretax adjustments on provision (benefit) for income taxes	<u>867</u>	<u>867</u>
After tax impact of post May 5, 2015 adjustments	<u>\$ (3,687)</u>	<u>\$ (3,687)</u>
Diluted Income (loss) from continuing operations per common share—press release	\$ (0.11)	\$ 0.57
Earnings per share impacts of post May 5, 2015 adjustments	<u>(0.04)</u>	<u>(0.04)</u>
Diluted Income (loss) from continuing operations per common share—Form 10-Q	<u>\$ (0.15)</u>	<u>\$ 0.53)</u>
Weighted average common shares—diluted	<u>84,338</u>	<u>99,281</u>

- (1) On May 5, 2015, the Company released its preliminary financial results for the period ended March 31, 2015. The Company subsequently completed its close for the period and identified two adjustments, along with their related tax effects. These changes are explained in Notes 2 and 3 below.
- (2) Based on information provided by a distributor subsequent to May 5, 2015, the Company increased its estimated reserve for distributor rebates by \$2.3 million which resulted in a corresponding reduction in net product sales and services revenues in the Cardiometabolic business unit.
- (3) In the process of finalizing the Form 10-Q for the period ended March, 31, 2015, the Company identified an additional \$2.3 million in unrealized foreign exchange loss, which was recorded in interest and other income (expense), net.

The Company reaffirmed its financial guidance for the full year ending December 31, 2015, which is as follows:

- Net revenue in the range of \$2.5 billion to \$2.6 billion
- Non-GAAP adjusted net income from continuing operations available to common stockholders in the range of \$2.40 to \$2.50 per diluted share

The Company updated its Press Financials for the period ending March 31, 2015 to include these adjustments, a copy of which is “furnished,” and not filed with this Current Report on Form 8-K as Exhibit 99.1 and incorporated herein by reference.

Further reconciliations of non-GAAP financial measures presented herein to the most directly comparable financial measures under GAAP, as well as a discussion regarding these non-GAAP financial measures, are included within Exhibit 99.1.

In calculating the decrease in income from continuing operations on a non-GAAP adjusted basis and non-GAAP diluted income (loss) from continuing operation per common share, the Company excludes (i) certain non-cash charges, (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. It should be noted that Non-GAAP adjusted income from continuing operations 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 income from continuing operations, 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 income from continuing operations presented herein may not be comparable to similar measures used by other companies.

Forward Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding expected 2015 financial results. In some cases, forward-looking statements can be identified by terms such as "may," "will," "intend," "expect," "plan," "believe," "estimate," "predict" or the like. These statements involve risks and uncertainties, and actual results could differ materially from the statements made in this press release. Factors that might cause these differences include, but are not limited to, the effect of intense competition, risks arising from FDA inspections and government subpoenas, delays in product development, international business risks, fluctuations in currency exchange rates, the effects of healthcare reform, risks of clinical trials, potential regulatory burdens and obstacles, litigation and legal compliance risks, government investigations, cybersecurity risks, changes in global economic and political conditions, potential product defects, manufacturing or supply issues, potential intellectual property infringement, risks of acquisitions and divestitures, substantial indebtedness, contractual debt restrictions and requirements, fluctuations in quarterly results, potential delays in the preparation of restated financial statements, the risk that additional information will come to light during the course of the preparation of restated financial statements or the review thereof by our registered independent accounting firm that alters the scope or magnitude of the restatement; potential reviews, investigations or other proceedings by government authorities, stockholders or other parties; the risk that the Company's remediation plan will be unsuccessful to prevent or detect additional misstatements and potential delays arising from the restatement, including a potential inability to prepare financial statements or file periodic reports on a timely basis, which would be a default under the Company's senior secured credit facility and note indentures as well as a violation of the Securities Exchange Act and the listing rules of the NYSE, additional material weaknesses in internal controls and risks and other potential delays arising from the restatement. These and other risk factors are discussed in more detail under the heading "Risk Factors" in Item 1A of the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 3, 2015, as amended. The Company does not assume any obligation to update its forward-looking statements to reflect new information and developments.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

Exhibit No.	Description
99.1	Press Financials for the period ending March 31, 2015

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.

ALERE INC.

Date: May 28, 2015

By: /s/ Jim Hinrichs

Name: Jim Hinrichs

Title: Executive Vice President & Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Financials for the period ending March 31, 2015

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

	Three Months Ended March 31,	
	2015	2014
Net product sales and services revenue	\$603,455	\$620,027
License and royalty revenue	4,698	5,212
Net revenue	608,153	625,239
Cost of net revenue	316,168	314,881
Gross profit	291,985	310,358
Gross margin	48%	50%
Operating expenses:		
Research and development	28,016	38,699
Selling, general and administrative	201,770	236,663
Impairment and (gain) loss on dispositions, net	34,792	—
Operating income	27,407	34,996
Interest and other income (expense), net	(47,701)	(44,878)
Loss from continuing operations before provision (benefit) for income taxes	(20,294)	(9,882)
Benefit for income taxes	(8,786)	(1,680)
Loss from continuing operations before equity earnings of unconsolidated entities, net of tax	(11,508)	(8,202)
Equity earnings of unconsolidated entities, net of tax	3,959	5,352
Loss from continuing operations	(7,549)	(2,850)
Income (loss) from discontinued operations, net of tax	216,777	(2,596)
Net income (loss)	209,228	(5,446)
Less: Net income attributable to non-controlling interests	88	108
Net income (loss) attributable to Alere Inc. and Subsidiaries	209,140	(5,554)
Preferred stock dividends	(5,250)	(5,250)
Net income (loss) available to common stockholders	<u>\$203,890</u>	<u>\$ (10,804)</u>
Basic and diluted net income (loss) per common share attributable to Alere Inc. and Subsidiaries:		
Loss from continuing operations	\$ (0.15)	\$ (0.10)
Income (loss) from discontinued operations	2.57	(0.03)
Net income (loss) per common share	<u>\$ 2.42</u>	<u>\$ (0.13)</u>
Weighted average shares—basic and diluted	<u>84,338</u>	<u>82,387</u>

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

	<u>March 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 414,495	\$ 378,461
Restricted cash	37,406	37,571
Marketable securities	173	259
Accounts receivable, net	471,663	466,106
Inventories, net	374,973	365,165
Prepaid expenses and other current assets	140,538	244,986
Assets held for sale	—	315,515
Total current assets	<u>1,439,248</u>	<u>1,808,063</u>
PROPERTY, PLANT AND EQUIPMENT, NET	446,705	453,570
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	4,094,233	4,246,761
DEFERRED FINANCING COSTS AND OTHER ASSETS, NET	168,185	170,562
Total assets	<u>\$6,148,371</u>	<u>\$6,678,956</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt and current portions of long-term debt and capital lease obligations	\$ 100,371	\$ 93,116
Liabilities related to assets held for sale	—	78,843
Other current liabilities	560,872	589,086
Total current liabilities	<u>661,243</u>	<u>761,045</u>
LONG-TERM LIABILITIES:		
Long-term debt and capital lease obligations, net of current portions	3,031,594	3,631,945
Deferred tax liabilities	245,863	214,639
Other long-term liabilities	138,090	161,582
Total long-term liabilities	<u>3,415,547</u>	<u>4,008,166</u>
TOTAL EQUITY	<u>2,071,581</u>	<u>1,909,745</u>
Total liabilities and equity	<u>\$6,148,371</u>	<u>\$6,678,956</u>

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

	Three Months Ended March 31,	
	2015	2014
Reconciliation to Non-GAAP Adjusted Operating Income⁽¹⁾		
Operating income	\$ 27,407	\$ 34,996
Adjustment related to acquired software license contracts	247	419
Amortization of acquisition-related intangible assets	50,693	58,960
Restructuring charges	4,270	4,398
Stock-based compensation expense	5,149	5,704
Compensation charges associated with acquisition-related contingent consideration obligations	606	422
Acquisition-related costs	51	321
Fair value adjustments to acquisition-related contingent consideration	(11,777)	1,300
Costs associated with potential business dispositions	3,731	2,960
Impairment and (gain) loss on dispositions, net	34,792	—
Non-GAAP adjusted operating income	\$ 115,169	\$109,480

	Three Months Ended March 31,	
	2015	2014
Reconciliation to Non-GAAP Adjusted Net Income⁽¹⁾		
Net income (loss) available to common stockholders	\$ 203,890	\$ (10,804)
Adjustment related to acquired software license contracts	247	419
Amortization of acquisition-related intangible assets	50,716	58,978
Restructuring charges	4,277	4,410
Stock-based compensation expense	5,149	5,704
Compensation charges associated with acquisition-related contingent consideration obligations	606	422
Acquisition-related costs	51	321
Fair value adjustments to acquisition-related contingent consideration	(11,777)	1,300
Costs associated with potential business dispositions	3,731	2,960
Impairment and (gain) loss on dispositions, net	34,792	—
Interest expense recorded in connection with fees paid for certain debt modifications and the termination of our senior secured credit facility	364	364
Interest accretion associated with acquisition-related compensation charges	104	95
Amortization of acquisition-related intangible assets, restructuring, fair value adjustments to acquisition-related contingent consideration, and impairment, net of gain on divestiture—Discontinued operations, net of tax	(217,589)	5,534
Income tax effects on items above	(28,640)	(26,299)
Non-GAAP adjusted net income available to common stockholders	\$ 45,921	\$ 43,404

Net loss per diluted common share from continuing operations	\$ (0.15)	\$ (0.10)
Net income (loss) per diluted common share from discontinued operations	2.57	(0.03)
Net income (loss) per diluted common share	\$ 2.42	\$ (0.13)

Non-GAAP adjusted net income per diluted common share from continuing operations	\$ 0.53	\$ 0.48
Non-GAAP adjusted net income (loss) per diluted common share from discontinued operations	(0.01)	0.03
Non-GAAP adjusted net income per diluted common share	\$ 0.52	\$ 0.51
Weighted average shares—diluted	84,338	82,387
Non-GAAP adjusted weighted average shares—diluted	99,281	97,346

(1) In calculating "Non-GAAP adjusted operating income" and "Non-GAAP adjusted net income available to common stockholders", 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 available to common stockholders" 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 available to common stockholders" presented in this press release may not be comparable to similar measures used by other companies.

Alere Inc. and Subsidiaries
Selected Consolidated Revenues
(in thousands)

	<u>Q1 2015</u>	<u>Q1 2014</u>	<u>% Change</u> <u>Q1 15 v. Q1 14</u>
Professional diagnostics segment⁽¹⁾			
Cardiometabolic	\$202,843	\$213,963	-5%
Infectious disease	178,756	167,613	7%
Toxicology	148,756	155,533	-4%
Other (2)	<u>51,132</u>	<u>60,616</u>	-16%
Total professional diagnostics segment⁽¹⁾⁽²⁾	581,487	597,725	-3%
Consumer diagnostics segment⁽¹⁾	21,968	22,302	-1%
License and royalty revenue	<u>4,698</u>	<u>5,212</u>	-10%
Net revenue	<u>\$608,153</u>	<u>\$625,239</u>	-3%

(1) Revenues have been reclassified for the impact of a change in segment reporting due to the divestiture of our health management business.

(2) Revenues are presented in accordance with generally accepted accounting principles and exclude an adjustment of \$0.2 million and \$0.4 million related to acquired software license contracts which were not recognized during the three months ended March 31, 2015 and 2014, 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)

<u>Operating Segment</u>	<u>For the Three Months Ended March 31, 2015</u>			
	<u>Professional Diagnostics</u>	<u>Consumer Diagnostics</u>	<u>Corporate</u>	<u>Total</u>
Net revenue	\$ 586,185	\$ 21,968	\$ —	\$608,153
Adjustment related to acquired software license contracts (1)	247	—	—	247
Non-GAAP adjusted net revenue	<u>\$ 586,432</u>	<u>\$ 21,968</u>	<u>\$ —</u>	<u>\$608,400</u>
Operating income (loss)	\$ 49,790	\$ 2,204	\$(24,587)	\$ 27,407
Adjustment related to acquired software license contracts (1)	247	—	—	247
Amortization of acquisition-related intangible assets	50,645	9	39	50,693
Restructuring charges	4,235	—	35	4,270
Stock-based compensation expense	—	—	5,149	5,149
Compensation charges associated with acquisition-related contingent consideration obligations	606	—	—	606
Acquisition-related costs	—	—	51	51
Fair value adjustments to acquisition-related contingent consideration	(11,777)	—	—	(11,777)
Costs associated with potential business dispositions	3,580	151	—	3,731
Impairment and (gain) loss on dispositions, net	34,792	—	—	34,792
Non-GAAP adjusted operating income (loss)	<u>\$ 132,118</u>	<u>\$ 2,364</u>	<u>\$(19,313)</u>	<u>\$115,169</u>
Non-GAAP adjusted operating income (loss) as % of Non-GAAP adjusted net revenue	<u>22.5%</u>	<u>10.8%</u>		<u>18.9%</u>

(1) Estimated revenue related to acquired software license contracts that was not recognized during the first quarter of 2015 due to business combination accounting rules.

<u>Operating Segment</u>	<u>For the Three Months Ended March 31, 2014</u>			
	<u>Professional Diagnostics</u>	<u>Consumer Diagnostics</u>	<u>Corporate</u>	<u>Total</u>
Net revenue	\$ 602,937	\$ 22,302	\$ —	\$625,239
Adjustment related to acquired software license contracts (1)	419	—	—	419
Non-GAAP adjusted net revenue	<u>\$ 603,356</u>	<u>\$ 22,302</u>	<u>\$ —</u>	<u>\$625,658</u>
Operating income (loss)	\$ 55,480	\$ 698	\$(21,182)	\$ 34,996
Adjustment related to acquired software license contracts (1)	419	—	—	419
Amortization of acquisition-related intangible assets	58,671	289	—	58,960
Restructuring charges	4,303	—	95	4,398
Stock-based compensation expense	—	—	5,704	5,704
Compensation charges associated with acquisition-related contingent consideration obligations	422	—	—	422
Acquisition-related costs	—	—	321	321
Fair value adjustments to acquisition-related contingent consideration	1,200	—	100	1,300
Costs associated with potential business dispositions	2,960	—	—	2,960
Non-GAAP adjusted operating income (loss)	<u>\$ 123,455</u>	<u>\$ 987</u>	<u>\$(14,962)</u>	<u>\$109,480</u>
Non-GAAP adjusted operating income (loss) as % of Non-GAAP adjusted net revenue	<u>20.5%</u>	<u>4.4%</u>		<u>17.5%</u>

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

Comments:

In calculating "Non-GAAP 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 "Non-GAAP 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, "Non-GAAP 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)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Net revenue	\$ 608,153	\$ 625,239
Adjustment related to acquired software license contracts	247	419
Non-GAAP adjusted net revenue	<u>\$ 608,400</u>	<u>\$ 625,658</u>
Cost of net revenue	\$ 316,168	\$ 314,881
Less adjustments:		
Amortization of acquisition-related intangible assets	(14,196)	(15,876)
Restructuring charges	(1,502)	(833)
Costs associated with potential business dispositions	(391)	—
Stock-based compensation expense	(253)	(287)
Non-GAAP adjusted cost of net revenue	<u>\$ 299,826</u>	<u>\$ 297,885</u>
Non-GAAP adjusted gross profit	<u>\$ 308,574</u>	<u>\$ 327,773</u>
	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Research and development	\$ 28,016	\$ 38,699
Less adjustments:		
Amortization of acquisition-related intangible assets	(861)	(1,165)
Restructuring charges	(493)	—
Stock-based compensation expense	(324)	(1,191)
Non-GAAP adjusted research and development	<u>\$ 26,338</u>	<u>\$ 36,343</u>
	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Selling, general and administrative	\$ 201,770	\$ 236,663
Less adjustments:		
Amortization of acquisition-related intangible assets	(35,636)	(41,919)
Restructuring charges	(2,275)	(3,565)
Stock-based compensation expense	(4,572)	(4,226)
Compensation charges associated with acquisition-related contingent consideration obligations	(606)	(422)
Acquisition-related costs	(51)	(321)
Fair value adjustments to acquisition-related contingent consideration	11,777	(1,300)
Costs associated with potential business dispositions	(3,340)	(2,960)
Non-GAAP adjusted selling, general and administrative	<u>\$ 167,067</u>	<u>\$ 181,950</u>
	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Impairment and (gain) loss on dispositions, net	\$ 34,792	\$ —
Impairment and (gain) loss on dispositions, net	(34,792)	—
Non-GAAP adjusted impairment and loss on disposition, net	<u>\$ —</u>	<u>\$ —</u>
	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Interest and other income (expense), net	\$ (47,701)	\$ (44,878)
Less adjustments:		
Restructuring charges	7	12
Interest expense recorded in connection with fees paid for certain debt modifications and the termination of our senior secured credit facility	364	364
Interest accretion associated with acquisition-related compensation charges	104	95
Non-GAAP adjusted interest and other income (expense), net	<u>\$ (47,226)</u>	<u>\$ (44,407)</u>
	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Benefit for income taxes	\$ (8,786)	\$ (1,680)
Add: Income tax effects on Non-GAAP adjustments	28,661	26,328
Non-GAAP adjusted provision for income taxes	<u>\$ 19,875</u>	<u>\$ 24,648</u>
	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Equity earnings of unconsolidated entities, net of tax	\$ 3,959	\$ 5,352
Less adjustments:		
Amortization of acquisition-related intangible assets	105	148
Income tax effects on items above	—	—
Non-GAAP adjusted equity earnings of unconsolidated entities, net of tax	<u>\$ 4,064</u>	<u>\$ 5,500</u>

Alere Inc. and Subsidiaries
Reconciliations of Gross Profit/Margin to Non-GAAP Adjusted Gross Profit/Margin
(in thousands)

	<u>Three Months Ended</u>		<u>Three Months Ended</u>		<u>Three Months Ended</u>	
	<u>March 31, 2014⁽¹⁾</u>		<u>December 31, 2014</u>		<u>March 31, 2015</u>	
Alere Consolidated						
Net revenue	\$625,239		\$666,857		\$608,153	
Adjustment related to acquired software license contracts	419		285		247	
Non-GAAP adjusted net revenue	<u>625,658</u>		<u>667,142</u>		<u>608,400</u>	
Cost of net revenue	314,881		358,593		316,168	
Less adjustments:						
Amortization of acquisition-related intangible assets	15,876		17,269		14,196	
Costs associated with potential business dispositions	—		—		391	
Stock-based compensation expense	287		317		253	
Restructuring charges	833		5,053		1,502	
Non-GAAP adjusted cost of net revenue	<u>297,885</u>		<u>335,954</u>		<u>299,826</u>	
Non-GAAP adjusted gross profit/margin	<u>\$327,773</u>	<u>52.4%</u>	<u>\$331,188</u>	<u>49.6%</u>	<u>\$308,574</u>	<u>50.7%</u>
	<u>Three Months Ended</u>		<u>Three Months Ended</u>		<u>Three Months Ended</u>	
	<u>March 31, 2014⁽²⁾</u>		<u>December 31, 2014</u>		<u>March 31, 2015</u>	
Professional Diagnostics Segment						
Net product sales and services revenue	\$597,725		\$633,181		\$581,487	
Adjustment related to acquired software license contracts	419		285		247	
Non-GAAP adjusted net product sales and services revenue	<u>598,144</u>		<u>633,466</u>		<u>581,734</u>	
Cost of net revenue	293,354		334,603		295,416	
Less adjustments:						
Amortization of acquisition-related intangible assets	15,789		16,747		14,196	
Costs associated with potential business dispositions	—		—		391	
Stock-based compensation expense	287		317		253	
Restructuring charges	833		5,053		1,502	
Non-GAAP adjusted cost of net revenue	<u>276,445</u>		<u>312,486</u>		<u>279,074</u>	
Non-GAAP adjusted gross profit/margin	<u>\$321,699</u>	<u>53.8%</u>	<u>\$320,980</u>	<u>50.7%</u>	<u>\$302,660</u>	<u>52.0%</u>

Note:

(1) Restated to reflect the impact of discontinued operations

(2) Reflects the impact of a change in segment reporting