Alere, Inc.

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Company Comment

(ALR-NYSE)

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Diagnostics

Lowering Near-Term Estimates on Weak Flu Season; Still Like LT Story

Recommendation: We reiterate our **Strong Buy** rating on shares of Alere but, not surprisingly, lower our near-term estimates to reflect the lighter-than-expected 2015-16 flu season (as well as the incremental forex cushion). Unfortunately, the lack of flu probably delays the magnitude of the short-term organic growth recovery until 2Q16, which could keep the stock range-bound following the disappointing 3Q. Still, we remain believers in the Alere turnaround story, with a portfolio of assets that should deliver mid-single-digit revenue growth over time, which, combined with a litany of margin drivers (+400 bp) and below-the-line opportunities, should paint at least a mid-teens EPS CAGR through 2018. We believe this outlook is not reflected in the valuation after ALR's recent sell-off (-19% QTD) and would expect improved execution and visibility into its longer-term margin story as we progress through 2016 to drive multiple expansion off the current tempered sentiment.

- **Flu season off to a slow start:** Last year, combined 4Q/1Q U.S. flu revenue was more than $45 million, with the original expectation for this year to reflect healthy growth given the Alere i roll-out (4,000 installed by year-end). Unfortunately, the recent CDC data amidst elevated temperatures throughout the country would suggest a lighter season vs. the prior year. As a result, we no longer expect flu to be a growth driver in the near term, as lower volumes offset the planned benefit from molecular conversion. We would also note that given the higher price point of molecular, purchase patterns are more real-time vs. stocking ahead. To reflect this, we lower our 4QE EPS by $0.02 to the low end of guidance and reduce 2016E by $0.07 ($0.04 of which is in 1Q) to $2.48 to reflect the lower flu contribution (and forex) vs. our prior views.
- **Still believe in revenue acceleration:** While lighter flu delays the cadence of improvement, the combination of a more focused portfolio alongside the anniversarying of sizable y/y headwinds sets the stage for more consistent organic growth in 2016. The growth could accelerate faster in 2017 as Triage/INR return to market, the molecular menu expands, and Alere laps the likely mid-teens reduction in Medicare diabetes revenue from competitive bidding. Also, emerging markets remain poised to grow double digits (but are lumpy q/q).
- **Multiple levers to improve margins longer-term:** Alere as it stands today, after multiple divestitures, is a much more streamlined entity. Additionally, with a new (and highly credible) CFO in place and initiating plans, both for the short and long term, to improve operating efficiencies, we expect healthy margin gains over the next three years. A global procurement strategy, strategic pricing, further automation, and the eventual closing of certain plants provide visibility. Plus, a reacceleration of the top line should also aid margins, as should mix. This, combined with a renewed discipline on R&D and further corporate streamlining efforts, should enable EBIT margins to exceed 21% by 2017 (18.4% in 2015E).

Valuation: On our lower estimates, ALR trades at 15.7x 2016E EPS and 11.4x 2016E EBITDA, within the three-year range. Our unchanged $52 price target is based on ~17.5x 2017E EPS, as we assume multiple expansion occurs amidst growth recovery and more consistent execution.

Non-GAAP EPS	Q1 Mar	Q2 Jun	Q3 Sep	Q4 Dec	Full Year	GAAP EPS Full Year	Revenues (mil.)
2014A	$0.48	$0.39	$0.35	$0.51	$1.73	$(2.38)	$2,590
Old2015E	0.53A	0.54A	0.54A	0.61	2.22	0.10	2,480
New2015E	**0.53A**	**0.54A**	**0.54A**	**0.59**	**2.20**	**0.09**	**2,473**
Old2016E	0.59	0.54	0.66	0.76	2.55	0.33	2,513
New2016E	**0.55**	**0.55**	**0.63**	**0.75**	**2.48**	**0.25**	**2,493**
Old2017E	0.74	0.66	0.77	0.88	3.05	0.85	2,647
New2017E	**0.70**	**0.67**	**0.76**	**0.88**	**3.00**	**0.79**	**2,625**

Rows may not add due to rounding. 2014 reflects a tax related restatement. Non-GAAP EPS excludes non-cash

Rating

Strong Buy 1

Current and Target Price

Current Price (Dec-11-15)	$38.88
Target Price:	$52.00
52-Week Range	$55.99 - $35.81
Suitability	High Risk/Growth

Market Data

Shares Out. (mil.)	86.2
Market Cap. (mil.)	$3,351
Avg. Daily Vol. (10 day)	664,228
Dividend/Yield	$0.00/0.0%
Book Value (Sep-15)	$20.84
ROE %	NM
LT Debt (mil.)/% Cap.	$3,169/60%

Earnings & Valuation Metrics

	2014A	2015E	2016E	2017E
P/E Ratios (Non-GAAP)	22.5x	17.7x	15.7x	13.0x

Company Description

Alere delivers reliable and actionable information through rapid diagnostic tests, resulting in better clinical and economic healthcare outcomes globally. Headquartered in Waltham, Mass., Alere focuses on rapid diagnostics for infectious disease, cardiometabolic disease and toxicology.

Please read domestic and foreign disclosure/risk information beginning on page 3 and Analyst Certification on page 43.

amortization, stock option expense, and non-recurring items. Raymond James has updated its suitability rating system, effective 9/29/15. Please see the disclosures for the definition of the suitability rating.

Alere, Inc.

Nicholas Jansen (727-567-2446)

Income Statement																				Raymond James & Associates
($ in thousands)	Mar-14A	Jun-14A	Sep-14A	Dec-14A	2014A	Mar-15A	Jun-15A	Sep-15A	Dec-15E	2015E	Mar-16E	Jun-16E	Sep-16E	Dec-16E	2016E	Mar-17E	Jun-17E	Sep-17E	Dec-17E	2017E
Net product sales and services revenue	$620,446	$641,167	$645,352	$662,090	$2,569,055	$603,702	$623,662	$599,175	$629,757	$2,456,296	$591,708	$615,438	$621,680	$651,818	$2,480,643	$626,189	$645,392	$654,944	$686,740	$2,613,264
License and royalty revenue	$5,212	$6,604	$4,182	$5,052	$21,050	$4,698	$5,694	$3,299	$3,500	$17,191	$3,000	$3,000	$3,000	$3,000	$12,000	$3,000	$3,000	$3,000	$3,000	$12,000
Net revenue	**$625,658**	**$647,771**	**$649,534**	**$667,142**	**$2,590,105**	**$608,400**	**$629,356**	**$602,474**	**$633,257**	**$2,473,487**	**$594,708**	**$618,438**	**$624,680**	**$654,818**	**$2,492,643**	**$629,189**	**$648,392**	**$657,944**	**$689,740**	**$2,625,264**
Y/Y Growth					*-1.2%*	*-2.8%*	*-2.8%*	*-7.2%*	*-5.1%*	*-4.5%*	*-2.3%*	*-1.7%*	*3.7%*	*3.4%*	*0.8%*	*5.8%*	*4.8%*	*5.3%*	*5.3%*	*5.3%*
Cost of net revenue	$297,885	$332,518	$325,959	$335,954	$1,292,316	$299,826	$322,286	$310,014	$323,573	$1,255,699	$292,629	$312,953	$313,097	$323,447	$1,242,126	$303,200	$321,606	$323,129	$333,731	$1,281,666
Gross profit	**$327,773**	**$315,253**	**$323,575**	**$331,188**	**$1,297,789**	**$308,574**	**$307,070**	**$292,460**	**$309,684**	**$1,217,788**	**$302,079**	**$305,485**	**$311,583**	**$331,371**	**$1,250,517**	**$325,989**	**$326,786**	**$334,815**	**$356,009**	**$1,343,598**
Gross margin	***52.4%***	***48.7%***	***49.8%***	***49.6%***	***50.1%***	***50.7%***	***48.8%***	***48.5%***	***48.9%***	***49.2%***	***50.8%***	***49.4%***	***49.9%***	***50.6%***	***50.2%***	***51.8%***	***50.4%***	***50.9%***	***51.6%***	***51.2%***
Y/Y Growth						*-5.9%*	*-2.6%*	*-9.6%*	*-6.5%*	*-6.2%*	*-2.1%*	*-0.5%*	*6.5%*	*7.0%*	*2.7%*	*7.9%*	*7.0%*	*7.5%*	*7.4%*	*7.4%*
Research and development	$36,343	$35,026	$31,618	$25,607	$128,594	$26,338	$25,838	$27,402	$28,497	$108,075	$27,951	$28,757	$28,111	$28,157	$112,976	$28,943	$29,502	$28,621	$29,728	$116,793
Selling, general and administrative (includes medical device tax)	$181,950	$182,963	$175,353	$175,796	$716,062	$167,067	$166,007	$159,613	$160,847	$653,534	$161,760	$162,031	$162,417	$163,050	$649,258	$165,477	$165,988	$166,460	$167,607	$665,531
Total operating expenses	$218,293	$217,989	$206,971	$201,403	$844,656	$193,405	$191,845	$187,015	$189,344	$761,609	$189,712	$190,788	$190,527	$191,207	$762,234	$194,419	$195,490	$195,080	$197,335	$782,324
Operating income	**$109,480**	**$97,264**	**$116,604**	**$129,785**	**$453,133**	**$115,169**	**$115,225**	**$105,445**	**$120,340**	**$456,179**	**$112,367**	**$114,696**	**$121,056**	**$140,164**	**$488,283**	**$131,570**	**$131,296**	**$139,734**	**$158,674**	**$561,274**
Operating margin	*17.5%*	*15.0%*	*18.0%*	*19.5%*	*17.5%*	*18.9%*	*18.3%*	*17.5%*	*19.0%*	*18.4%*	*18.9%*	*18.5%*	*19.4%*	*21.4%*	*19.6%*	*20.9%*	*20.2%*	*21.2%*	*23.0%*	*21.4%*
Interest and other income (expense), net	($44,407)	($48,342)	($59,943)	($55,341)	($208,033)	($47,226)	($40,990)	($37,612)	($40,410)	($166,238)	($40,618)	($39,973)	($39,034)	($38,658)	($158,284)	($38,621)	($38,585)	($38,548)	($38,512)	($154,266)
Income (loss) before provision (benefit) for income taxes	$65,073	$48,922	$56,661	$74,444	$245,100	$67,943	$74,235	$67,833	$79,930	$289,941	$71,749	$74,723	$82,021	$101,506	$329,999	$92,948	$92,711	$101,186	$120,163	$407,008
Provision (benefit) for income taxes	$24,648	$12,377	$28,380	$29,092	$94,497	$19,875	$21,724	$19,276	$23,979	$84,854	$20,448	$21,296	$23,376	$28,929	$94,050	$26,026	$25,959	$28,332	$33,646	$113,962
Income tax rate	*37.9%*	*25.3%*	*50.1%*	*39.1%*	*38.6%*	*29.3%*	*29.3%*	*28.4%*	*30.0%*	*29.3%*	*28.5%*	*28.5%*	*28.5%*	*28.5%*	*28.5%*	*28.0%*	*28.0%*	*28.0%*	*28.0%*	*28.0%*
Income (loss) before equity earnings of unconsolidated entities, net of tax	$40,425	$36,545	$28,281	$45,352	$150,603	$48,068	$52,511	$48,557	$55,951	$205,087	$51,300	$53,427	$58,645	$72,577	$235,949	$66,923	$66,752	$72,854	$86,517	$293,046
Equity earnings of unconsolidated entities, net of tax	$5,500	$2,237	$6,866	$3,890	$18,493	$4,064	$1,466	$5,104	$3,250	$13,884	$4,064	$1,466	$5,104	$3,250	$13,884	$3,750	$1,466	$4,250	$3,000	$12,466
Income (loss) from continuing operations	$45,925	$38,782	$35,147	$49,242	$169,096	$52,132	$53,977	$53,661	$59,201	$218,971	$55,364	$54,893	$63,749	$75,827	$249,833	$70,673	$68,218	$77,104	$89,517	$305,512
Less: Net income attributable to non-controlling interests, net of tax	$108	$62	($209)	$166	$127	$88	$359	($4)	$150	$593	$150	$150	$150	$150	$600	$150	$150	$150	$150	$600
Net income (loss) attributable to Alere Inc. and Subsidiaries	$45,817	$38,720	$35,356	$49,076	$168,969	$52,044	$53,618	$53,665	$59,051	$218,378	$55,214	$54,743	$63,599	$75,677	$249,233	$70,523	$68,068	$76,954	$89,367	$304,912
Preferred stock dividends	($5,250)	($5,309)	($5,367)	($5,367)	($21,293)	($5,250)	($5,309)	($5,367)	($5,367)	($21,293)	($5,367)	($5,367)	($5,367)	($5,367)	($21,468)	($5,367)	($5,367)	($5,367)	($5,367)	($21,468)
Net income (loss) available to common stockholders	$40,567	$33,411	$29,989	$43,709	$147,676	$46,733	$48,250	$48,298	$53,684	$197,085	$49,847	$49,376	$58,232	$70,310	$227,765	$65,156	$62,701	$71,587	$84,000	$283,444
Adjustments for non-GAAP net income:																				
Convertible debt interest	$850	$700	$700	$850	$3,100	$700	$700	$700	$700	$2,800	$700	$700	$700	$700	$2,800	$700	$700	$700	$700	$2,800
Preferred stock dividends	$0	$0	$0	$0	$0	$5,250	$5,309	$5,367	$5,367	$21,293	$5,367	$5,367	$5,367	$5,367	$21,468	$5,367	$5,367	$5,367	$5,367	$21,468
ACON Second Territory Business acquisition interest expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Non-GAAP net income from continuing operations	$41,417	$34,111	$30,689	$44,559	$150,776	$52,683	$54,259	$54,365	$59,751	$221,178	$55,914	$55,443	$64,299	$76,377	$252,033	$71,223	$68,768	$77,654	$90,067	$307,712
Diluted non-GAAP EPS from continuing operations	**$0.48**	**$0.39**	**$0.35**	**$0.51**	**$1.73**	**$0.53**	**$0.54**	**$0.54**	**$0.59**	**$2.20**	**$0.55**	**$0.55**	**$0.63**	**$0.75**	**$2.48**	**$0.70**	**$0.67**	**$0.76**	**$0.88**	**$3.00**
Weighted average common shares - basic	82,387	82,648	83,115	83,586	82,938	84,338	85,173	85,141	85,311	84,991	85,567	85,738	85,910	86,082	85,824	86,340	86,513	86,686	86,859	86,599
Weighted average common shares - diluted	87,107	87,453	87,930	88,170	87,397	99,281	100,312	100,846	101,249	100,422	101,401	101,503	101,909	102,316	101,782	102,470	102,572	102,675	102,777	102,624
Y/Y Growth:																				
Net revenue						-2.8%	-2.8%	-7.2%	-5.1%	-4.5%	-2.3%	-1.7%	3.7%	3.4%	0.8%	5.8%	4.8%	5.3%	5.3%	5.3%
Cost of net revenue						0.7%	-3.1%	-4.9%	-3.7%	-2.8%	-2.4%	-2.9%	1.0%	0.0%	-1.1%	3.6%	2.8%	3.2%	3.2%	3.2%
Gross profit						-5.9%	-2.6%	-9.6%	-6.5%	-6.2%	-2.1%	-0.5%	6.5%	7.0%	2.7%	7.9%	7.0%	7.5%	7.4%	7.4%
Total operating expenses						-11.4%	-12.0%	-9.6%	-6.0%	-9.8%	-1.9%	-0.6%	1.9%	1.0%	0.1%	2.5%	2.5%	2.4%	3.2%	2.6%
Operating income						5.2%	18.5%	-9.6%	-7.3%	0.7%	-2.4%	-0.5%	14.8%	16.5%	7.0%	17.1%	14.5%	15.4%	13.2%	14.9%
Diluted non-GAAP EPS from continuing operations						11.6%	38.7%	54.5%	16.8%	27.7%	3.9%	1.0%	17.0%	26.5%	12.4%	26.0%	22.7%	19.9%	17.4%	21.1%
Margin Analysis:																				
Cost of net revenue	47.6%	51.3%	50.2%	50.4%	49.9%	49.3%	51.2%	51.5%	51.1%	50.8%	49.2%	50.6%	50.1%	49.4%	49.8%	48.2%	49.6%	49.1%	48.4%	48.8%
Gross profit	52.4%	48.7%	49.8%	49.6%	50.1%	50.7%	48.8%	48.5%	48.9%	49.2%	50.8%	49.4%	49.9%	50.6%	50.2%	51.8%	50.4%	50.9%	51.6%	51.2%
Research and development	5.8%	5.4%	4.9%	3.8%	5.0%	4.3%	4.1%	4.5%	4.5%	4.4%	4.7%	4.7%	4.5%	4.3%	4.5%	4.6%	4.6%	4.4%	4.3%	4.4%
Selling, general and administrative	29.1%	28.2%	27.0%	26.4%	27.6%	27.5%	26.4%	26.5%	25.4%	26.4%	27.2%	26.2%	26.0%	24.9%	26.0%	26.3%	25.6%	25.3%	24.3%	25.4%
Operating income	17.5%	15.0%	18.0%	19.5%	17.5%	18.9%	18.3%	17.5%	19.0%	18.4%	18.9%	18.5%	19.4%	21.4%	19.6%	20.9%	20.2%	21.2%	23.0%	21.4%

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Strong Buy (SB1) Expected to appreciate, produce a total return of at least 15%, and outperform the S&P 500 over the next six to 12 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, a total return of at least 15% is expected to be realized over the next 12 months.

Outperform (MO2) Expected to appreciate and outperform the S&P 500 over the next 12-18 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, an Outperform rating is used for securities where we are comfortable with the relative safety of the dividend and expect a total return modestly exceeding the dividend yield over the next 12-18 months.

Market Perform (MP3) Expected to perform generally in line with the S&P 500 over the next 12 months.
Underperform (MU4) Expected to underperform the S&P 500 or its sector over the next six to 12 months and should be sold.
Suspended (S) The rating and price target have been suspended temporarily. This action may be due to market events that made coverage impracticable, or to comply with applicable regulations or firm policies in certain circumstances, including when Raymond James may be providing investment banking services to the company. The previous rating and price target are no longer in effect for this security and should not be relied upon.

Raymond James Ltd. (Canada) definitions

Strong Buy (SB1) The stock is expected to appreciate and produce a total return of at least 15% and outperform the S&P/TSX Composite Index over the next six months.
Outperform (MO2) The stock is expected to appreciate and outperform the S&P/TSX Composite Index over the next twelve months.
Market Perform (MP3) The stock is expected to perform generally in line with the S&P/TSX Composite Index over the next twelve months and is potentially a source of funds for more highly rated securities.
Underperform (MU4) The stock is expected to underperform the S&P/TSX Composite Index or its sector over the next six to twelve months and should be sold.

Raymond James Argentina S.A. rating definitions

Strong Buy (SB1) Expected to appreciate and produce a total return of at least 25.0% over the next twelve months.
Outperform (MO2) Expected to appreciate and produce a total return of between 15.0% and 25.0% over the next twelve months.
Market Perform (MP3) Expected to perform in line with the underlying country index.
Underperform (MU4) Expected to underperform the underlying country index.
Suspended (S) The rating and price target have been suspended temporarily. This action may be due to market events that made coverage impracticable, or to comply with applicable regulations or firm policies in certain circumstances, including when Raymond James may be providing investment banking services to the company. The previous rating and price target are no longer in effect for this security and should not be relied upon.

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Strong Buy (1) Expected to appreciate, produce a total return of at least 15%, and outperform the Stoxx 600 over the next 6 to 12 months.
Outperform (2) Expected to appreciate and outperform the Stoxx 600 over the next 12 months.
Market Perform (3) Expected to perform generally in line with the Stoxx 600 over the next 12 months.
Underperform (4) Expected to underperform the Stoxx 600 or its sector over the next 6 to 12 months.
Suspended (S) The rating and target price have been suspended temporarily. This action may be due to market events that made coverage impracticable, or to comply with applicable regulations or firm policies in certain circumstances, including when Raymond James may be providing investment banking services to the company. The previous rating and target price are no longer in effect for this security and should not be relied upon.

In transacting in any security, investors should be aware that other securities in the Raymond James research coverage universe might carry a higher or lower rating. Investors should feel free to contact their Financial Advisor to discuss the merits of other available investments.

Rating Distributions

	Coverage Universe Rating Distribution*				Investment Banking Distribution			
	RJA	RJL	RJ Arg	RJEE/RJFI	RJA	RJL	RJ Arg	RJEE/RJFI
Strong Buy and Outperform (Buy)	57%	69%	53%	44%	22%	40%	0%	0%
Market Perform (Hold)	38%	30%	47%	39%	7%	16%	0%	0%
Underperform (Sell)	5%	1%	0%	17%	6%	50%	0%	0%

* Columns may not add to 100% due to rounding.

Suitability Ratings (SR)

Medium Risk/Income (M/INC) Lower to average risk equities of companies with sound financials, consistent earnings, and dividend yields above that of the S&P 500. Many securities in this category are structured with a focus on providing a consistent dividend or return of capital.

Medium Risk/Growth (M/GRW) Lower to average risk equities of companies with sound financials, consistent earnings growth, the potential for long-term price appreciation, a potential dividend yield, and/or share repurchase program.

High Risk/Income (H/INC) Medium to higher risk equities of companies that are structured with a focus on providing a meaningful dividend but may face less predictable earnings (or losses), more leveraged balance sheets, rapidly changing market dynamics, financial and competitive issues, higher price volatility (beta), and potential risk of principal. Securities of companies in this category may have a less predictable income stream from dividends or distributions of capital.

High Risk/Growth (H/GRW) Medium to higher risk equities of companies in fast growing and competitive industries, with less predictable earnings (or losses), more leveraged balance sheets, rapidly changing market dynamics, financial or legal issues, higher price volatility (beta), and potential risk of principal.

High Risk/Speculation (H/SPEC) High risk equities of companies with a short or unprofitable operating history, limited or less predictable revenues, very high risk associated with success, significant financial or legal issues, or a substantial risk/loss of principal.

Raymond James Relationship Disclosures

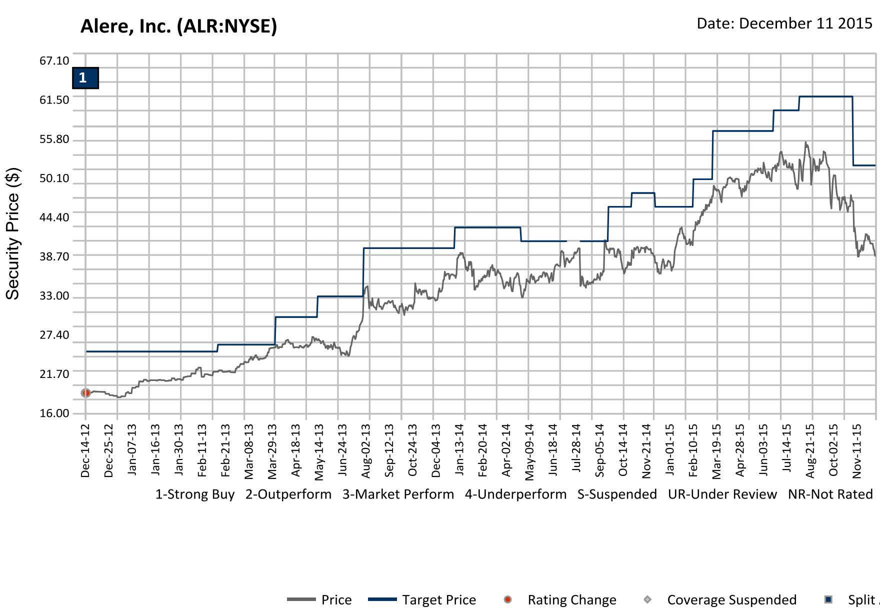
Raymond James expects to receive or intends to seek compensation for investment banking services from the subject companies in the next three months.

Company Name	Disclosure
Alere, Inc.	Raymond James & Associates makes a market in shares of ALR.
	Raymond James & Associates received non-securities-related compensation from ALR within the past 12 months.

Stock Charts, Target Prices, and Valuation Methodologies

Valuation Methodology: The Raymond James methodology for assigning ratings and target prices includes a number of qualitative and quantitative factors including an assessment of industry size, structure, business trends and overall attractiveness; management effectiveness; competition; visibility; financial condition, and expected total return, among other factors. These factors are subject to change depending on overall economic conditions or industry- or company-specific occurrences. Only stocks rated Strong Buy (SB1) or Outperform (MO2) have target prices and thus valuation methodologies.

Target Prices: The information below indicates our target price and rating changes for ALR stock over the past three years.



Rating & Target changes

Date	Curr.	Price	Target	Rating
Nov-04-15	$	46.80	52.00	1
Aug-04-15	$	52.86	62.00	1
Jun-22-15	$	51.66	60.00	1
Mar-13-15	$	47.55	57.00	1
Feb-10-15	$	42.50	50.00	1
Dec-08-14	$	37.88	46.00	1
Oct-28-14	$	39.68	48.00	1
Sep-19-14	$	39.81	46.00	1
Aug-04-14	$	34.52	41.00	1
Jul-11-14	$	38.52	UR	1
Apr-29-14	$	33.40	41.00	1
Jan-06-14	$	36.02	43.00	1
Jul-31-13	$	33.90	40.00	1
May-13-13	$	26.65	33.00	1
Apr-02-13	$	25.60	30.00	1
Feb-19-13	$	22.07	26.00	1
Dec-14-12	$	18.98	25.00	1

Valuation Methodology: Our valuation methodology for Alere is based on a forward P/E multiple relative to historical levels. We also analyze the company's enterprise value (defined as market capitalization plus long-term debt, less cash on the balance sheet) to our forward EBITDA estimate.

Risk Factors

General Risk Factors: Following are some general risk factors that pertain to the projected target prices included on Raymond James research: (1) Industry fundamentals with respect to customer demand or product / service pricing could change and adversely impact expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes toward the sector or this stock; (3) Unforeseen developments with respect to the management, financial condition or accounting policies or practices could alter the prospective valuation; or (4) External factors that affect the U.S. economy, interest rates, the U.S. dollar or major segments of the economy could alter investor confidence and investment prospects. International investments involve additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability.

Specific Investment Risks Related to the Industry or Issuer

Diagnostics Industry-Related Risk Factors
The diagnostics industry is subject to a variety of risks and uncertainties that might cause actual results to differ materially from those projected by any forward-looking statements. Factors that could cause such differences include, but are not limited to: (1) a weak economy could result in reduced demand for products and services; (2) the industry is subject to numerous governmental regulations and regulatory changes are difficult to predict and may be damaging to the industry outlook; (3) increased competition and technological advances by larger competitors in competing industries could negatively affect operating results; and (4) the industry depends on new product launches to drive growth, with any failure in the R&D department likely to have a negative impact on overall revenue growth trends.

Company-Specific Risks for Alere, Inc.
Alere's business and operations are subject to a variety of risks and uncertainties that might cause actual results to differ materially from those projected by any forward-looking statements. Factors that could cause such differences include, but are not limited to: (1) Alere's diagnostic products face intense competition, and the failure to compete effectively may negatively affect sales of Alere's products and services; (2) Alere's business could be materially adversely affected as a result of the risks associated with the company's acquisition strategy, particularly regarding integration; (3) if the company is unable to obtain required clearances or approvals for the commercialization of products in the United States and abroad, Alere may not be able to sell those products which could subsequently impact operating results over the intermediate-term; and (4) rising unemployment may negatively impact the collectability of uninsured accounts and patient due accounts and/or reduce total health plan populations.

Additional Risk and Disclosure information, as well as more information on the Raymond James rating system and suitability categories, is available at rjcapitalmarkets.com/Disclosures/index. Copies of research or Raymond James' summary policies relating to research analyst independence can be obtained by contacting any Raymond James & Associates or Raymond James Financial Services office (please see raymondjames.com for office locations) or by calling 727-567-1000, toll free 800-237-5643 or sending a written request to the Equity Research Library, Raymond James & Associates, Inc., Tower 3, 6th Floor, 880 Carillon Parkway, St. Petersburg, FL 33716.

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