

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

	Three Months Ended September 30,	
	2015	2014
Net product sales and services revenue	\$ 598,745	\$ 645,028
License and royalty revenue	3,299	4,182
Net revenue	602,044	649,210
Cost of net revenue	326,995	347,588
Gross profit	275,049	301,622
Gross margin	46%	46%
Operating expenses:		
Research and development	36,011	38,726
Selling, general and administrative	207,799	227,554
Impairment and loss on disposition, net	2,074	-
Operating income	29,165	35,342
Interest and other income (expense), net	(47,588)	(60,419)
Loss from continuing operations before provision (benefit) for income taxes	(18,423)	(25,077)
Provision (Benefit) for income taxes	(18,924)	65,489
Income (loss) from continuing operations before equity earnings of unconsolidated entities, net of tax	501	(90,566)
Equity earnings of unconsolidated entities, net of tax	5,000	6,277
Income (loss) from continuing operations	5,501	(84,289)
Loss from discontinued operations, net of tax	-	(14,401)
Net income (loss)	5,501	(98,690)
Less: Net loss attributable to non-controlling interests	(61)	(306)
Net income (loss) attributable to Alere Inc. and Subsidiaries	5,562	(98,384)
Preferred stock dividends	(5,367)	(5,367)
Net income (loss) available to common stockholders	\$ 195	\$ (103,751)
Basic net loss per common share:		
Loss from continuing operations	\$ -	\$ (1.08)
Loss from discontinued operations	-	(0.17)
Basic net loss per common share	\$ -	\$ (1.25)
Diluted net loss per common share:		
Loss from continuing operations	\$ -	\$ (1.08)
Loss from discontinued operations	-	(0.17)
Diluted net loss per common share	\$ -	\$ (1.25)
Weighted average shares - basic	85,895	83,115
Weighted average shares - diluted	87,169	83,115

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

	Nine Months Ended September 30,	
	2015	2014
Net product sales and services revenue	\$ 1,825,662	\$ 1,905,849
License and royalty revenue	13,691	15,998
Net revenue	1,839,353	1,921,847
Cost of net revenue	979,745	1,011,174
Gross profit	859,608	910,673
Gross margin	47%	47%
Operating expenses:		
Research and development	91,225	114,855
Selling, general and administrative	577,566	730,591
Impairment and loss on disposition, net	42,408	638
Operating income	148,409	64,589
Interest and other income (expense), net	(150,523)	(154,112)
Loss from continuing operations before provision (benefit) for income taxes	(2,114)	(89,523)
Provision (benefit) for income taxes	(10,009)	69,273
Income (loss) from continuing operations before equity earnings of unconsolidated entities, net of tax	7,895	(158,796)
Equity earnings of unconsolidated entities, net of tax	10,320	13,716
Income (loss) from continuing operations	18,215	(145,080)
Income (loss) from discontinued operations, net of taxes	216,777	(4,082)
Net income (loss)	234,992	(149,162)
Less: Net income (loss) attributable to non-controlling interests	386	(136)
Net income (loss) attributable to Alere Inc. and Subsidiaries	234,606	(149,026)
Preferred stock dividends	(15,926)	(15,926)
Net Income (loss) available to common stockholders	\$ 218,680	\$ (164,952)
Basic net income (loss) per common share:		
(Income) loss from continuing operations	\$ 0.02	\$ (1.94)
Income (loss) from discontinued operations	2.55	(0.05)
Net Income (loss) per common share	\$ 2.57	\$ (1.99)
Diluted net income (loss) per common share:		
Income (loss) from continuing operations	\$ 0.02	\$ (1.94)
Income (loss) from discontinued operations	2.51	(0.05)
Diluted net income (loss) per common share	\$ 2.53	\$ (1.99)
Weighted average shares - basic	85,141	82,719
Weighted average shares - diluted	86,279	82,719

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

	<u>September 30,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 479,381	\$ 378,461
Restricted cash	430,821	37,571
Marketable securities	157	259
Accounts receivable, net	452,366	466,106
Inventories, net	362,226	365,165
Prepaid expenses and other current assets	136,447	244,986
Assets held for sale	25,312	315,515
Total current assets	<u>1,886,710</u>	<u>1,808,063</u>
PROPERTY, PLANT AND EQUIPMENT, NET	445,315	453,570
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	3,924,614	4,246,761
RESTRICTED CASH - NON-CURRENT	44,148	-
DEFERRED FINANCING COSTS AND OTHER ASSETS, NET	147,330	170,562
Assets held for sale - non-current	126,048	-
Total assets	<u>\$ 6,574,165</u>	<u>\$ 6,678,956</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Short-term debt and current portions of long-term debt and capital lease obligations	\$ 607,597	\$ 93,116
Liabilities related to assets held for sale	8,836	78,843
Other current liabilities	509,582	589,086
Total current liabilities	<u>1,126,015</u>	<u>761,045</u>
LONG-TERM LIABILITIES:		
Long-term debt and capital lease obligations, net of current portions	2,993,928	3,631,945
Deferred tax liabilities	207,451	214,639
Other long-term liabilities	135,200	161,582
Liabilities related to assets held for sale - non-current	9,603	-
Total long-term liabilities	<u>3,346,182</u>	<u>4,008,166</u>
TOTAL EQUITY	<u>2,101,968</u>	<u>1,909,745</u>
Total liabilities and equity	<u>\$ 6,574,165</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 September 30,	
	2015	2014
Reconciliation to Non-GAAP Adjusted Operating Income ⁽¹⁾		
Operating income	\$ 29,165	\$ 35,342
Adjustment related to acquired software license contracts	430	324
Amortization of acquisition-related intangible assets	60,928	58,813
Restructuring charges	2,264	17,296
Stock-based compensation expense	7,317	3,168
Compensation charges associated with acquisition-related contingent consideration obligations	191	670
Acquisition-related costs	241	325
Fair value adjustments to acquisition-related contingent consideration	957	(5,537)
Costs associated with potential business dispositions	1,878	6,203
Impairment and loss on disposition, net	2,074	-
Non-GAAP adjusted operating income	\$ 105,445	\$ 116,604

	Three Months Ended September 30,	
	2015	2014
Reconciliation to Non-GAAP Adjusted Net Income ⁽¹⁾		
Net income (loss) available to common stockholders	\$ 195	\$ (103,751)
Adjustment related to acquired software license contracts	430	324
Amortization of acquisition-related intangible assets	60,954	58,818
Restructuring charges	2,270	17,307
Stock-based compensation expense	7,317	3,168
Compensation charges associated with acquisition-related contingent consideration obligations	191	670
Acquisition-related costs	241	325
Fair value adjustments to acquisition-related contingent consideration	957	(5,537)
Costs associated with potential business dispositions	1,878	6,203
Impairment and loss on disposition, net	2,074	-
Loss on sale of equity investment	-	457
Write off of equity investment in BBI	662	-
Interest expense recorded in connection with fees paid for certain debt modifications and the termination of our senior secured credit facility	9,273	363
Interest accretion associated with acquisition-related compensation charges	35	102
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	-	17,223
Income tax effects on items above	(38,179)	37,139
Non-GAAP adjusted net income available to common stockholders	\$ 48,298	\$ 32,811

Loss per diluted common share from continuing operations	\$ -	\$ (1.08)
Loss per diluted common share from discontinued operations	-	(0.17)
Net loss per diluted common share	\$ -	\$ (1.25)

Weighted average shares - diluted	87,169	83,115
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Non-GAAP adjusted income per diluted common share from continuing operations ⁽²⁾	\$ 0.54	\$ 0.35
Non-GAAP adjusted income per diluted common share from discontinued operations ⁽²⁾	-	0.03
Non-GAAP adjusted net income per diluted common share ⁽²⁾	\$ 0.54	\$ 0.38

Non-GAAP adjusted weighted average shares - diluted ⁽²⁾	100,846	87,929
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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.

⁽²⁾ Included in the weighted average diluted common shares for the calculation of net income per common share for the three months ended September 30, 2015, on a non-GAAP adjusted basis, are dilutive shares consisting of 1,244,000 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, 30,000 potentially issuable shares of common stock associated with a contingent consideration arrangement, 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 September 30, 2015, 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 \$54.4 million for the three months ended September 30, 2015.

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 potential dilutive shares consisting of 3,438,000 common stock equivalent shares from the potential conversion of convertible debt securities. 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.

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

	Nine Months Ended September 30,	
	2015	2014
Reconciliation to Non-GAAP Adjusted Operating Income ⁽¹⁾		
Operating income	\$ 148,409	\$ 64,589
Adjustment related to acquired software license contracts	877	1,116
Amortization of acquisition-related intangible assets	160,867	176,608
Restructuring charges	11,387	37,074
Stock-based compensation expense	19,596	7,750
Compensation charges associated with acquisition-related contingent consideration obligations	(2,615)	1,673
Acquisition-related costs	332	695
Fair value adjustments to acquisition-related contingent consideration	(51,910)	12,442
Non-cash charge associated with acquired inventory	-	-
Costs associated with potential business dispositions	6,097	20,763
Impairment and loss on disposition, net	42,408	638
Non-GAAP adjusted operating income	\$ 335,448	\$ 323,348

	Nine Months Ended September 30,	
	2015	2014
Reconciliation to Non-GAAP Adjusted Net Income ⁽¹⁾		
Net income (loss) available to common stockholders	\$ 218,680	\$ (164,952)
Adjustment related to acquired software license contracts	877	1,116
Amortization of acquisition-related intangible assets	160,941	176,651
Restructuring charges	11,406	37,108
Stock-based compensation expense	19,596	7,750
Compensation charges associated with acquisition-related contingent consideration obligations	(2,615)	1,673
Acquisition-related costs	332	695
Fair value adjustments to acquisition-related contingent consideration	(51,910)	12,442
Costs associated with potential business dispositions	6,488	20,763
Impairment and loss on disposition, net	42,408	638
Loss on sale of equity investment	-	457
Write off of equity investment in BBI	662	-
Interest expense recorded in connection with fees paid for certain debt modifications and the termination of our senior secured credit facility	20,940	1,091
Interest accretion associated with acquisition-related compensation charges	(406)	295
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)	12,386
Income tax effects on items above	(70,821)	6,766
Non-GAAP adjusted net income available to common stockholders	\$ 142,469	\$ 114,879

Income (loss) per diluted common share from continuing operations	\$ 0.02	\$ (1.94)
Income (loss) per diluted common share from discontinued operations	2.51	(0.05)
Net income (loss) per diluted common share	\$ 2.53	\$ (1.99)

Weighted average shares - diluted

	86,279	82,719
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Non-GAAP adjusted income per diluted common share from continuing operations ⁽²⁾	\$ 1.62	\$ 1.25
Non-GAAP adjusted income (loss) per diluted common share from discontinued operations ⁽²⁾	(0.01)	0.09
Non-GAAP adjusted net income per diluted common share ⁽²⁾	\$ 1.61	\$ 1.34

Non-GAAP adjusted weighted average shares - diluted ⁽²⁾

	99,956	87,311
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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.

⁽²⁾ Included in the weighted average diluted common shares for the calculation of net income per common share for the nine months ended September 30, 2015, on a non-GAAP adjusted basis, are dilutive shares consisting of 1,120,000 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, 18,000 potentially issuable shares of common stock associated with a contingent consideration arrangement, 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 nine months ended September 30, 2015, on a non-GAAP adjusted basis, included the add back of interest expense related to the convertible debt of \$2.1 million and the add back of \$15.9 million of preferred stock dividends related to the Series B convertible preferred stock, resulting in net income available to common stockholders of \$160.5 million for the nine months ended September 30, 2015.

Included in the weighted average diluted common shares for the calculation of net income per common share for the nine months ended September 30, 2014, on a non-GAAP adjusted basis, were dilutive shares consisting of 1,154,000 common stock equivalent shares from the potential exercise of stock options and warrants. Also included were potential dilutive shares consisting of 3,438,000 common stock equivalent shares from the potential conversion of convertible debt securities. The diluted net income per common share calculation for the nine months ended September 30, 2014, on a non-GAAP adjusted basis, included the add back of interest expense related to the convertible debt of \$2.2 million, resulting in net income available to common stockholders of \$117.1 million for the nine months ended September 30, 2014.

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

	<u>Q3 2015</u>	<u>YTD 2015</u>	<u>Q3 2014</u>	<u>YTD 2014</u>	<u>% Change Q3 15 v. Q3 14</u>	<u>% Change YTD 15 v. YTD 14</u>
Professional diagnostics segment ⁽¹⁾						
Cardiometabolic	\$ 208,319	\$ 624,823	\$ 208,248	\$ 631,452	0%	-1%
Infectious disease	163,759	519,145	184,018	526,632	-11%	-1%
Toxicology	162,571	468,822	166,381	491,561	-2%	-5%
Other ⁽²⁾	45,349	147,512	65,183	190,986	-30%	-23%
Total professional diagnostics segment ^{(1) (2)}	579,998	1,760,302	623,830	1,840,631	-7%	-4%
Consumer diagnostics segment ⁽¹⁾	18,747	65,360	21,198	65,218	-12%	0%
License and royalty revenue	3,299	13,691	4,182	15,998	-21%	-14%
Net revenue	<u>\$ 602,044</u>	<u>\$ 1,839,353</u>	<u>\$ 649,210</u>	<u>\$ 1,921,847</u>	-7%	-4%

⁽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 \$0.5 million and \$0.9 million, and \$0.3 million and \$1.1 million related to acquired software license contracts which were not recognized during the three and nine months ended September 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 September 30, 2015			
	Professional Diagnostics	Consumer Diagnostics	Corporate	Total
Net revenue	\$ 583,297	\$ 18,747	\$ -	\$ 602,044
Adjustment related to acquired software license contracts ⁽¹⁾	430	-	-	430
Non-GAAP adjusted net revenue	<u>\$ 583,727</u>	<u>\$ 18,747</u>	<u>\$ -</u>	<u>\$ 602,474</u>
Operating income (loss)	\$ 54,450	\$ 1,039	\$ (26,324)	\$ 29,165
Adjustment related to acquired software license contracts ⁽¹⁾	430	-	-	430
Amortization of acquisition-related intangible assets	60,880	9	39	60,928
Restructuring charges	1,578	-	686	2,264
Stock-based compensation expense	-	-	7,317	7,317
Compensation charges associated with acquisition-related contingent consideration obligations	191	-	-	191
Acquisition-related costs	-	-	241	241
Fair value adjustments to acquisition-related contingent consideration	957	-	-	957
Costs associated with potential business dispositions	1,878	-	-	1,878
Impairment and loss on disposition, net	2,074	-	-	2,074
Non-GAAP adjusted operating income (loss)	<u>\$ 122,438</u>	<u>\$ 1,048</u>	<u>\$ (18,041)</u>	<u>\$ 105,445</u>
Non-GAAP adjusted operating income (loss) as % of Non-GAAP adjusted net revenue	<u>21.0%</u>	<u>5.6%</u>		<u>17.5%</u>

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

Operating Segment	For the Three Months Ended September 30, 2014			
	Professional Diagnostics	Consumer Diagnostics	Corporate	Total
Net revenue ⁽¹⁾	\$ 628,012	\$ 21,198	\$ -	\$ 649,210
Adjustment related to acquired software license contracts ⁽²⁾	324	-	-	324
Non-GAAP adjusted net revenue	<u>\$ 628,336</u>	<u>\$ 21,198</u>	<u>\$ -</u>	<u>\$ 649,534</u>
Operating income (loss)	\$ 67,232	\$ 1,499	\$ (33,389)	\$ 35,342
Adjustment related to acquired software license contracts ⁽²⁾	324	-	-	324
Amortization of acquisition-related intangible assets	57,306	175	1,332	58,813
Restructuring charges	14,118	-	3,178	17,296
Stock-based compensation expense	-	-	3,168	3,168
Compensation charges associated with acquisition-related contingent consideration obligations	670	-	-	670
Acquisition-related costs	-	-	325	325
Fair value adjustments to acquisition-related contingent consideration	(8,637)	-	3,100	(5,537)
Costs associated with potential business dispositions	6,203	-	-	6,203
Non-GAAP adjusted operating income (loss)	<u>\$ 137,216</u>	<u>\$ 1,674</u>	<u>\$ (22,286)</u>	<u>\$ 116,604</u>
Non-GAAP adjusted operating income (loss) as % of Non-GAAP adjusted net revenue	<u>21.8%</u>	<u>7.9%</u>		<u>18.0%</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 three months ended September 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
Reconciliation of Operating Income (Loss) to Non-GAAP Adjusted Operating Income (Loss)
(in thousands)

Operating Segment	For the Nine Months Ended September 30, 2015			
	Professional Diagnostics	Consumer Diagnostics	Corporate	Total
Net revenue	\$ 1,773,993	\$ 65,360	\$ -	\$ 1,839,353
Adjustment related to acquired software license contracts ⁽¹⁾	877	-	-	877
Non-GAAP adjusted net revenue	<u>\$ 1,774,870</u>	<u>\$ 65,360</u>	<u>\$ -</u>	<u>\$ 1,840,230</u>
Operating income (loss)	\$ 219,543	\$ 4,322	\$ (75,456)	\$ 148,409
Adjustment related to acquired software license contracts ⁽¹⁾	877	-	-	877
Amortization of acquisition-related intangible assets	160,723	28	116	160,867
Restructuring charges	10,103	-	1,284	11,387
Stock-based compensation expense	-	-	19,596	19,596
Compensation charges associated with acquisition-related contingent consideration obligations	(2,615)	-	-	(2,615)
Acquisition-related costs	-	-	332	332
Fair value adjustments to acquisition-related contingent consideration	-	-	(51,910)	(51,910)
Costs associated with potential business dispositions	6,488	-	-	6,488
Impairment and gain (loss) on dispositions, net	42,408	-	-	42,408
Non-GAAP adjusted operating income (loss)	<u>\$ 437,527</u>	<u>\$ 4,350</u>	<u>\$ (106,038)</u>	<u>\$ 335,839</u>
Non-GAAP adjusted operating income (loss) as % of Non-GAAP adjusted net revenue	<u>24.7%</u>	<u>6.7%</u>		<u>18.2%</u>

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

Operating Segment	For the Nine Months Ended September 30, 2014			
	Professional Diagnostics	Consumer Diagnostics	Corporate	Total
Net revenue ⁽¹⁾	\$ 1,855,318	\$ 66,529	\$ -	\$ 1,921,847
Adjustment related to acquired software license contracts ⁽²⁾	1,116	-	-	1,116
Non-GAAP adjusted net revenue	<u>\$ 1,856,434</u>	<u>\$ 66,529</u>	<u>\$ -</u>	<u>\$ 1,922,963</u>
Operating income (loss)	\$ 135,856	\$ 4,210	\$ (75,477)	\$ 64,589
Adjustment related to acquired software license contracts ⁽²⁾	1,116	-	-	1,116
Amortization of acquisition-related intangible assets	174,638	638	1,332	176,608
Restructuring charges	29,746	-	7,328	37,074
Stock-based compensation expense	-	-	7,750	7,750
Compensation charges associated with acquisition-related contingent consideration obligations	1,673	-	-	1,673
Acquisition-related costs	-	-	695	695
Fair value adjustments to acquisition-related contingent consideration	9,042	-	3,400	12,442
Costs associated with potential business dispositions	20,763	-	-	20,763
Loss on disposition	638	-	-	638
Non-GAAP adjusted operating income (loss)	<u>\$ 373,472</u>	<u>\$ 4,848</u>	<u>\$ (54,972)</u>	<u>\$ 323,348</u>
Non-GAAP adjusted operating income (loss) as % of Non-GAAP adjusted net revenue	<u>20.1%</u>	<u>7.3%</u>		<u>16.8%</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 nine months ended September 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" 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 September 30, 2015	Three Months Ended September 30, 2014
Net revenue	\$ 602,044	\$ 649,210
Adjustment related to acquired software license contracts	430	324
Non-GAAP adjusted net revenue ⁽¹⁾	\$ 602,474	\$ 649,534
Cost of net revenue	\$ 326,995	\$ 347,588
Less adjustments:		
Amortization of acquisition-related intangible assets	(16,132)	(15,684)
Restructuring charges	(523)	(5,654)
Stock-based compensation expense	(326)	(291)
Non-GAAP adjusted cost of net revenue ⁽¹⁾	\$ 310,014	\$ 325,959
Non-GAAP adjusted gross profit ⁽¹⁾	\$ 292,460	\$ 323,575
	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014
Research and development	\$ 36,011	\$ 38,726
Less adjustments:		
Amortization of acquisition-related intangible assets	(8,304)	(1,372)
Restructuring charges	(18)	(5,457)
Stock-based compensation expense	(287)	(279)
Non-GAAP adjusted research and development ⁽¹⁾	\$ 27,402	\$ 31,618
	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014
Selling, general and administrative	\$ 207,799	\$ 227,554
Less adjustments:		
Amortization of acquisition-related intangible assets	(36,492)	(41,757)
Restructuring charges	(1,723)	(6,185)
Stock-based compensation expense	(6,704)	(2,598)
Compensation charges associated with acquisition-related contingent consideration obligations	(191)	(670)
Acquisition-related costs	(241)	(325)
Fair value adjustments to acquisition-related contingent consideration	(957)	5,537
Costs associated with potential business dispositions	(1,878)	(6,203)
Non-GAAP adjusted selling, general and administrative ⁽¹⁾	\$ 159,613	\$ 175,353
	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014
Impairment and loss on disposition, net	\$ 2,074	\$ -
Impairment and loss on disposition, net	(2,074)	-
Non-GAAP adjusted impairment and loss on disposition, net ⁽¹⁾	\$ -	\$ -
	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014
Interest and other income (expense), net	\$ (47,588)	\$ (60,419)
Less adjustments:		
Restructuring charges	6	11
Write off of equity investment in BBI	662	-
Interest expense recorded in connection with fees paid for certain debt modifications and the termination of our senior secured credit facility	9,273	363
Interest accretion associated with acquisition-related compensation charges	35	102
Non-GAAP adjusted interest and other income (expense), net ⁽¹⁾	\$ (37,612)	\$ (59,943)
	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014
Provision (benefit) for income taxes	\$ (18,924)	\$ 65,489
Add: Income tax effects on Non-GAAP adjustments	38,200	(37,109)
Non-GAAP adjusted provision for income taxes, net ⁽¹⁾	\$ 19,276	\$ 28,380
	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014
Equity earnings of unconsolidated entities, net of tax	\$ 5,000	\$ 6,277
Less adjustments:		
Amortization of acquisition-related intangible assets	104	132
Loss on sale of equity investment	-	457
Income tax effects on items above	-	-
Non-GAAP adjusted equity earnings of unconsolidated entities, net of tax ⁽¹⁾	\$ 5,104	\$ 6,866
	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014
Loss from discontinued operations, net of taxes	\$ -	\$ (14,401)
Less adjustments:		
Amortization of acquisition-related intangible assets	-	7,514
Restructuring charges	-	562
Goodwill impairment charge	-	17,984
Fair value adjustments to acquisition-related contingent consideration	-	(25,071)
Income tax effects on items above	-	16,234
Non-GAAP adjusted income from discontinued operations, net of taxes ⁽¹⁾	\$ -	\$ 2,822
	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014
Net loss attributable to non-controlling interests, net of tax	\$ (61)	\$ (306)
Less: Amortization of acquisition-related intangible assets, net of tax	78	127
Income tax effects on items above	21	30
Non-GAAP adjusted net loss attributable to non-controlling interests, net of tax ⁽¹⁾	\$ (4)	\$ (209)

(1) The following is a summary of our non-GAAP adjusted measures included above:

Non-GAAP adjusted net revenue	\$ 602,474	\$ 649,534
Non-GAAP adjusted cost of net revenue	\$ 310,014	\$ 325,959
Non-GAAP adjusted research and development	\$ 27,402	\$ 31,618
Non-GAAP adjusted selling, general and administrative	\$ 159,613	\$ 175,353
Non-GAAP adjusted impairment and loss on dispositions, net	\$ -	\$ -
Non-GAAP adjusted interest and other income (expense), net	\$ (37,612)	\$ (59,943)
Non-GAAP adjusted provision for income taxes	\$ 19,276	\$ 28,380
Non-GAAP adjusted equity earnings of unconsolidated entities, net of tax	\$ 5,104	\$ 6,866
Non-GAAP adjusted income from discontinued operations, net of tax	\$ -	\$ 2,822
Non-GAAP adjusted net loss attributable to non-controlling interests, net of tax	\$ (4)	\$ (209)

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

	<u>Nine Months Ended September 30, 2015</u>	<u>Nine Months Ended September 30, 2014</u>
Net revenue	\$ 1,839,353	\$ 1,921,847
Adjustment related to acquired software license contracts	877	1,116
Non-GAAP adjusted net revenue ⁽¹⁾	<u>\$ 1,840,230</u>	<u>\$ 1,922,963</u>
Cost of net revenue	\$ 979,745	\$ 1,011,174
Less adjustments:		
Amortization of acquisition-related intangible assets	(43,440)	(47,242)
Restructuring charges	(2,921)	(6,707)
Stock-based compensation expense	(866)	(863)
Costs associated with potential business dispositions	(391)	-
Non-GAAP adjusted cost of net revenue ⁽¹⁾	<u>\$ 932,127</u>	<u>\$ 956,362</u>
Non-GAAP adjusted gross profit ⁽¹⁾	<u>\$ 908,103</u>	<u>\$ 966,601</u>
	<u>Nine Months Ended September 30, 2015</u>	<u>Nine Months Ended September 30, 2014</u>
Research and development	\$ 91,225	\$ 114,855
Less adjustments:		
Amortization of acquisition-related intangible assets	(10,088)	(3,721)
Restructuring charges	(666)	(8,488)
Stock-based compensation expense	(893)	341
Non-GAAP adjusted research and development ⁽¹⁾	<u>\$ 79,578</u>	<u>\$ 102,987</u>
	<u>Nine Months Ended September 30, 2015</u>	<u>Nine Months Ended September 30, 2014</u>
Selling, general and administrative	\$ 577,566	\$ 730,591
Less adjustments:		
Amortization of acquisition-related intangible assets	(107,339)	(125,645)
Restructuring charges	(7,800)	(21,879)
Stock-based compensation expense	(17,837)	(7,228)
Compensation charges associated with acquisition-related contingent consideration obligations	2,615	(1,673)
Acquisition-related costs	(332)	(695)
Fair value adjustments to acquisition-related contingent consideration	51,910	(12,442)
Costs associated with potential business dispositions	(6,097)	(20,763)
Non-GAAP adjusted selling, general and administrative ⁽¹⁾	<u>\$ 492,686</u>	<u>\$ 540,266</u>
	<u>Nine Months Ended September 30, 2015</u>	<u>Nine Months Ended September 30, 2014</u>
Impairment and loss on disposition, net	\$ 42,408	\$ 638
Impairment and loss on disposition, net	(42,408)	(638)
Non-GAAP adjusted impairment and loss on disposition, net ⁽¹⁾	<u>\$ -</u>	<u>\$ -</u>
	<u>Nine Months Ended September 30, 2015</u>	<u>Nine Months Ended September 30, 2014</u>
Interest and other income (expense), net	\$ (150,523)	\$ (154,112)
Less adjustments:		
Restructuring charges	19	34
Write off of equity investment in BBI	662	-
Interest expense recorded in connection with fees paid for certain debt modifications and the termination of our senior secured credit facility	20,940	1,091
Interest accretion associated with acquisition-related compensation charges	(406)	295
Expense associated with extinguishment of debt	3,480	-
Non-GAAP adjusted interest and other income (expense), net ⁽¹⁾	<u>\$ (125,828)</u>	<u>\$ (152,692)</u>
	<u>Nine Months Ended September 30, 2015</u>	<u>Nine Months Ended September 30, 2014</u>
Provision (benefit) for income taxes	\$ (10,009)	\$ 69,273
Add: Income tax effects on Non-GAAP adjustments	70,884	(6,678)
Non-GAAP adjusted provision for income taxes, net ⁽¹⁾	<u>\$ 60,875</u>	<u>\$ 62,595</u>
	<u>Nine Months Ended September 30, 2015</u>	<u>Nine Months Ended September 30, 2014</u>
Equity earnings of unconsolidated entities, net of tax	\$ 10,320	\$ 13,716
Less adjustments:		
Amortization of acquisition-related intangible assets	314	430
Loss on sale of equity investment	-	457
Income tax effects on items above	-	-
Non-GAAP adjusted equity earnings of unconsolidated entities, net of tax ⁽¹⁾	<u>\$ 10,634</u>	<u>\$ 14,603</u>
	<u>Nine Months Ended September 30, 2015</u>	<u>Nine Months Ended September 30, 2014</u>
Income (loss) from discontinued operations, net of taxes	\$ 216,777	\$ (4,082)
Less adjustments:		
Amortization of acquisition-related intangible assets	559	22,541
Restructuring charges	(13)	(4,039)
Goodwill impairment charge	-	17,984
Fair value adjustments to acquisition-related contingent consideration	-	(26,321)
Gain on Divestiture	(366,191)	-
Income tax effects on items above	148,056	(5,857)
Non-GAAP adjusted income (loss) from discontinued operations, net of taxes ⁽¹⁾	<u>\$ (812)</u>	<u>\$ 8,304</u>
	<u>Nine Months Ended September 30, 2015</u>	<u>Nine Months Ended September 30, 2014</u>
Net income (loss) attributable to non-controlling interests, net of tax	\$ 386	\$ (136)
Less: Amortization of acquisition-related intangible assets, net of tax	240	387
Income tax effects on items above	63	88
Non-GAAP adjusted net income attributable to non-controlling interests, net of tax ⁽¹⁾	<u>\$ 563</u>	<u>\$ 163</u>

(1) The following is a summary of our non-GAAP adjusted measures included above:

Non-GAAP adjusted net revenue	\$ 1,840,230	\$ 1,922,963
Non-GAAP adjusted cost of net revenue	\$ 932,127	\$ 956,362
Non-GAAP adjusted research and development	\$ 79,578	\$ 102,987
Non-GAAP adjusted selling, general and administrative	\$ 492,686	\$ 540,266
Non-GAAP adjusted impairment and loss on dispositions, net	\$ -	\$ -
Non-GAAP adjusted interest and other income (expense), net	\$ (125,828)	\$ (152,692)
Non-GAAP adjusted provision for income taxes	\$ 60,875	\$ 62,595
Non-GAAP adjusted equity earnings of unconsolidated entities, net of tax	\$ 10,634	\$ 14,603
Non-GAAP adjusted income (loss) from discontinued operations, net of tax	\$ (812)	\$ 8,304
Non-GAAP adjusted net income attributable to non-controlling interests, net of tax	\$ 563	\$ 163

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

Alere Consolidated	Three Months Ended September 30, 2014 ⁽¹⁾	Three Months Ended June 30, 2015	Three Months Ended September 30, 2015
Net revenue	\$ 649,210	\$ 629,156	\$ 602,044
Adjustment related to acquired software license contracts	324	200	430
Non-GAAP adjusted net revenue	649,534	629,356	602,474
Cost of net revenue	347,588	336,582	326,995
Less adjustments:			
Amortization of acquisition-related intangible assets	15,684	13,112	16,132
Stock-based compensation expense	291	287	326
Restructuring charges	5,654	897	523
Non-GAAP adjusted cost of net revenue	325,959	322,286	310,014
Non-GAAP adjusted gross profit/margin	\$ 323,575 49.8%	\$ 307,070 48.8%	\$ 292,460 48.5%
Professional Diagnostics Segment	Three Months Ended September 30, 2014 ⁽¹⁾	Three Months Ended June 30, 2015	Three Months Ended September 30, 2015
Net product sales and services revenue	\$ 628,012	\$ 598,817	\$ 579,998
Adjustment related to acquired software license contracts	324	200	430
Non-GAAP adjusted net product sales and services revenue	628,336	599,017	580,428
Cost of net revenue	329,013	312,068	308,976
Less adjustments:			
Amortization of acquisition-related intangible assets	15,659	13,112	16,133
Stock-based compensation expense	291	287	326
Restructuring charges	5,654	897	523
Non-GAAP adjusted cost of net revenue	307,409	297,772	291,994
Non-GAAP adjusted gross profit/margin	\$ 320,927 51.1%	\$ 301,245 50.3%	\$ 288,434 49.7%

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)

	<u>Three Months Ended September 30, 2015</u>	<u>Nine Months Ended September 30, 2015</u>
Net Income ⁽¹⁾	\$ 5,501	\$ 234,992
Less: Income from discontinued operations, net of tax	-	216,777
Income from continuing operations	<u>5,501</u>	<u>18,215</u>
Adjustment related to acquired software license contracts	430	877
Income tax provision (benefit)	(18,924)	(10,009)
Depreciation and amortization	86,603	233,825
Interest, net ⁽²⁾	49,999	154,596
Non-cash stock-based compensation expense	7,317	19,596
Non-cash fair value adjustments to acquisition-related contingent consideration	957	(51,910)
Non-cash write-off of an investment	662	662
Impairment and gain (loss) on dispositions, net	2,074	42,408
Non-GAAP EBITDA	<u>\$ 134,619</u>	<u>\$ 408,260</u>

⁽¹⁾ Net income for the three months and nine months ended September 30, 2015 includes non-interest related restructuring charges of \$2.3 million and \$11.4 million, respectively, and \$1.9 million and \$6.5 million of costs associated with business dispositions, respectively, which have not been added back for purposes of computing non-GAAP EBITDA. The three months and nine months ended September 30, 2015 also includes \$0.2 million and \$0.3 million, respectively, of acquisition-related costs.

⁽²⁾ Includes \$3.5 million of expense associated with the extinguishment of debt during the nine months ended September 30, 2015.

Alere Inc. and Subsidiaries
Reconciliation of Net Cash Provided by Operating Activities to Non-GAAP Free Cash Flow
(in thousands)

	<u>Three Months Ended</u> <u>September 30, 2015</u>	<u>Nine Months Ended</u> <u>September 30, 2015</u>
Net cash provided by operating activities	\$ 104,724	\$ 137,250
Capital expenditures	(20,663)	(67,947)
Non-GAAP free cash flow	<u>\$ 84,061</u>	<u>\$ 69,303</u>