

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Net product sales and services revenue	\$ 592,553	\$ 613,850	\$ 2,364,337	\$ 2,438,638
License and royalty revenue	4,256	3,286	11,998	16,977
Net revenue	596,809	617,136	2,376,335	2,455,615
Cost of net revenue	325,648	368,586	1,286,468	1,347,315
Gross profit	271,161	248,550	1,089,867	1,108,300
Gross margin	45%	40%	46%	45%
Operating expenses:				
Research and development	25,184	28,228	112,122	119,453
Selling, general and administrative	261,431	229,877	966,831	808,595
Impairment and (gain) loss on disposition, net	-	8,132	(3,810)	50,540
Operating income	(15,454)	(17,687)	14,724	129,712
Interest and other income (expense), net	(32,137)	(60,482)	(167,122)	(214,254)
Loss from continuing operations before provision (benefit) for income taxes	(47,591)	(78,169)	(152,398)	(84,542)
Provision (benefit) for income taxes	83,762	(51,145)	35,376	(53,564)
Income (loss) from continuing operations before equity earnings of unconsolidated entities, net of tax	(131,353)	(27,024)	(187,774)	(30,978)
Equity earnings of unconsolidated entities, net of tax	17,200	5,210	50,505	15,530
Income (loss) from continuing operations	(114,153)	(21,814)	(137,269)	(15,448)
Income from discontinued operations, net of tax	-	2,736	-	219,513
Net income	(114,153)	(19,078)	(137,269)	204,065
Less: Net income attributable to non-controlling interests	(103)	(5)	350	381
Net income attributable to Alere Inc. and Subsidiaries	(114,050)	(19,073)	(137,619)	203,684
Preferred stock dividends	(5,367)	(5,366)	(21,350)	(21,293)
Net income available to common stockholders	\$ (119,417)	\$ (24,439)	\$ (158,969)	\$ 182,391
Basic net income per common share:				
Income (loss) from continuing operations	\$ (1.38)	\$ (0.31)	\$ (1.83)	\$ (0.43)
Income from discontinued operations	-	-	-	2.57
Basic and diluted net income per common share	\$ (1.38)	\$ (0.31)	\$ (1.83)	\$ 2.14
Diluted net income per common share:				
Income (loss) from continuing operations	\$ (1.38)	\$ (0.31)	\$ (1.83)	\$ (0.43)
Income from discontinued operations	-	-	-	2.57
Diluted net income per common share	\$ (1.38)	\$ (0.31)	\$ (1.83)	\$ 2.14
Weighted average shares - basic	86,955	85,953	86,796	85,420
Weighted average shares - diluted	86,955	85,953	86,796	85,420

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

	December 31, 2016	December 31, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 567,215	\$ 502,200
Restricted cash	51,550	5,694
Marketable securities	76	164
Accounts receivable, net	413,535	436,924
Inventories, net	308,920	350,949
Prepaid expenses and other current assets	118,607	114,514
Assets held for sale	-	4,165
Total current assets	1,459,903	1,414,610
Property, Plant and Equipment, net	441,190	446,039
Goodwill and other intangible assets, net	3,592,107	3,862,306
Restricted Cash- non-current	2,171	43,228
Other non-current assets	152,908	138,640
Assets held for sale - non-current	-	13,337
Total assets	\$ 5,648,279	\$ 5,918,160
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt and current portions of long-term debt and capital lease obligations	\$ 85,434	\$ 203,954
Liabilities related to assets held for sale	-	363
Other current liabilities	590,722	518,389
Total current liabilities	676,156	722,706
LONG-TERM LIABILITIES:		
Long-term debt and capital lease obligations, net of current portions	2,865,426	2,838,347
Deferred tax liabilities	119,098	147,618
Other long-term liabilities	155,992	154,193
Liabilities related to assets held for sale - non-current	-	-
Total long-term liabilities	3,140,516	3,140,158
TOTAL EQUITY	1,831,607	2,055,296
Total liabilities and equity	\$ 5,648,279	\$ 5,918,160

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

	Three Months Ended December 31,		% Change 2016 v. 2015
	2016	2015	
Professional diagnostics segment ⁽¹⁾			
Cardiometabolic	\$ 143,569	\$ 180,163	-20%
Infectious disease	211,509	188,609	12%
Toxicology	147,785	149,540	-1%
Other	38,020	44,927	-15%
Total professional diagnostics segment	540,883	563,239	-4%
Consumer diagnostics segment ⁽¹⁾	17,569	19,768	-11%
Other Non-reportable	34,101	30,843	11%
License and royalty revenue	4,256	3,286	30%
Net revenue	\$ 596,809	\$ 617,136	-3%

	Twelve Months Ended December 31,		% Change 2016 v. 2015
	2016	2015	
Professional diagnostics segment ⁽¹⁾			
Cardiometabolic	\$ 622,468	\$ 703,553	-12%
Infectious disease	776,153	710,178	9%
Toxicology	608,635	618,362	-2%
Other	140,426	192,321	-27%
Total professional diagnostics segment	2,147,682	2,224,414	-3%
Consumer diagnostics segment ⁽¹⁾	74,152	85,128	-13%
Other Non-reportable	142,503	129,096	10%
License and royalty revenue	11,998	16,977	-29%
Net revenue	\$ 2,376,335	\$ 2,455,615	-3%

⁽¹⁾ Revenues have been restated for the impact of restatements made during the preparation of our consolidated financial statements for 2016. For more information on these restatements see Note 2 in our Form 10-K.

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

	Three Months Ended December 31,	
	2016	2015
Net Income (loss) ⁽¹⁾	\$ (114,153)	\$ (19,078)
Less: Income from discontinued operations, net of tax	-	2,736
Loss from continuing operations	<u>(114,153)</u>	<u>(21,814)</u>
Adjustment related to acquired software license contracts	-	-
Income tax provision (benefit)	83,762	(51,145)
Depreciation and amortization	71,467	75,719
Interest, net	42,342	57,954
Non-cash stock-based compensation expense	10,681	6,795
Non-cash fair value adjustments to acquisition-related contingent consideration	(1,419)	(5,703)
Impairment and (gain) loss on dispositions, net	(11,152)	8,132
Non-cash INRatio product recall expenses	-	21,100
Other	-	(40)
Non-GAAP Adjusted EBITDA	<u>\$ 81,528</u>	<u>\$ 90,998</u>

(1) Net income (loss) for the three months ended December 31, 2015 includes \$16.7 million of cash costs associated with the voluntary withdrawal of INRatio products, restructuring charges of \$4.3 million, \$2.8 million of costs associated with business dispositions, \$0.1 million of acquisition-related costs which have not been added back for purposes of computing Non-GAAP Adjusted EBITDA. The three months ended December 31, 2016 includes \$22.1 million of Abbott integration costs, \$14.3 million for a legal settlement accrual, \$15.5 million of charges related to governmental investigations, non-interest related restructuring charges of \$10.1 million, \$0.5 million of cash costs associated with the voluntary withdrawal of InRatio product, and \$0.1 million of acquisition-related costs which have not been added back for purposes of computing Non-GAAP Adjusted EBITDA.

	Twelve Months Ended December 31,	
	2016	2015
Net Income (loss) ⁽¹⁾	\$ (137,269)	\$ 204,065
Less: Income from discontinued operations, net of tax	-	219,513
Loss from continuing operations	<u>(137,269)</u>	<u>(15,448)</u>
Adjustment related to acquired software license contracts	-	877
Income tax provision (benefit)	35,376	(53,564)
Depreciation and amortization	285,884	309,684
Interest, net	168,320	212,551
Non-cash stock-based compensation expense	41,796	26,391
Non-cash fair value adjustments to acquisition-related contingent consideration	(13,308)	(57,613)
Impairment and (gain) loss on dispositions, net	(33,683)	50,540
Non-cash INRatio product recall expenses	-	21,100
Other	-	622
Non-GAAP Adjusted EBITDA	<u>\$ 347,116</u>	<u>\$ 495,139</u>

(1) Net income (loss) for the twelve months ended December 31, 2015 includes \$16.7 million of cash costs associated with the voluntary withdrawal of INRatio products, restructuring charges of \$15.6 million, \$9.3 million of costs associated with business dispositions, and \$0.5 million of acquisition-related costs which have not been added back for purposes of computing Non-GAAP Adjusted EBITDA. The twelve months ended December 31, 2016 includes \$60.3 million of Abbott integration costs, restructuring charges of \$37.9 million, \$38.2 million of charges related to governmental investigations, \$35.2 million for a legal settlement accrual, \$6.0 million of acquisition-related costs, \$1.8 million of cash costs associated with the withdrawal of InRatio product and \$1.0 million of costs associated with business dispositions which have not been added back for purposes of computing Non-GAAP Adjusted EBITDA.

Alere Inc. and Subsidiaries
Reconciliation of Non-GAAP Organic Revenue Growth
(in thousands)

	Three Months Ended December 31,		% Change 2016 v. 2015
	2016	2015	
Net revenue	\$ 596,809	\$ 617,136	-3.3%
Impact of foreign currency exchange	7,830	-	
Impact of acquisitions & dispositions	(1,453)	(8,234)	
Non-GAAP organic net revenue	\$ 603,186	\$ 608,902	-0.9%
Arriva revenue	(11,622)	(38,592)	
Non-GAAP organic net revenue (excluding Arriva)	\$ 591,564	\$ 570,310	3.7%
	Twelve Months Ended December 31,		
	2016	2015	% Change 2016 v. 2015
Net revenue	\$ 2,376,335	\$ 2,455,615	-3.2%
Impact of foreign currency exchange	40,543	-	
Impact of acquisitions & dispositions	(13,984)	(60,414)	
Non-GAAP organic net revenue	\$ 2,402,894	\$ 2,395,201	0.3%
Arriva revenue	(99,887)	(148,538)	
Non-GAAP organic net revenue (excluding Arriva)	\$ 2,303,007	\$ 2,246,663	2.5%

Alere Inc. and Subsidiaries
Supplemental Financial Information
(in thousands, except per share amounts)

Three months ended December 31, 2016

	Cost of Net Revenue	Research and Development	Selling, General & Administrative	Impairment, net of loss on disposition	Interest and other income, net	Provision for income taxes	Equity earnings of unconsolidated entities, net of tax	Net Income¹
Amortization of acquisition-related intangible assets	\$ 12,281	\$ 922	\$ 31,384	\$ -	\$ -	\$ -	\$ -	\$ (44,587)
Restructuring charges	2,090	512	7,535	-	-	-	-	(10,136)
Impairment Charges	-	-	193	-	-	-	-	(193)
Stock-based compensation expense	518	531	9,633	-	-	-	-	(10,681)
Acquisition-related costs	-	-	72	-	-	-	-	(72)
Fair value adjustments to acquisition-related contingent consideration	-	-	(1,419)	-	-	-	-	1,419
Costs associated with potential business dispositions	-	-	42	-	-	-	-	(42)
Impairment and (gain) loss on disposition, net	-	-	-	-	-	-	(11,152)	11,152
Amortization - Unconsolidated Subs	-	-	-	-	-	-	46	(46)
Audit and legal fees related to on-going governmental investigations	-	-	15,493	-	1,697	-	-	(17,190)
Abbott transaction related expenses	-	-	22,064	-	-	-	-	(22,064)
INRatio recall expense	2,481	-	(1,300)	-	-	-	-	(1,181)
Legal settlement accrual	-	-	14,300	-	-	-	-	(14,300)
Income tax effects on items above	-	-	-	-	-	70,892	-	(70,892)
Total of Supplemental Information	\$ 17,370	\$ 1,965	\$ 97,998	\$ -	\$ 1,697	\$ 70,892	\$ (11,106)	\$ (178,815)
Impact of above items on EPS numerator								\$ -
Impact of above items on EPS denominator								-

1) All impacts are shown as pre-tax with aggregate tax effect displayed as "Income tax effects on items above".

Twelve months ended December 31, 2016

	Cost of Net Revenue	Research and Development	Selling, General & Administrative	Impairment, net of loss on disposition	Interest and other income, net	Provision for income taxes	Equity earnings of unconsolidated entities, net of tax	Net Income¹
Amortization of acquisition-related intangible assets	\$ 49,616	\$ 3,685	\$ 127,253	\$ -	\$ -	\$ -	\$ -	\$ (180,553)
Restructuring charges	5,991	4,052	27,831	-	-	-	-	(37,874)
Impairment Charges	85	-	193	-	-	-	-	(278)
Stock-based compensation expense	2,054	1,904	37,838	-	-	-	-	(41,796)
Acquisition-related costs	-	5,000	1,030	-	-	-	-	(6,030)
Fair value adjustments to acquisition-related contingent consideration	-	-	(13,308)	-	-	-	-	13,308
Costs associated with potential business dispositions	7	-	995	-	-	-	-	(1,002)
Impairment and (gain) loss on disposition, net	-	-	-	(3,810)	-	-	(29,873)	33,683
Amortization - Unconsolidated Subs	-	-	-	-	-	-	275	(275)
Audit and legal fees related to on-going governmental investigations	-	-	38,215	-	4,509	-	-	(42,725)
Abbott transaction related expenses	-	-	60,266	-	-	-	-	(60,266)
INRatio recall expense	4,581	-	-	-	-	-	-	(4,581)
Legal settlement accrual	-	-	35,175	-	-	-	-	(35,175)
Income tax effects on items above	-	-	-	-	-	(21,397)	-	21,397
Total of Supplemental Information	\$ 62,333	\$ 14,641	\$ 315,488	\$ (3,810)	\$ 4,509	\$ (21,397)	\$ (29,598)	\$ (342,166)
Impact of above items on EPS numerator								\$ (1,035)
Impact of above items on EPS denominator								(2,279)

1) All impacts are shown as pre-tax with aggregate tax effect displayed as "Income tax effects on items above".