

**ALERE INC. ANNOUNCES
SECOND QUARTER 2014 RESULTS**

WALTHAM, MA...August 4, 2014...Alere Inc. (NYSE: **ALR**), a global leader in rapid diagnostics and health information solutions, today announced its financial results for the quarter ended June 30, 2014.

Namal Nawana, Interim Chief Executive Officer and Chief Operating Officer of Alere said, “The second quarter was a period of significant transition for Alere. With the recently announced change in leadership, we are now narrowing our focus on our global leading rapid diagnostic business and pursuing opportunities with the highest potential for value creation. This new strategic direction will center on Alere’s core strengths in rapid diagnostics and our focus areas of infectious and cardiometabolic disease and toxicology, which will enhance our ability to deliver more consistent and improved financial results. Alere’s Board and management team are committed to determining the best allocation of resources to drive growth and shareholder value creation.”

Financial results for the second quarter of 2014:

- Net revenue of \$737.9 million for the second quarter of 2014, compared to \$764.0 million for the second quarter of 2013. Non-GAAP adjusted net revenue was \$738.3 million for the second quarter of 2014, compared to \$764.6 million for the second quarter of 2013.
- Net loss of \$55.0 million attributable to common stockholders of Alere Inc., and respective net loss per diluted common share of \$0.67 for the second quarter of 2014, compared to net loss of \$65.9 million attributable to common stockholders of Alere Inc., and respective net loss per diluted common share of \$0.81 for the second quarter of 2013.
- Non-GAAP adjusted net income per diluted common share of \$0.42 for the second quarter of 2014, compared to non-GAAP adjusted net income per diluted common share of \$0.64 for the second quarter of 2013.
- Net product and services revenue from our Professional Diagnostics segment was \$578.1 million in the second quarter of 2014, compared to net product and services revenue of \$599.6 million in the second quarter of 2013. Non-GAAP adjusted net product and services revenue from our Professional Diagnostics segment was \$578.4 million in the second quarter of 2014, compared to non-GAAP adjusted net product and services revenue of \$600.2 million in the second quarter of 2013. Recent Professional Diagnostics acquisitions contributed \$8.4 million of incremental net revenue, compared to the second quarter of 2013, offset by a \$6.8 million decrease in net revenue related to our 2013 disposition of Spinreact.

- U.S. influenza, meter-based Triage products and mail-order diabetes revenues were \$5.1 million, \$16.2 million and \$33.0 million, respectively, for the second quarter of 2014, compared to \$2.0 million, \$19.3 million and \$56.2 million, respectively, for the second quarter of 2013.
- Excluding the impact of the change in U.S. influenza revenues and the impact on revenues from the U.S. meter-based Triage product sales, currency-adjusted organic growth in our Professional Diagnostics segment was negative 5.0%. This growth rate was adversely impacted by the decrease in reimbursement rates that became effective on July 1, 2013 for our U.S. mail-order diabetes business. Excluding revenues from our U.S. mail-order diabetes business and considering the flu and Triage adjustments, the currency-adjusted organic growth rate for the second quarter of 2014 was 0.4% for the remainder of our Professional Diagnostics segment.
- The 0.4% adjusted organic growth rate for our Professional Diagnostic segment for the second quarter of 2014, adjusted for the impact of the U.S. influenza, meter-based Triage products and mail-order diabetes revenues as noted above, reflects a 4.1% decrease in adjusted U.S. revenues, compared to the second quarter of 2013, offset by a 4.3% increase in adjusted net revenues from our international business. The 4.1% decrease in the U.S. business principally reflects a continued weakness in utilization in our professional business during the quarter, coupled with the impacts of a recall of INRatio2 test strips during the quarter.
- Net product and services revenue from our Health Information Solutions segment was \$125.8 million in the second quarter of 2014, compared to \$134.8 million in the second quarter of 2013 and \$123.7 million in the first quarter of 2014, as a result of the weak contracting season that we experienced during the second half of 2013.
- Gross margin was 46.1% of net revenue in the second quarter of 2014, compared to 50.3% in the second quarter of 2013. Non-GAAP adjusted gross margins, which exclude from cost of net revenue amortization of acquisition-related intangibles, stock-based compensation expense, restructuring charges, and non-cash charges associated with acquired inventory, was 48.4% of non-GAAP adjusted net revenue in the second quarter of 2014, compared to 52.8% in the second quarter of 2013. The lower gross margin in the current period principally reflects reduced mail-order diabetes reimbursement rates noted above, as well as revenue and cost of sales charges of approximately \$7.5 million incurred in the quarter in connection with the INRatio2 recall and a recall of Alere Triage BNP Tests for Beckman Coulter Immunoassay Systems.
- Operating expenses consisting of research and development and selling, general and administrative expenses were \$348.0 million for the second quarter of 2014, compared to \$340.1 million for the second quarter of 2013. Also included in operating expenses during the second quarter of 2014 was a \$0.6 million loss associated with the disposition of a component of our Alere Informatics business. Non-GAAP adjusted operating expenses, which exclude amortization of acquisition-related intangibles, restructuring charges, stock-based compensation expense, acquisition-related fair value, compensation-related contingent consideration charges and acquisition and disposition costs and the

loss on disposition were \$255.0 million for the second quarter of 2014, or 34.5% of non-GAAP adjusted net revenue, compared to \$260.0 million, or 34.0% of non-GAAP adjusted net revenue, for the second quarter of 2013. During the second quarter, we initiated a workforce reduction which will reduce combined operating expenses by approximately \$21.3 million annually and which had an impact on current quarter expenses of approximately \$2.1 million.

- Free cash flow for the second quarter of 2014 was a negative \$7.6 million, reflecting cash flow from operations of \$19.3 million, offset by capital expenditures of \$26.9 million. Cash flow from operations during the quarter was adversely impacted by the payment of \$9.1 million of severance charges associated with a workforce reduction, \$6.2 million of payments associated with costs incurred related to planned dispositions and \$16.7 million of contingent purchase price payments in excess of acquisition date accruals. Additionally, cash flow from operations for the second quarter reflects the payment of \$49.6 million of semiannual interest payments on Senior and Senior Subordinated Notes. Free cash flow for the second quarter of 2013 was a negative \$0.8 million, reflecting cash flow from operations of \$27.7 million, offset by capital expenditures of \$28.5 million.
- Non-GAAP EBITDA for the second quarter of 2014 was \$110.2 million, which reflects adjustments to add back non-interest related restructuring charges of \$15.8 million, \$0.1 million of acquisition-related costs and \$11.6 million of costs associated with potential business dispositions. Non-GAAP EBITDA for the second quarter of 2013 was \$166.6 million, which reflects adjustments to add back non-interest related restructuring charges of \$8.0 million and \$0.4 million of acquisition-related costs. Adjusted non-GAAP EBITDA, which reflects adjustments to add back restructuring, acquisition, disposition and proxy related costs, totaled \$623.7 million for the twelve-month period ended June 30, 2014, compared to \$639.7 million for the twelve-month period ended June 30, 2013, which reflects adjustments to add back restructuring and acquisition related costs.
- Debt, net of cash and restricted cash held to secure debt (“net debt”), was \$3.38 billion as of June 30, 2014, compared to net debt of \$3.56 billion as of June 30, 2013. Our net debt to adjusted non-GAAP EBITDA ratio was 5.4x as of June 30, 2014, compared to 5.6x as of June 30, 2013.

The Company’s GAAP results for the second quarter of 2014 exclude \$0.4 million of revenue associated with acquired software license contracts that are not recognized due to business combination accounting rules and include \$66.5 million of amortization, \$15.9 million of restructuring charges, \$0.1 million of acquisition-related costs recorded in accordance with ASC 805, *Business Combinations*, \$16.8 million of expense recorded for fair value adjustments to acquisition-related contingent consideration, \$11.6 million of costs associated with potential business dispositions, \$0.4 million of interest expense recorded in connection with fees paid for certain debt modifications, a \$0.6 million loss associated with the disposition of a component of our Alere Informatics business, \$0.6 million in compensation charges and \$0.1 million of related interest accretion associated with acquisition-related contingent consideration

obligations, offset by the reversal of \$1.1 million of stock-based compensation expense. The Company's GAAP results for the second quarter of 2013 exclude \$0.6 million of revenue associated with acquired software license contracts that are not recognized due to business combination accounting rules and include amortization of \$79.3 million, \$8.1 million of restructuring charges, \$4.7 million of stock-based compensation expense, \$0.4 million of acquisition-related costs recorded in accordance with ASC 805, *Business Combinations*, \$5.3 million of expense recorded for fair value adjustments to acquisition-related contingent consideration, \$0.8 million of interest expense recorded in connection with fees paid for certain debt modifications, \$0.5 million in compensation charges and \$0.2 million of related interest accretion associated with acquisition-related contingent consideration obligations, a \$0.7 million charge associated with the write-up to fair market value of inventory acquired in connection with the acquisition of Epocal Inc., \$35.6 million of expense associated with the extinguishment of debt and a \$5.1 million non-cash write-off of an investment, offset by a \$8.1 million bargain purchase gain in connection with our acquisition of the Liberty business.

Detailed reconciliations of the non-GAAP financial measures presented in this release to the most directly comparable financial measures under GAAP, as well as a discussion regarding these non-GAAP financial measures, are included in the schedules to this press release.

The Company will host a conference call beginning at 8:30 a.m. (Eastern Time) today, August 4, 2014, to discuss these results, as well as other corporate matters. During the conference call, the Company may answer questions concerning business and financial developments and trends and other business and financial matters. The Company's responses to these questions, as well as other matters discussed during the conference call, may contain or constitute material information that has not been previously disclosed.

The conference call may be accessed by dialing (877) 443-4809 (domestic) or (412) 902-6615 (international) and asking for Alere Inc. A webcast of the call can also be accessed via the Alere website at <http://www.alere.com/us/en/about/investor-relations/events.html>, or directly through the following link: <http://www.videonewswire.com/event.asp?id=100178>.

A replay of the call will be available approximately one hour after the conclusion of the call and will remain available for a period of seven days following the call. The replay may be accessed by dialing (877) 344-7529 (domestic) or (412) 317-0088 (international) and entering replay code 10050325. The replay will also be available via online webcast at <http://www.videonewswire.com/event.asp?id=100178> or via the Alere website at <http://www.alere.com/us/en/about/investor-relations/events.html> for a period of 60 days following the call.

Additionally, reconciliations to non-GAAP financial measures not included in this press release that may be discussed during the call will also be available at the Alere website (<http://www.alere.com/us/en/about/investor-relations/events.html>) under the Earnings Calls and Releases section shortly before the conference call begins and will continue to be available on this website.

For more information about Alere, please visit our web site at <http://www.alere.com>.

Alere's global leading products and services, as well as its new product development efforts, focus on infectious disease, toxicology, cardiology and diabetes. Alere is headquartered in Waltham, Massachusetts.

Source: Alere Inc.