

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

	Three Months Ended June 30,	
	2015	2014
Net product sales and services revenue	\$ 623,462	\$ 640,794
License and royalty revenue	5,694	6,604
Net revenue	629,156	647,398
Cost of net revenue	336,582	348,705
Gross profit	292,574	298,693
Gross margin	47%	46%
Operating expenses:		
Research and development	27,198	37,430
Selling, general and administrative	167,997	266,374
Impairment and loss on disposition, net	5,542	638
Operating income	91,837	(5,749)
Interest and other income (expense), net	(55,234)	(48,815)
Income (loss) from continuing operations before provision (benefit) for income taxes	36,603	(54,564)
Provision for income taxes	17,701	5,464
Income (loss) from continuing operations before equity earnings of unconsolidated entities, net of tax	18,902	(60,028)
Equity earnings of unconsolidated entities, net of tax	1,361	2,087
Income (loss) from continuing operations	20,263	(57,941)
Income from discontinued operations, net of tax	-	12,915
Net income (loss)	20,263	(45,026)
Less: Net income attributable to non-controlling interests	359	62
Net income (loss) attributable to Alere Inc. and Subsidiaries	19,904	(45,088)
Preferred stock dividends	(5,309)	(5,309)
Net income (loss) available to common stockholders	\$ 14,595	\$ (50,397)
Basic net income (loss) per common share:		
Income (loss) from continuing operations	\$ 0.17	\$ (0.77)
Income from discontinued operations	-	0.16
Basic net income (loss) per common share	\$ 0.17	\$ (0.61)
Diluted net income (loss) per common share:		
Income (loss) from continuing operations	\$ 0.17	\$ (0.77)
Income from discontinued operations	-	0.16
Diluted net income (loss) per common share	\$ 0.17	\$ (0.61)
Weighted average shares - basic	85,173	82,648
Weighted average shares - diluted	86,635	82,648

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

	Six Months Ended June 30,	
	2015	2014
Net product sales and services revenue	\$ 1,226,917	\$ 1,260,821
License and royalty revenue	10,392	11,816
Net revenue	1,237,309	1,272,637
Cost of net revenue	652,750	663,586
Gross profit	584,559	609,051
Gross margin	47%	48%
Operating expenses:		
Research and development	55,214	76,129
Selling, general and administrative	369,767	503,037
Impairment and loss on disposition, net	40,334	638
Operating income	119,244	29,247
Interest and other income (expense), net	(102,935)	(93,693)
Income (loss) from continuing operations before provision (benefit) for income taxes	16,309	(64,446)
Provision for income taxes	8,915	3,784
Income (loss) from continuing operations before equity earnings of unconsolidated entities, net of tax	7,394	(68,230)
Equity earnings of unconsolidated entities, net of tax	5,320	7,439
Income (loss) from continuing operations	12,714	(60,791)
Income from discontinued operations, net of taxes	216,777	10,319
Net income (loss)	229,491	(50,472)
Less: Net income attributable to non-controlling interests	447	170
Net income (loss) attributable to Alere Inc. and Subsidiaries	229,044	(50,642)
Preferred stock dividends	(10,559)	(10,559)
Net Income (loss) available to common stockholders	\$ 218,485	\$ (61,201)
Basic net income (loss) per common share:		
Income (loss) from continuing operations	\$ 0.02	\$ (0.87)
Income from discontinued operations	2.56	0.13
Net income (loss) per common share	\$ 2.58	\$ (0.74)
Diluted net income (loss) per common share:		
Income (loss) from continuing operations	\$ 0.02	\$ (0.87)
Income from discontinued operations	2.52	0.13
Diluted net income (loss) per common share	\$ 2.54	\$ (0.74)
Weighted average shares - basic	84,758	82,518
Weighted average shares - diluted	86,070	82,518

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

	June 30, 2015	December 31, 2014
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 464,871	\$ 378,461
Restricted cash	461,636	37,571
Marketable securities	175	259
Accounts receivable, net	472,686	466,106
Inventories, net	366,340	365,165
Prepaid expenses and other current assets	143,944	244,986
Assets held for sale - current	28,631	315,515
Total current assets	1,938,283	1,808,063
PROPERTY, PLANT AND EQUIPMENT, NET	448,302	453,570
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	3,988,043	4,246,761
RESTRICTED CASH - NON-CURRENT	-	-
DEFERRED FINANCING COSTS AND OTHER ASSETS, NET	147,572	170,562
Assets held for sale - non-current	129,194	-
Total assets	\$ 6,651,394	\$ 6,678,956
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Short-term debt and current portions of long-term debt and capital lease obligations	\$ 634,014	\$ 93,116
Liabilities related to assets held for sale - current	7,663	78,843
Other current liabilities	496,335	589,086
Total current liabilities	1,138,012	761,045
LONG-TERM LIABILITIES:		
Long-term debt and capital lease obligations, net of current portions	2,964,949	3,631,945
Deferred tax liabilities	227,491	214,639
Other long-term liabilities	146,240	161,582
Liabilities related to assets held for sale - non-current	11,527	-
Total long-term liabilities	3,350,207	4,008,166
TOTAL EQUITY	2,163,175	1,909,745
Total liabilities and equity	\$ 6,651,394	\$ 6,678,956

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

	Three Months Ended June 30,	
	2015	2014
Reconciliation to Non-GAAP Adjusted Operating Income ⁽¹⁾		
Operating income (loss)	\$ 91,837	\$ (5,749)
Adjustment related to acquired software license contracts	200	373
Amortization of acquisition-related intangible assets	49,246	58,835
Restructuring charges	4,853	15,380
Stock-based compensation expense	7,130	(1,122)
Compensation charges associated with acquisition-related contingent consideration obligations	(3,412)	581
Acquisition-related costs	40	49
Fair value adjustments to acquisition-related contingent consideration	(41,090)	16,679
Costs associated with potential business dispositions	879	11,600
Impairment and loss on disposition, net	5,542	638
Non-GAAP adjusted operating income	\$ 115,225	\$ 97,264
	Three Months Ended June 30,	
	2015	2014
Reconciliation to Non-GAAP Adjusted Net Income ⁽¹⁾		
Net income (loss) available to common stockholders	\$ 14,595	\$ (50,397)
Adjustment related to acquired software license contracts	200	373
Amortization of acquisition-related intangible assets	49,271	58,855
Restructuring charges	4,859	15,391
Stock-based compensation expense	7,130	(1,122)
Compensation charges associated with acquisition-related contingent consideration obligations	(3,412)	581
Acquisition-related costs	40	49
Fair value adjustments to acquisition-related contingent consideration	(41,090)	16,679
Costs associated with potential business dispositions	879	11,600
Impairment and loss on disposition, net	5,542	638
Interest expense recorded in connection with fees paid for certain debt modifications and the termination of our senior secured credit facility	11,303	364
Interest accretion associated with acquisition-related compensation charges	(545)	98
Expense associated with extinguishment of debt	3,480	-
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	-	(10,041)
Income tax effects on items above	(4,002)	(6,884)
Non-GAAP adjusted net income available to common stockholders	\$ 48,250	\$ 36,184
Income (loss) per diluted common share from continuing operations	\$ 0.17	\$ (0.77)
Income per diluted common share from discontinued operations	-	0.16
Net Income (loss) per diluted common share	\$ 0.17	\$ (0.61)
Weighted average shares - diluted	86,635	82,648
Non-GAAP adjusted income per diluted common share from continuing operations	\$ 0.54	\$ 0.39
Non-GAAP adjusted income per diluted common share from discontinued operations	-	0.03
Non-GAAP adjusted net income per diluted common share	\$ 0.54	\$ 0.42
Non-GAAP adjusted weighted average shares - diluted	100,312	87,453

⁽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
Reconciliation to Non-GAAP Adjusted Operating Results
(in thousands, except per share amounts)

	Six Months Ended June 30,	
	2015	2014
Reconciliation to Non-GAAP Adjusted Operating Income ⁽¹⁾		
Operating income	\$ 119,244	\$ 29,247
Adjustment related to acquired software license contracts	447	792
Amortization of acquisition-related intangible assets	99,939	117,795
Restructuring charges	9,123	19,778
Stock-based compensation expense	12,279	4,582
Compensation charges associated with acquisition-related contingent consideration obligations	(2,806)	1,003
Acquisition-related costs	91	370
Fair value adjustments to acquisition-related contingent consideration	(52,867)	17,979
Non-cash charge associated with acquired inventory	-	-
Costs associated with potential business dispositions	4,219	14,560
Impairment and loss on disposition, net	40,334	638
Non-GAAP adjusted operating income	\$ 230,003	\$ 206,744

	Six Months Ended June 30,	
	2015	2014
Reconciliation to Non-GAAP Adjusted Net Income ⁽¹⁾		
Net income (loss) available to common stockholders	\$ 218,485	\$ (61,201)
Adjustment related to acquired software license contracts	447	792
Amortization of acquisition-related intangible assets	99,987	117,833
Restructuring charges	9,136	19,801
Stock-based compensation expense	12,279	4,582
Compensation charges associated with acquisition-related contingent consideration obligations	(2,806)	1,003
Acquisition-related costs	91	370
Fair value adjustments to acquisition-related contingent consideration	(52,867)	17,979
Costs associated with potential business dispositions	4,610	14,560
Impairment and loss on disposition, net	40,334	638
Interest expense recorded in connection with fees paid for certain debt modifications and the termination of our senior secured credit facility	11,667	728
Interest accretion associated with acquisition-related compensation charges	(441)	193
Expense associated with extinguishment of debt	3,480	-
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)	(4,837)
Income tax effects on items above	(32,642)	(30,373)
Non-GAAP adjusted net income available to common stockholders	\$ 94,171	\$ 82,068

Income (loss) per diluted common share from continuing operations	\$ 0.02	\$ (0.87)
Income per diluted common share from discontinued operations	2.52	0.13
Net income (loss) per diluted common share	\$ 2.54	\$ (0.74)

Weighted average shares - diluted	86,070	82,518
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Non-GAAP adjusted income per diluted common share from continuing operations	\$ 1.07	\$ 0.90
Non-GAAP adjusted income (loss) per diluted common share from discontinued operations	(0.01)	0.06
Non-GAAP adjusted net income per diluted common share	\$ 1.06	\$ 0.96

Non-GAAP adjusted weighted average shares - diluted	99,747	87,150
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⁽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>Q2 2015</u>	<u>YTD 2015</u>	<u>Q2 2014</u>	<u>YTD 2014</u>	<u>% Change Q2 15 v. Q2 14</u>	<u>% Change YTD 15 v. YTD 14</u>
Professional diagnostics segment ⁽¹⁾						
Cardiometabolic	\$ 213,661	\$ 416,504	\$ 209,241	\$ 423,204	2%	-2%
Infectious disease	176,630	355,386	175,001	342,614	1%	4%
Toxicology	157,495	306,251	169,647	325,180	-7%	-6%
Other ⁽²⁾	51,031	102,163	65,187	125,803	-22%	-19%
Total professional diagnostics segment ⁽¹⁾⁽²⁾	<u>598,817</u>	<u>1,180,304</u>	<u>619,076</u>	<u>1,216,801</u>	-3%	-3%
Consumer diagnostics segment ⁽¹⁾	24,645	46,613	21,718	44,020	13%	6%
License and royalty revenue	5,694	10,392	6,604	11,816	-14%	-12%
Net revenue	<u>\$ 629,156</u>	<u>\$ 1,237,309</u>	<u>\$ 647,398</u>	<u>\$ 1,272,637</u>	-3%	-3%

⁽¹⁾ Revenues have been restated 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, and \$0.4 million and \$0.8 million related to acquired software license contracts which were not recognized during the three and six months ended June 30, 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)

Operating Segment	For the Three Months Ended June 30, 2015			
	Professional Diagnostics	Consumer Diagnostics	Corporate	Total
Net revenue	\$ 604,511	\$ 24,645	\$ -	\$ 629,156
Adjustment related to acquired software license contracts ⁽¹⁾	200	-	-	200
Non-GAAP adjusted net revenue	<u>\$ 604,711</u>	<u>\$ 24,645</u>	<u>\$ -</u>	<u>\$ 629,356</u>
Operating income (loss)	\$ 115,302	\$ 1,079	\$ (24,544)	\$ 91,837
Adjustment related to acquired software license contracts ⁽¹⁾	200	-	-	200
Amortization of acquisition-related intangible assets	49,198	9	39	49,246
Restructuring charges	4,290	-	563	4,853
Stock-based compensation expense	-	-	7,130	7,130
Compensation charges associated with acquisition-related contingent consideration obligations	(3,412)	-	-	(3,412)
Acquisition-related costs	-	-	40	40
Fair value adjustments to acquisition-related contingent consideration	(41,090)	-	-	(41,090)
Costs associated with potential business dispositions	879	-	-	879
Impairment and loss on disposition, net	5,542	-	-	5,542
Non-GAAP adjusted operating income (loss)	<u>\$ 130,909</u>	<u>\$ 1,088</u>	<u>\$ (16,772)</u>	<u>\$ 115,225</u>
Non-GAAP adjusted operating income (loss) as % of Non-GAAP adjusted net revenue	<u>21.6%</u>	<u>4.4%</u>		<u>18.3%</u>

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

Operating Segment	For the Three Months Ended June 30, 2014			
	Professional Diagnostics	Consumer Diagnostics	Corporate	Total
Net revenue ⁽¹⁾	\$ 625,680	\$ 21,718	\$ -	\$ 647,398
Adjustment related to acquired software license contracts ⁽²⁾	373	-	-	373
Non-GAAP adjusted net revenue	<u>\$ 626,053</u>	<u>\$ 21,718</u>	<u>\$ -</u>	<u>\$ 647,771</u>
Operating income (loss)	\$ 14,455	\$ 702	\$ (20,906)	\$ (5,749)
Adjustment related to acquired software license contracts ⁽²⁾	373	-	-	373
Amortization of acquisition-related intangible assets	58,661	174	-	58,835
Restructuring charges	11,325	-	4,055	15,380
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	16,479	-	200	16,679
Costs associated with potential business dispositions	11,600	-	-	11,600
Loss on disposition	638	-	-	638
Non-GAAP adjusted operating income (loss)	<u>\$ 114,112</u>	<u>\$ 876</u>	<u>\$ (17,724)</u>	<u>\$ 97,264</u>
Non-GAAP adjusted operating income (loss) as % of Non-GAAP adjusted net revenue	<u>18.2%</u>	<u>4.0%</u>		<u>15.0%</u>

(1) Net revenue has been restated for the impact of a change in segment reporting due to the divestiture of our health management business.

(2) Estimated revenue related to acquired software license contracts that was not recognized during the second 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
Reconciliation of Operating Income (Loss) to Non-GAAP Adjusted Operating Income (Loss)
(in thousands)

For the Six Months Ended June 30, 2015				
Operating Segment	Professional Diagnostics	Consumer Diagnostics	Corporate	Total
Net revenue	\$ 1,190,696	\$ 46,613	\$ -	\$ 1,237,309
Adjustment related to acquired software license contracts ⁽¹⁾	447	-	-	447
Non-GAAP adjusted net revenue	<u>\$ 1,191,143</u>	<u>\$ 46,613</u>	<u>\$ -</u>	<u>\$ 1,237,756</u>
Operating income (loss)	\$ 165,090	\$ 3,283	\$ (49,129)	\$ 119,244
Adjustment related to acquired software license contracts ⁽¹⁾	447	-	-	447
Amortization of acquisition-related intangible assets	99,920	19	-	99,939
Restructuring charges	8,525	-	598	9,123
Stock-based compensation expense	-	-	12,279	12,279
Compensation charges associated with acquisition-related contingent consideration obligations	(2,806)	-	-	(2,806)
Acquisition-related costs	-	-	91	91
Fair value adjustments to acquisition-related contingent consideration	-	-	(52,867)	(52,867)
Costs associated with potential business dispositions	4,610	-	-	4,610
Impairment and gain (loss) on dispositions, net	40,334	-	-	40,334
Non-GAAP adjusted operating income (loss)	<u>\$ 316,120</u>	<u>\$ 3,302</u>	<u>\$ (89,028)</u>	<u>\$ 230,394</u>
Non-GAAP adjusted operating income (loss) as % of Non-GAAP adjusted net revenue	<u>26.5%</u>	<u>7.1%</u>		<u>18.6%</u>

(1) Estimated revenue related to acquired software license contracts that was not recognized during the six months ended June 30, 2015 due to business combination accounting rules.

For the Six Months Ended June 30, 2014				
Operating Segment	Professional Diagnostics	Consumer Diagnostics	Corporate	Total
Net revenue ⁽¹⁾	\$ 1,227,306	\$ 45,331	\$ -	\$ 1,272,637
Adjustment related to acquired software license contracts ⁽²⁾	792	-	-	792
Non-GAAP adjusted net revenue	<u>\$ 1,228,098</u>	<u>\$ 45,331</u>	<u>\$ -</u>	<u>\$ 1,273,429</u>
Operating income (loss)	\$ 68,624	\$ 2,711	\$ (42,088)	\$ 29,247
Adjustment related to acquired software license contracts ⁽²⁾	792	-	-	792
Amortization of acquisition-related intangible assets	117,332	463	-	117,795
Restructuring charges	15,628	-	4,150	19,778
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	17,679	-	300	17,979
Costs associated with proxy contest	-	-	-	-
Costs associated with potential business dispositions	14,560	-	-	14,560
Loss on disposition	638	-	-	638
Non-GAAP adjusted operating income (loss)	<u>\$ 236,256</u>	<u>\$ 3,174</u>	<u>\$ (32,686)</u>	<u>\$ 206,744</u>
Non-GAAP adjusted operating income (loss) as % of Non-GAAP adjusted net revenue	<u>19.2%</u>	<u>7.0%</u>		<u>16.2%</u>

⁽¹⁾ Net revenue has been restated for the impact of a change in segment reporting due to the divestiture of our health management business.

⁽²⁾ Estimated revenue related to acquired software license contracts that was not recognized during the six months ended June 30, 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)

	<u>Three Months Ended June 30, 2015</u>	<u>Three Months Ended June 30, 2014</u>
Net revenue	\$ 629,156	\$ 647,398
Adjustment related to acquired software license contracts	200	373
Non-GAAP adjusted net revenue	<u>\$ 629,356</u>	<u>\$ 647,771</u>
Cost of net revenue	\$ 336,582	\$ 348,705
Less adjustments:		
Amortization of acquisition-related intangible assets	(13,112)	(15,682)
Restructuring charges	(897)	(220)
Costs associated with potential business dispositions	-	-
Stock-based compensation expense	(287)	(285)
Non-GAAP adjusted cost of net revenue	<u>\$ 322,286</u>	<u>\$ 332,518</u>
Non-GAAP adjusted gross profit	<u>\$ 307,070</u>	<u>\$ 315,253</u>
	<u>Three Months Ended June 30, 2015</u>	<u>Three Months Ended June 30, 2014</u>
Research and development	\$ 27,198	\$ 37,430
Less adjustments:		
Amortization of acquisition-related intangible assets	(923)	(1,184)
Restructuring charges	(155)	(3,031)
Stock-based compensation expense	(282)	1,811
Non-GAAP adjusted research and development	<u>\$ 25,838</u>	<u>\$ 35,026</u>
	<u>Three Months Ended June 30, 2015</u>	<u>Three Months Ended June 30, 2014</u>
Selling, general and administrative	\$ 167,997	\$ 266,374
Less adjustments:		
Amortization of acquisition-related intangible assets	(35,211)	(41,969)
Restructuring charges	(3,801)	(12,129)
Stock-based compensation expense	(6,561)	(404)
Compensation charges associated with acquisition-related contingent consideration obligations	3,412	(581)
Acquisition-related costs	(40)	(49)
Fair value adjustments to acquisition-related contingent consideration	41,090	(16,679)
Costs associated with potential business dispositions	(879)	(11,600)
Non-GAAP adjusted selling, general and administrative	<u>\$ 166,007</u>	<u>\$ 182,963</u>
	<u>Three Months Ended June 30, 2015</u>	<u>Three Months Ended June 30, 2014</u>
Impairment and loss on disposition, net	\$ 5,542	\$ 638
Impairment and loss on disposition, net	(5,542)	(638)
Non-GAAP adjusted impairment and loss on disposition, net	<u>\$ -</u>	<u>\$ -</u>
	<u>Three Months Ended June 30, 2015</u>	<u>Three Months Ended June 30, 2014</u>
Interest and other income (expense), net	\$ (55,234)	\$ (48,815)
Less adjustments:		
Restructuring charges	6	11
Interest expense recorded in connection with fees paid for certain debt modifications and the termination of our senior secured credit facility	11,303	364
Interest accretion associated with acquisition-related compensation charges	(545)	98
Expense associated with extinguishment of debt	3,480	-
Non-GAAP adjusted interest and other income (expense), net	<u>\$ (40,990)</u>	<u>\$ (48,342)</u>
	<u>Three Months Ended June 30, 2015</u>	<u>Three Months Ended June 30, 2014</u>
Provision for income taxes	\$ 17,701	\$ 5,464
Add: Income tax effects on Non-GAAP adjustments	4,023	6,913
Non-GAAP adjusted provision for income taxes	<u>\$ 21,724</u>	<u>\$ 12,377</u>
	<u>Three Months Ended June 30, 2015</u>	<u>Three Months Ended June 30, 2014</u>
Equity earnings of unconsolidated entities, net of tax	\$ 1,361	\$ 2,087
Less adjustments:		
Amortization of acquisition-related intangible assets	105	150
Income tax effects on items above	-	-
Non-GAAP adjusted equity earnings of unconsolidated entities, net of tax	<u>\$ 1,466</u>	<u>\$ 2,237</u>

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

	<u>Six Months Ended June 30, 2015</u>	<u>Six Months Ended June 30, 2014</u>
Net revenue	\$ 1,237,309	\$ 1,272,637
Adjustment related to acquired software license contracts	447	792
Non-GAAP adjusted net revenue	<u>\$ 1,237,756</u>	<u>\$ 1,273,429</u>
Cost of net revenue	\$ 652,750	\$ 663,586
Less adjustments:		
Amortization of acquisition-related intangible assets	(27,308)	(31,558)
Restructuring charges	(2,399)	(1,053)
Stock-based compensation expense	(540)	(572)
Non-cash charge associated with acquired inventory	-	-
Costs associated with potential business dispositions	(391)	-
Non-GAAP adjusted cost of net revenue	<u>\$ 622,112</u>	<u>\$ 630,403</u>
Non-GAAP adjusted gross profit	<u>\$ 615,644</u>	<u>\$ 643,026</u>
	<u>Six Months Ended June 30, 2015</u>	<u>Six Months Ended June 30, 2014</u>
Research and development	\$ 55,214	\$ 76,129
Less adjustments:		
Amortization of acquisition-related intangible assets	(1,784)	(2,349)
Restructuring charges	(648)	(3,031)
Stock-based compensation expense	(606)	620
Non-GAAP adjusted research and development	<u>\$ 52,176</u>	<u>\$ 71,369</u>
	<u>Six Months Ended June 30, 2015</u>	<u>Six Months Ended June 30, 2014</u>
Selling, general and administrative	\$ 369,767	\$ 503,037
Less adjustments:		
Amortization of acquisition-related intangible assets	(70,847)	(83,888)
Restructuring charges	(6,076)	(15,694)
Stock-based compensation expense	(11,133)	(4,630)
Compensation charges associated with acquisition-related contingent consideration obligations	2,806	(1,003)
Acquisition-related costs	(91)	(370)
Fair value adjustments to acquisition-related contingent consideration	52,867	(17,979)
Costs associated with potential business dispositions	(4,219)	(14,560)
Non-GAAP adjusted selling, general and administrative	<u>\$ 333,074</u>	<u>\$ 364,913</u>
	<u>Six Months Ended June 30, 2015</u>	<u>Six Months Ended June 30, 2014</u>
Impairment and loss on disposition, net	\$ 40,334	\$ 638
Impairment and loss on disposition, net	(40,334)	(638)
Non-GAAP adjusted impairment and loss on disposition, net	<u>\$ -</u>	<u>\$ -</u>
	<u>Six Months Ended June 30, 2015</u>	<u>Six Months Ended June 30, 2014</u>
Interest and other income (expense), net	\$ (102,935)	\$ (93,693)
Less adjustments:		
Restructuring charges	13	23
Interest expense recorded in connection with fees paid for certain debt modifications and the termination of our senior secured credit facility	11,667	728
Interest accretion associated with acquisition-related compensation charges	(441)	193
Expense associated with extinguishment of debt	3,480	-
Non-GAAP adjusted interest and other income (expense), net	<u>\$ (88,216)</u>	<u>\$ (92,749)</u>
	<u>Six Months Ended June 30, 2015</u>	<u>Six Months Ended June 30, 2014</u>
Provision for income taxes	\$ 8,915	\$ 3,784
Add: Income tax effects on Non-GAAP adjustments	32,684	30,431
Non-GAAP adjusted provision for income taxes	<u>\$ 41,599</u>	<u>\$ 34,215</u>
	<u>Six Months Ended June 30, 2015</u>	<u>Six Months Ended June 30, 2014</u>
Equity earnings of unconsolidated entities, net of tax	\$ 5,320	\$ 7,439
Less adjustments:		
Amortization of acquisition-related intangible assets	210	298
Income tax effects on items above	-	-
Non-GAAP adjusted equity earnings of unconsolidated entities, net of tax	<u>\$ 5,530</u>	<u>\$ 7,737</u>

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

Alere Consolidated	Three Months Ended June 30, 2014 ⁽¹⁾	Three Months Ended March 31, 2015	Three Months Ended June 30, 2015
Net revenue	\$ 647,398	\$ 608,153	\$ 629,156
Adjustment related to acquired software license contracts	<u>373</u>	<u>247</u>	<u>200</u>
Non-GAAP adjusted net revenue	<u>647,771</u>	<u>608,400</u>	<u>629,356</u>
Cost of net revenue	348,705	316,168	336,582
Less adjustments:			
Amortization of acquisition-related intangible assets	15,682	14,196	13,112
Costs associated with potential business dispositions	-	391	-
Stock-based compensation expense	285	253	287
Restructuring charges	<u>220</u>	<u>1,502</u>	<u>897</u>
Non-GAAP adjusted cost of net revenue	<u>332,518</u>	<u>299,826</u>	<u>322,286</u>
Non-GAAP adjusted gross profit/margin	<u>\$ 315,253</u> <u>48.7%</u>	<u>\$ 308,574</u> <u>50.7%</u>	<u>\$ 307,070</u> <u>48.8%</u>
	Three Months Ended June 30, 2014 ⁽¹⁾	Three Months Ended March 31, 2015	Three Months Ended June 30, 2015
Professional Diagnostics Segment			
Net product sales and services revenue	\$ 619,076	\$ 581,487	\$ 598,817
Adjustment related to acquired software license contracts	<u>373</u>	<u>247</u>	<u>200</u>
Non-GAAP adjusted net product sales and services revenue	<u>619,449</u>	<u>581,734</u>	<u>599,017</u>
Cost of net revenue	328,318	295,416	312,068
Less adjustments:			
Amortization of acquisition-related intangible assets	15,657	14,196	13,112
Costs associated with potential business dispositions	-	391	-
Stock-based compensation expense	285	253	287
Restructuring charges	<u>220</u>	<u>1,502</u>	<u>897</u>
Non-GAAP adjusted cost of net revenue	<u>312,156</u>	<u>279,074</u>	<u>297,772</u>
Non-GAAP adjusted gross profit/margin	<u>\$ 307,293</u> <u>49.6%</u>	<u>\$ 302,660</u> <u>52.0%</u>	<u>\$ 301,245</u> <u>50.3%</u>

Note:

⁽¹⁾ Restated to reflect the impact of discontinued operations and the impact of a change in segment reporting.

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

	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015
Net income ⁽¹⁾	\$ 20,263	\$ 229,491
Less: Income from discontinued operations, net of tax	-	216,777
Income from continuing operations	<u>20,263</u>	<u>12,714</u>
Adjustment related to acquired software license contracts	200	447
Income tax provision	17,701	8,915
Depreciation and amortization	72,749	147,222
Interest, net	58,765	104,597
Non-cash stock-based compensation expense	7,130	12,279
Non-cash fair value adjustments to acquisition-related contingent consideration	(41,090)	(52,867)
Impairment and loss on dispositions, net	5,542	40,334
Non-GAAP EBITDA	<u>\$ 141,260</u>	<u>\$ 273,641</u>

⁽¹⁾ Net income for the three months and six months ended June 30, 2015 includes non-interest related restructuring charges of \$4.8 million and \$9.1 million, respectively, and \$0.9 million and \$4.6 million of costs associated with potential business dispositions, respectively, which have not been added back for purposes of computing Non-GAAP EBITDA. The six months ended June 30, 2015 also includes \$0.1 million of acquisition-related costs.

⁽²⁾ Includes \$3.5 million of expense associated with the extinguishment of debt during the three and six months ended June 30, 2015.

Reconciliation of Cash Flow from Operating Activities to Free Cash Flow

(in thousands)

	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015
Cash flow from operating activities	\$ 4,148	\$ 32,526
Capital expenditures	(21,637)	(47,284)
Free cash flow	<u>\$ (17,489)</u>	<u>\$ (14,758)</u>