

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

	Three Months Ended			Year Ended	
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	December 31, 2014
Net product sales and services revenue	\$ 620,027	\$ 640,794	\$ 645,028	\$ 661,805	\$ 2,567,654
License and royalty revenue	5,212	6,604	4,182	5,052	21,050
Net revenue	625,239	647,398	649,210	666,857	2,588,704
Cost of net revenue	314,881	348,705	347,588	358,593	1,369,767
Gross profit	310,358	298,693	301,622	308,264	1,218,937
Gross margin	50%	46%	46%	46%	47%
Operating expenses:					
Research and development	38,699	37,430	38,726	29,973	144,828
Selling, general and administrative	236,663	266,374	227,554	237,198	967,789
Impairment, net of gain, on disposition	-	638	-	7,104	7,742
Operating income (loss)	34,996	(5,749)	35,342	33,989	98,578
Interest and other income (expense), net	(44,878)	(48,815)	(60,419)	(55,810)	(209,922)
Loss from continuing operations before provision (benefit) for income taxes	(9,882)	(54,564)	(25,077)	(21,821)	(111,344)
Provision (benefit) for income taxes	(1,680)	5,464	65,489	12,920	82,193
Loss from continuing operations before equity earnings of unconsolidated entities, net of tax	(8,202)	(60,028)	(90,566)	(34,741)	(193,537)
Equity earnings of unconsolidated entities, net of tax	5,352	2,087	6,277	3,793	17,509
Loss from continuing operations	(2,850)	(57,941)	(84,289)	(30,948)	(176,028)
Income (loss) from discontinued operations, net of taxes	(2,596)	12,915	(14,401)	142,400	138,318
Net income (loss)	(5,446)	(45,026)	(98,690)	111,452	(37,710)
Less: Net income (loss) attributable to non-controlling interests, net of tax	108	62	(306)	166	30
Net income (loss) attributable to Alere Inc. and Subsidiaries	\$ (5,554)	\$ (45,088)	\$ (98,384)	\$ 111,286	\$ (37,740)
Preferred stock dividends	\$ (5,250)	\$ (5,309)	\$ (5,367)	\$ (5,367)	\$ (21,293)
Net income (loss) available to common stockholders	\$ (10,804)	\$ (50,397)	\$ (103,751)	\$ 105,919	\$ (59,033)
Basic net income (loss) per common share attributable to Alere Inc. and Subsidiaries:					
Loss from continuing operations	\$ (0.10)	\$ (0.77)	\$ (1.08)	\$ (0.44)	\$ (2.38)
Income (loss) from discontinued operations	(0.03)	0.16	(0.17)	1.71	1.67
Basic net income (loss) per common share	\$ (0.13)	\$ (0.61)	\$ (1.25)	\$ 1.27	\$ (0.71)
Diluted net income (loss) per common share attributable to Alere Inc. and Subsidiaries:					
Loss from continuing operations	\$ (0.10)	\$ (0.77)	\$ (1.08)	\$ (0.44)	\$ (2.38)
Income (loss) from discontinued operations	(0.03)	0.16	(0.17)	1.71	1.67
Diluted net income (loss) per common share	\$ (0.13)	\$ (0.61)	\$ (1.25)	\$ 1.27	\$ (0.71)
Weighted average common shares - basic	82,387	82,648	83,115	83,586	82,938
Weighted average common shares - diluted	82,387	82,648	83,115	83,586	82,938

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

	Three Months Ended				Year Ended
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	December 31, 2014
Reconciliation to Non-GAAP Adjusted Operating Income ⁽¹⁾					
Operating Income (loss)	\$ 34,996	\$ (5,749)	\$ 35,342	\$ 33,989	\$ 98,578
Adjustment related to acquired software license contracts	419	373	324	285	1,401
Amortization of acquisition-related intangible assets	58,960	58,835	58,814	60,686	237,295
Restructuring charges	4,398	15,380	17,296	21,622	58,696
Stock-based compensation expense	5,704	(1,122)	3,168	4,701	12,451
Compensation charges associated with acquisition-related contingent consideration obligations	422	581	670	182	1,855
Acquisition-related costs	321	49	325	179	874
Fair value adjustments to acquisition-related contingent consideration	1,300	16,679	(5,537)	(4,765)	7,677
Costs associated with potential business dispositions	2,960	11,600	6,203	5,802	26,565
Impairment and gain (loss) on dispositions, net	-	638	-	7,104	7,742
Non-GAAP adjusted operating income	\$ 109,480	\$ 97,264	\$ 116,605	\$ 129,785	\$ 453,134
Reconciliation to Non-GAAP Adjusted Net Income ⁽¹⁾					
Net income (loss) available to common stockholders	\$ (10,804)	\$ (50,397)	\$ (103,751)	\$ 105,919	\$ (59,033)
Adjustment related to acquired software license contracts	419	373	324	285	1,401
Amortization of acquisition-related intangible assets	58,978	58,855	58,819	60,689	237,341
Restructuring charges	4,410	15,391	17,307	21,630	58,738
Stock-based compensation expense	5,704	(1,122)	3,168	4,701	12,451
Compensation charges associated with acquisition-related contingent consideration obligations	422	581	670	182	1,855
Acquisition-related costs	321	49	325	179	874
Fair value adjustments to acquisition-related contingent consideration	1,300	16,679	(5,537)	(4,765)	7,677
Costs associated with potential business dispositions	2,960	11,600	6,203	5,802	26,565
Impairment and gain (loss) on dispositions, net	-	638	-	7,104	7,742
Loss on sale of equity investment	-	-	457	-	457
Interest expense recorded in connection with fees paid for certain debt modifications and the termination of our senior secured credit facility	364	364	363	365	1,456
Interest accretion associated with acquisition-related compensation charges	95	98	102	96	391
Income tax effects on above items - continuing operations	(23,489)	(6,884)	37,138	(7,234)	(469)
Amortization of acquisition-related intangible assets, restructuring and fair value adjustments to acquisition-related contingent consideration - discontinued operations, net of tax	5,204	(10,041)	17,223	(136,292)	(123,906)
Non-GAAP adjusted net income available to common stockholders	\$ 45,884	\$ 36,184	\$ 32,811	\$ 58,661	\$ 173,540
Loss per diluted common share from continuing operations	\$ (0.10)	\$ (0.77)	\$ (1.08)	\$ (0.44)	\$ (2.38)
Income (loss) per diluted common share from discontinued operations	(0.03)	0.16	(0.17)	1.71	1.67
Net income (loss) per diluted common share	\$ (0.13)	\$ (0.61)	\$ (1.25)	\$ 1.27	\$ (0.71)
Non-GAAP adjusted income per diluted common share from continuing operations	\$ 0.51	\$ 0.39	\$ 0.35	\$ 0.60	\$ 1.85
Non-GAAP adjusted income (loss) per diluted common share from discontinued operations	0.03	0.03	0.03	0.06	0.17
Non-GAAP adjusted net income per diluted common share ⁽²⁾	\$ 0.54	\$ 0.42	\$ 0.38	\$ 0.66	\$ 2.02
Weighted average shares - diluted	82,387	82,648	83,115	83,586	82,938
Non-GAAP adjusted weighted average shares - diluted ⁽²⁾	87,107	87,453	87,929	98,409	87,397

⁽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.

⁽²⁾ Included in the weighted average diluted common shares for the calculation of net income per common share for the three months ended March 31, 2014, on a non-GAAP adjusted basis, were dilutive shares consisting of 924,000 common stock equivalent shares from the potential exercise of stock options and warrants. Also included were dilutive shares consisting of 358,000 potentially issuable shares of common stock associated with contingent consideration arrangements and 3,438,000 common stock equivalent shares from the potential conversion of convertible debt. The diluted net income per common share calculation for the three months ended March 31, 2014, on a non-GAAP adjusted basis, included the add back of interest expense related to the convertible debt of \$0.7 million resulting in net income available to common stockholders of \$46.6 million for the three months ended March 31, 2014. Included in the weighted average diluted common shares for the calculation of net income per common share for the three months ended June 30, 2014, on a non-GAAP adjusted basis, were dilutive shares consisting of 1,032,000 common stock equivalent shares from the potential exercise of stock options and warrants. Also included were dilutive shares consisting of 335,000 potentially issuable shares of common stock associated with contingent consideration arrangements and 3,438,000 common stock equivalent shares from the potential conversion of convertible debt. The diluted net income per common share calculation for the three months ended June 30, 2014, on a non-GAAP adjusted basis, included the add back of interest expense related to the convertible debt of \$0.7 million resulting in net income available to common stockholders of \$36.9 million for the three months ended June 30, 2014. Included in the weighted average diluted common shares for the calculation of net income per common share for the three months ended September 30, 2014, on a non-GAAP adjusted basis, were dilutive shares consisting of 1,376,000 common stock equivalent shares from the potential exercise of stock options and warrants. Also included were dilutive shares consisting of 3,438,000 common stock equivalent shares from the potential conversion of convertible debt. The diluted net income per common share calculation for the three months ended September 30, 2014, on a non-GAAP adjusted basis, included the add back of interest expense related to the convertible debt of \$0.7 million resulting in net income available to common stockholders of \$33.5 million for the three months ended September 30, 2014. Included in the weighted average diluted common shares for the calculation of net income per common share for the three months ended December 31, 2014, on a non-GAAP adjusted basis, were dilutive shares consisting of 1,146,000 common stock equivalent shares from the potential exercise of stock options and warrants. Also included were dilutive shares consisting of 3,438,000 common stock equivalent shares from the potential conversion of convertible debt securities and 10,239,000 common stock equivalent shares from the potential conversion of Series B convertible preferred stock. The diluted net income per common share calculation for the three months ended December 31, 2014, on a non-GAAP adjusted basis, included the add back of interest expense related to the convertible debt of \$0.7 million and the add back of \$5.4 million of preferred stock dividends related to the Series B convertible preferred stock resulting in net income available to common stockholders of \$64.7 million for the three months ended December 31, 2014. Included in the weighted average diluted common shares for the calculation of net income per common share for the year ended December 31, 2014, on a non-GAAP adjusted basis, were dilutive shares consisting of 1,021,000 common stock equivalent shares from the potential exercise of stock options and warrants. Also included were dilutive shares consisting of 3,438,000 common stock equivalent shares from the potential conversion of convertible debt. The diluted net income per common share calculation for the year ended December 31, 2014, on a non-GAAP adjusted basis, included the add back of interest expense related to the convertible debt of \$2.8 million resulting in net income available to common stockholders of \$176.4 million for the year ended December 31, 2014.

Alere Inc. and Subsidiaries
Reconciliations to Non-GAAP Adjusted P&L Categories
(In thousands, except per share amounts)

	Three Months Ended				Year Ended
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	December 31, 2014
Net revenue	\$ 625,239	\$ 647,398	\$ 649,210	\$ 666,857	\$ 2,588,704
Adjustment related to acquired software license contracts	419	373	324	285	1,401
Non-GAAP adjusted net revenue	<u>\$ 625,658</u>	<u>\$ 647,771</u>	<u>\$ 649,534</u>	<u>\$ 667,142</u>	<u>\$ 2,590,105</u>
Cost of net revenue	\$ 314,881	\$ 348,705	\$ 347,588	\$ 358,593	\$ 1,369,767
Less adjustments:					
Amortization of acquisition-related intangible assets	(15,876)	(15,682)	(15,684)	(17,269)	(64,511)
Restructuring charges	(833)	(220)	(5,654)	(5,053)	(11,760)
Stock-based compensation expense	(287)	(285)	(291)	(317)	(1,180)
Non-GAAP adjusted cost of net revenue	<u>\$ 297,885</u>	<u>\$ 332,518</u>	<u>\$ 325,959</u>	<u>\$ 335,954</u>	<u>\$ 1,292,316</u>
Non-GAAP adjusted gross profit	<u>\$ 327,773</u>	<u>\$ 315,253</u>	<u>\$ 323,575</u>	<u>\$ 331,188</u>	<u>\$ 1,297,789</u>
Research and development	\$ 38,699	\$ 37,430	\$ 38,726	\$ 29,973	\$ 144,828
Less adjustments:					
Amortization of acquisition-related intangible assets	(1,165)	(1,184)	(1,372)	(2,755)	(6,476)
Restructuring charges	-	(3,031)	(5,457)	(1,312)	(9,800)
Stock-based compensation expense	(1,191)	1,811	(279)	(299)	42
Non-GAAP adjusted research and development	<u>\$ 36,343</u>	<u>\$ 35,026</u>	<u>\$ 31,618</u>	<u>\$ 25,607</u>	<u>\$ 128,594</u>
Selling, general and administrative	\$ 236,663	\$ 266,374	\$ 227,554	\$ 237,198	\$ 967,789
Less adjustments:					
Amortization of acquisition-related intangible assets	(41,919)	(41,969)	(41,758)	(40,662)	(166,308)
Restructuring charges	(3,565)	(12,129)	(6,185)	(15,257)	(37,136)
Stock-based compensation expense	(4,226)	(404)	(2,598)	(4,085)	(11,313)
Compensation charges associated with acquisition-related contingent consideration obligations	(422)	(581)	(670)	(182)	(1,855)
Acquisition-related costs	(321)	(49)	(325)	(179)	(874)
Fair value adjustments to acquisition-related contingent consideration	(1,300)	(16,679)	5,537	4,765	(7,677)
Costs associated with potential business dispositions	(2,960)	(11,600)	(6,203)	(5,802)	(26,565)
Non-GAAP adjusted selling, general and administrative	<u>\$ 181,950</u>	<u>\$ 182,963</u>	<u>\$ 175,352</u>	<u>\$ 175,796</u>	<u>\$ 716,061</u>
Impairment and gain (loss) on dispositions, net	\$ -	\$ 638	\$ -	\$ 7,104	\$ 7,742
Impairment and gain (loss) on dispositions, net	-	(638)	-	(7,104)	(7,742)
Non-GAAP adjusted Impairment and gain (loss) on dispositions, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Interest and other Income (expense), net	\$ (44,878)	\$ (48,815)	\$ (60,419)	\$ (55,810)	\$ (209,922)
Less adjustments:					
Restructuring charges	12	11	11	8	42
Interest expense recorded in connection with fees paid for certain debt modifications and the termination of our senior secured credit facility	364	364	363	365	1,456
Interest accretion associated with acquisition-related compensation charges	95	98	102	96	391
Non-GAAP adjusted interest and other Income (expense), net	<u>\$ (44,407)</u>	<u>\$ (48,342)</u>	<u>\$ (59,943)</u>	<u>\$ (55,341)</u>	<u>\$ (208,033)</u>
Provision (benefit) for Income taxes	\$ (1,680)	\$ 5,464	\$ 65,489	\$ 12,920	\$ 82,193
Add: Income tax effects on Non-GAAP adjustments	23,518	6,913	(37,109)	7,257	579
Non-GAAP adjusted provision for Income taxes	<u>\$ 21,838</u>	<u>\$ 12,377</u>	<u>\$ 28,380</u>	<u>\$ 20,177</u>	<u>\$ 82,772</u>
Equity earnings of unconsolidated entities, net of tax	\$ 5,352	\$ 2,087	\$ 6,277	\$ 3,793	\$ 17,509
Less adjustments:					
Amortization of acquisition-related intangible assets	148	150	589	97	984
Income tax effects on items above	-	-	-	-	-
Non-GAAP adjusted equity earnings of unconsolidated entities, net of tax	<u>\$ 5,500</u>	<u>\$ 2,237</u>	<u>\$ 6,866</u>	<u>\$ 3,890</u>	<u>\$ 18,493</u>

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

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014
Professional diagnostics segment⁽¹⁾					
Cardiometabolic	\$ 213,963	\$ 209,241	\$ 208,248	\$ 209,990	\$ 841,442
Infectious disease	167,613	175,001	184,018	209,060	735,692
Toxicology	155,533	169,647	166,381	153,059	644,620
Other ⁽²⁾	60,616	65,187	65,183	65,826	256,812
Total professional diagnostics segment⁽¹⁾⁽²⁾	597,725	619,076	623,830	637,935	2,478,566
Consumer diagnostics segment⁽¹⁾	22,302	21,718	21,198	23,870	89,088
License and royalty revenue	5,212	6,604	4,182	5,052	21,050
Net revenue	\$ 625,239	\$ 647,398	\$ 649,210	\$ 666,857	\$ 2,588,704

⁽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 \$0.4 million, \$0.4 million, \$0.3 million, \$0.3 million and \$1.4 million, related to acquired software license contracts which were not recognized during Q1 2014, Q2 2014, Q3 2014, Q4 2014 and FY 2014, respectively, due to business combination accounting rules.