

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net product sales and services revenue	\$ 608,555	\$ 617,677	\$ 1,184,035	\$ 1,225,871
License and royalty revenue	2,533	5,694	5,262	10,392
Net revenue	611,088	623,371	1,189,297	1,236,263
Cost of net revenue	329,227	336,037	641,179	653,714
Gross profit	281,861	287,334	548,118	582,549
Gross margin	46%	46%	46%	47%
Operating expenses:				
Research and development	28,446	27,198	55,508	55,214
Selling, general and administrative	230,870	169,197	445,639	370,967
Impairment and (gain) loss on disposition, net	-	5,542	(3,810)	40,334
Operating income	22,545	85,397	50,781	116,034
Interest and other income (expense), net	(56,441)	(56,299)	(99,896)	(105,097)
Loss from continuing operations before provision (benefit) for income taxes	(33,896)	29,098	(49,115)	10,937
Provision (benefit) for income taxes	3,117	15,689	2,909	7,836
Income (loss) from continuing operations before equity earnings of unconsolidated entities, net of tax	(37,013)	13,409	(52,024)	3,101
Equity earnings of unconsolidated entities, net of tax	2,122	1,361	7,156	5,320
Income (loss) from continuing operations	(34,891)	14,770	(44,868)	8,421
Income from discontinued operations, net of tax	-	-	-	216,777
Net income	(34,891)	14,770	(44,868)	225,198
Less: Net income attributable to non-controlling interests	143	359	246	447
Net income attributable to Alere Inc. and Subsidiaries	(35,034)	14,411	(45,114)	224,751
Preferred stock dividends	(5,308)	(5,308)	(10,617)	(10,558)
Net income available to common stockholders	\$ (40,342)	\$ 9,103	\$ (55,731)	\$ 214,193
Basic net income per common share:				
Income (loss) from continuing operations	\$ (0.46)	\$ 0.11	\$ (0.64)	\$ (0.03)
Income from discontinued operations	-	-	-	2.56
Basic and diluted net income per common share	\$ (0.46)	\$ 0.11	\$ (0.64)	\$ 2.53
Diluted net income per common share:				
Income (loss) from continuing operations	\$ (0.46)	\$ 0.11	\$ (0.64)	\$ (0.03)
Income from discontinued operations	-	-	-	2.56
Diluted net income per common share	\$ (0.46)	\$ 0.11	\$ (0.64)	\$ 2.53
Weighted average shares - basic	86,737	85,173	86,692	84,758
Weighted average shares - diluted	86,737	86,635	86,692	84,758

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

	June 30, 2016	December 31, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 506,164	\$ 502,200
Restricted cash	5,662	5,694
Marketable securities	74	164
Accounts receivable, net	427,222	445,833
Inventories, net	333,846	347,001
Prepaid expenses and other current assets	162,339	152,233
Assets held for sale	-	4,165
Total current assets	1,435,307	1,457,290
Property, Plant and Equipment, net	438,787	446,039
Goodwill and other intangible assets, net	3,749,032	3,862,306
Restricted Cash- non-current	42,589	43,228
Other non-current assets	112,956	100,921
Assets held for sale - non-current	12,223	13,337
Total assets	\$ 5,790,894	\$ 5,923,121
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt and current portions of long-term debt and capital lease obligations	\$ 47,181	\$ 203,954
Liabilities related to assets held for sale	-	363
Other current liabilities	514,761	520,217
Total current liabilities	561,942	724,534
LONG-TERM LIABILITIES:		
Long-term debt and capital lease obligations, net of current portions	2,927,761	2,838,347
Deferred tax liabilities	140,864	147,618
Other long-term liabilities	148,165	154,193
Liabilities related to assets held for sale - non-current	-	-
Total long-term liabilities	3,216,790	3,140,158
TOTAL EQUITY	2,012,162	2,058,429
Total liabilities and equity	\$ 5,790,894	\$ 5,923,121

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

	Three Months Ended June 30,		% Change 2016 v. 2015
	2016	2015	
Professional diagnostics segment ⁽¹⁾			
Cardiometabolic	\$ 203,982	\$ 211,672	-4%
Infectious disease	190,168	172,834	10%
Toxicology	158,199	157,495	0%
Other	36,412	51,031	-29%
Total professional diagnostics segment	<u>588,761</u>	<u>593,032</u>	-1%
Consumer diagnostics segment ⁽¹⁾	19,794	24,645	-20%
License and royalty revenue	2,533	5,694	-56%
Net revenue	<u>\$ 611,088</u>	<u>\$ 623,371</u>	-2%

	Six Months Ended June 30,		% Change 2016 v. 2015
	2016	2015	
Professional diagnostics segment ⁽¹⁾			
Cardiometabolic	\$ 398,559	\$ 412,608	-3%
Infectious disease	373,402	358,236	4%
Toxicology	304,982	306,251	0%
Other	69,856	102,163	-32%
Total professional diagnostics segment	<u>1,146,799</u>	<u>1,179,259</u>	-3%
Consumer diagnostics segment ⁽¹⁾	37,236	46,613	-20%
License and royalty revenue	5,262	10,392	-49%
Net revenue	<u>\$ 1,189,297</u>	<u>\$ 1,236,264</u>	-4%

⁽¹⁾ Revenues have been revised for the impact of revisions made during the preparation of our consolidated financial statements for 2015. For more information on these revisions see Note 2 in our Form 10-Q.

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

	Three Months Ended June 30,	
	2016	2015
Net Income (loss) ⁽¹⁾	\$ (34,891)	\$ 14,770
Less: Income from discontinued operations, net of tax	-	-
Loss from continuing operations	(34,891)	14,770
Adjustment related to acquired software license contracts		200
Income tax benefit	3,117	15,689
Depreciation and amortization	69,978	72,795
Interest, net	41,684	58,765
Non-cash stock-based compensation expense	11,004	7,130
Non-cash fair value adjustments to acquisition-related contingent consideration	(1,922)	(41,090)
Impairment and (gain) loss on dispositions, net	-	5,542
Non-GAAP Adjusted EBITDA	\$ 88,970	\$ 133,801

⁽¹⁾ Net income (loss) for the three months ended June 30, 2015 includes restructuring charges of \$4.9 million and \$0.9 million of costs associated with business dispositions which have not been added back for purposes of computing Non-GAAP Adjusted EBITDA. The three months ended June 30, 2016 includes \$10.5 million of Abbott integration costs, non-interest related restructuring charges of \$8.8 million, \$10.2 million for a legal settlement accrual, \$5.1 million of charges related to SEC investigations, and \$0.2 million of acquisition-related costs which have not been added back for purposes of computing Non-GAAP Adjusted EBITDA.

	Six Months Ended June 30,	
	2016	2015
Net Income (loss) ⁽¹⁾	\$ (44,868)	\$ 225,198
Less: Income from discontinued operations, net of tax	-	216,777
Loss from continuing operations	(44,868)	8,421
Adjustment related to acquired software license contracts		447
Income tax benefit	2,909	7,836
Depreciation and amortization	142,589	147,314
Interest, net	82,625	104,597
Non-cash stock-based compensation expense	20,606	12,279
Non-cash fair value adjustments to acquisition-related contingent consideration	(1,780)	(52,867)
Impairment and (gain) loss on dispositions, net	(3,810)	40,334
Non-GAAP Adjusted EBITDA	\$ 198,271	\$ 268,361

⁽¹⁾ Net income (loss) for the six months ended June 30, 2015 includes restructuring charges of \$9.1 million, \$4.6 million of costs associated with business dispositions, and \$0.1 million of acquisition-related costs which have not been added back for purposes of computing Non-GAAP Adjusted EBITDA. The six months ended June 30, 2016 includes restructuring charges of \$16.5 million, \$20.9 million of Abbott integration costs, \$10.2 million for a legal settlement accrual, \$9.4 million of charges related to SEC investigations, and \$0.9 million of costs associated with business dispositions which have not been added back for purposes of computing Non-GAAP Adjusted EBITDA. The six months ended June 30, 2016 also includes \$0.7 million of acquisition-related costs.

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

	Three Months Ended June 30,		% Change
	2016	2015	2016 v. 2015
Net revenue	\$ 611,088	\$ 623,371	-2.0%
Impact of foreign currency exchange	10,375	-	
Impact of acquisitions & dispositions	(6,127)	(19,577)	
Non-GAAP organic net revenue	\$ 615,337	\$ 603,794	1.9%

	Six Months Ended June 30,		% Change
	2016	2015	2016 v. 2015
Net revenue	\$ 1,189,297	\$ 1,236,263	-3.8%
Impact of foreign currency exchange	26,913	-	
Impact of acquisitions & dispositions	(11,368)	(37,108)	
Non-GAAP organic net revenue	\$ 1,204,842	\$ 1,199,155	0.5%

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

Three months ended June 30, 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	\$ 12,716	\$ 925	\$ 31,797	\$ -	\$ -	\$ -	\$ -	\$ (45,438)
Restructuring charges	1,103	1,034	6,648	-	-	-	-	(8,785)
Impairment Charges	85	-	-	-	-	-	-	(85)
Stock-based compensation expense	601	481	9,922	-	-	-	-	(11,004)
Acquisition-related costs	-	-	202	-	-	-	-	(202)
Fair value adjustments to acquisition-related contingent consideration	-	-	(1,922)	-	-	-	-	1,922
Costs associated with potential business dispositions	-	-	61	-	-	-	-	(61)
Impairment and (gain) loss on disposition, net	-	-	-	-	-	-	-	-
Amortization - Unconsolidated Subs	-	-	-	-	-	-	76	(76)
Audit and legal fees related to on-going SEC investigations	-	-	5,056	-	890	-	-	(5,946)
Abbott transaction related expenses	-	-	10,527	-	-	-	-	(10,527)
INRatio recall expense	800	-	-	-	-	-	-	(800)
Legal settlement accrual	-	-	-	-	10,200	-	-	(10,200)
Income tax effects on items above	-	-	-	-	-	(14,142)	-	14,142
Total of Supplemental Information	\$ 15,305	\$ 2,440	\$ 62,291	\$ -	\$ 11,090	\$ (14,142)	\$ 76	\$ (77,060)
Impact of above items on EPS numerator								\$ -
Impact of above items on EPS denominator								(1,212)

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

Six months ended June 30, 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	\$ 24,936	\$ 1,837	\$ 63,887	\$ -	\$ -	\$ -	\$ -	\$ (90,660)
Restructuring charges	2,370	2,954	11,124	-	-	-	-	(16,448)
Impairment Charges	85	-	-	-	-	-	-	(85)
Stock-based compensation expense	1,080	879	18,647	-	-	-	-	(20,606)
Acquisition-related costs	-	-	691	-	-	-	-	(691)
Fair value adjustments to acquisition-related contingent consideration	-	-	(1,780)	-	-	-	-	1,780
Costs associated with potential business dispositions	7	-	902	-	-	-	-	(909)
Impairment and (gain) loss on disposition, net	-	-	-	(3,810)	-	-	-	3,810
Amortization - Unconsolidated Subs	-	-	-	-	-	-	183	(183)
Audit and legal fees related to on-going SEC investigations	-	-	9,414	-	890	-	-	(10,304)
Abbott transaction related expenses	-	-	20,868	-	-	-	-	(20,868)
INRatio recall expense	1,500	-	-	-	-	-	-	(1,500)
Legal settlement accrual	-	-	-	-	10,200	-	-	(10,200)
Income tax effects on items above	-	-	-	-	-	(30,628)	-	30,628
Total of Supplemental Information	\$ 29,978	\$ 5,670	\$ 123,753	\$ (3,810)	\$ 11,090	\$ (30,628)	\$ 183	\$ (136,236)
Impact of above items on EPS numerator								\$ (2,081)
Impact of above items on EPS denominator								(4,919)

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

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

	Three Months Ended March 31, 2015	Three Months Ended June 30, 2015	Three Months Ended September 30, 2015	Three Months Ended December 31, 2015	Year Ended December 31, 2015
Net Income	\$ 210,428	\$ 14,770	\$ (2,383)	\$ (16,059)	\$ 206,757
Less: Income from discontinued operations, net of tax	216,776	(0)	0	2,737	219,513
Income/(Loss) from continuing operations	(6,348)	14,770	(2,383)	(18,796)	(12,756)
Adjustment related to acquired software license contracts	247	201	430	-	877
Income tax benefit	(7,853)	15,689	(10,210)	(50,329)	(52,704)
Depreciation and amortization	74,519	72,795	86,651	75,719	309,684
Interest, net	45,832	58,765	49,999	57,954	212,551
Non-cash stock-based compensation expense	5,149	7,130	7,317	6,795	26,391
Non-cash fair value adjustments to acquisition-related contingent consideration	(11,777)	(41,090)	957	(5,703)	(57,613)
Non-cash write-off of an investment			662	-	662
Impairment and (gain) loss on dispositions, net	34,792	5,542	2,074	8,132	50,540
Non-cash INRatio product recall expenses	-	-	-	21,100	21,100
Write-off of acquisition-related obligation	-	-	-	(40)	(40)
Non-GAAP Adjusted EBITDA	\$ 134,561	\$ 133,801	\$ 135,496	\$ 94,833	\$ 498,691