



July 31, 2014

## PerkinElmer Announces Financial Results for the Second Quarter of 2014

- Revenue growth of 3%; Adjusted and organic revenue growth of 2%
- GAAP earnings per share from continuing operations of \$0.46; Adjusted earnings per share increased 16% to \$0.59
- Expanded adjusted operating profit margin by 110 basis points
- Strong cash flow from continuing operations of \$54.5 million

WALTHAM, Mass.--(BUSINESS WIRE)-- [PerkinElmer, Inc.](#) (NYSE: PKI), a global leader focused on improving the health and safety of people and the environment, today reported financial results for the second quarter ended June 29, 2014.

The Company reported GAAP earnings per share from continuing operations of \$0.46, compared to \$0.24 in the second quarter of 2013. Revenue in the second quarter of 2014 was \$556.2 million, as compared to \$540.7 million in the second quarter of 2013. GAAP operating income from continuing operations for the second quarter of 2014 was \$69.6 million, compared to \$40.2 million in the second quarter of 2013. GAAP operating profit margin from continuing operations was 12.5% in the second quarter of 2014, compared to 7.4% in the second quarter of 2013.

Adjusted earnings per share was \$0.59, compared to \$0.51 in the second quarter of 2013. Adjusted revenue and organic revenue both increased 2% compared to the second quarter of 2013. Adjusted revenue was \$556.6 million, compared to \$544.5 million in the second quarter of 2013. Adjusted operating income for the second quarter of 2014 was \$93.3 million, compared to \$85.4 million for the same period a year ago. Adjusted operating profit margin increased 110 basis points to 16.8% as a percentage of adjusted revenue. For the Company's non-GAAP financial measures, adjustments have been noted in the attached reconciliations.

"I am pleased with our progress at this point in the year as evidenced by our strong first half financial performance and our continued success in building a more effective organization," said Robert Friel, chairman and chief executive officer of PerkinElmer. "Our focus on developing new and innovative solutions will result in a number of new product launches in the second half of this year, giving us confidence in our ability to deliver on our full year commitments."

### Cash Flow

For the six months ending June 29, 2014, operating cash flow from continuing operations was \$122.6 million as compared to \$39.9 million for the same period a year ago.

### Financial Overview by Reporting Segment for the Second Quarter 2014

#### Human Health

- Revenue of \$307.5 million, as compared to \$297.3 million for the second quarter of 2013.
- Operating income of \$52.6 million, as compared to \$30.6 million for the same period a year ago.
- Adjusted revenue of \$307.9 million, as compared to \$301.1 million for the second quarter of 2013. Adjusted revenue increased 2% and organic revenue increased 1%.
- Adjusted operating income of \$70.8 million, as compared to \$64.6 million for the same period a year ago.
- Adjusted operating profit margin was 23.0% as a percentage of adjusted revenue, an increase of approximately 150 basis points as compared to the second quarter of 2013.

#### Environmental Health

- Revenue of \$248.7 million, as compared to \$243.4 million for the second quarter of 2013. Revenue and organic revenue increased 2%.

- Operating income of \$30.9 million, as compared to \$19.3 million for the same period a year ago.
- Adjusted operating income of \$32.9 million, as compared to \$30.5 million for the same period a year ago.
- Adjusted operating profit margin was 13.2% as a percentage of revenue, an increase of approximately 70 basis points as compared to the second quarter of 2013.

## Financial Guidance - Full Year 2014 - Updated

For the full year 2014, the Company forecasts organic revenue to increase in the mid-single digit range relative to 2013. For the full year 2014, the Company now forecasts GAAP earnings per share from continuing operations in the range of \$1.89 to \$1.93 and reiterates on a non-GAAP basis, which is expected to include the adjustments noted in the attached reconciliation, adjusted earnings per share in the range of \$2.42 to \$2.46.

## Conference Call Information

The Company will discuss its second quarter results and its outlook for business trends in a conference call on July 31, 2014 at 5:00 p.m. Eastern Time (ET). To access the call, please dial (617) 786-2904 prior to the scheduled conference call time and provide the access code 90033004.

A live audio webcast of the call will be available on the [Investor](#) section of the Company's Web site, [www.perkinelmer.com](http://www.perkinelmer.com). Please go to the site at least 15 minutes prior to the call in order to register, download, and install any necessary software. An archived version of the webcast will be posted on the Company's Web site for a two week period beginning approximately two hours after the call.

## Use of Non-GAAP Financial Measures

In addition to financial measures prepared in accordance with generally accepted accounting principles (GAAP), this earnings announcement also contains non-GAAP financial measures. The reasons that we use these measures, a reconciliation of these measures to the most directly comparable GAAP measures, and other information relating to these measures are included below following our GAAP financial statements.

## Factors Affecting Future Performance

This press release contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements relating to estimates and projections of future earnings per share, cash flow and revenue growth and other financial results, developments relating to our customers and end-markets, and plans concerning business development opportunities and divestitures. Words such as "believes," "intends," "anticipates," "plans," "expects," "projects," "forecasts," "will" and similar expressions, and references to guidance, are intended to identify forward-looking statements. Such statements are based on management's current assumptions and expectations and no assurances can be given that our assumptions or expectations will prove to be correct. A number of important risk factors could cause actual results to differ materially from the results described, implied or projected in any forward-looking statements. These factors include, without limitation: (1) markets into which we sell our products declining or not growing as anticipated; (2) fluctuations in the global economic and political environments; (3) our failure to introduce new products in a timely manner; (4) our ability to execute acquisitions and license technologies, or to successfully integrate acquired businesses and licensed technologies into our existing business or to make them profitable, or successfully divest businesses; (5) our failure to adequately protect our intellectual property; (6) the loss of any of our licenses or licensed rights; (7) our ability to compete effectively; (8) fluctuation in our quarterly operating results and our ability to adjust our operations to address unexpected changes; (9) significant disruption in third-party package delivery and import/export services or significant increases in prices for those services; (10) disruptions in the supply of raw materials and supplies; (11) the manufacture and sale of products exposing us to product liability claims; (12) our failure to maintain compliance with applicable government regulations; (13) regulatory changes; (14) our failure to comply with healthcare industry regulations; (15) economic, political and other risks associated with foreign operations; (16) our ability to retain key personnel; (17) significant disruption in our information technology systems; (18) our ability to obtain future financing; (19) restrictions in our credit agreements; (20) our ability to realize the full value of our intangible assets; (21) significant fluctuations in our stock price; (22) reduction or elimination of dividends on our common stock; and (23) other factors which we describe under the caption "Risk Factors" in our most recent quarterly report on Form 10-Q and in our other filings with the Securities and Exchange Commission. We disclaim any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this press release.

## About PerkinElmer

PerkinElmer, Inc. is a global leader focused on improving the health and safety of people and the environment. The Company reported revenue of approximately \$2.2 billion in 2013, has about 7,600 employees serving customers in more than 150 countries, and is a component of the S&P 500 Index. Additional information is available through 1-877-PKI-NYSE, or at

**PerkinElmer, Inc. and Subsidiaries**  
**CONSOLIDATED INCOME STATEMENTS**

| (In thousands, except per share data)                                      | <b>Three Months Ended</b> |                          | <b>Six Months Ended</b>  |                          |
|--|---------------------------|--------------------------|--------------------------|--------------------------|
|  | <b>June 29,<br/>2014</b>  | <b>June 30,<br/>2013</b> | <b>June 29,<br/>2014</b> | <b>June 30,<br/>2013</b> |
| <b>Revenue</b>   | \$ 556,170                | \$ 540,673               | \$ 1,086,780             | \$ 1,043,616             |
| Cost of revenue  | 308,186                   | 299,011                  | 603,083                  | 577,512                  |
| Selling, general and administrative expenses                               | 147,253                   | 147,795                  | 299,690                  | 298,235                  |
| Research and development expenses  | 30,352                    | 34,404                   | 59,731                   | 68,402                   |
| Restructuring and contract termination charges, net                        | 742                       | 19,247                   | 2,877                    | 22,557                   |
| <b>Operating income from continuing operations</b>                         | 69,637                    | 40,216                   | 121,399                  | 76,910                   |
| Interest income  | (151)                     | (64)                     | (245)                    | (169)                    |
| Interest expense   | 9,079                     | 11,913                   | 18,298                   | 23,606                   |
| Other expense, net   | 36                        | 1,016                    | 2,200                    | 1,468                    |
| Income from continuing operations before income taxes                      | 60,673                    | 27,351                   | 101,146                  | 52,005                   |
| Provision for (benefit from) income taxes                                  | 8,670                     | 77                       | 14,192                   | (8,044)                  |
| <b>Income from continuing operations</b>                                   | 52,003                    | 27,274                   | 86,954                   | 60,049                   |
| Loss from discontinued operations, before income taxes                     | (2,084)                   | (552)                    | (3,114)                  | (1,345)                  |
| (Loss) gain on disposition of discontinued operations, before income taxes | (302)                     | 613                      | (374)                    | 521                      |
| Benefit from income taxes on discontinued operations and dispositions      | (873)                     | (590)                    | (1,248)                  | (916)                    |
| <b>(Loss) income from discontinued operations and dispositions</b>         | (1,513)                   | 651                      | (2,240)                  | 92                       |
| <b>Net income</b>  | \$ 50,490                 | \$ 27,925                | \$ 84,714                | \$ 60,141                |
| <b><i>Diluted earnings per share:</i></b>                                  |                           |                          |                          |                          |
| Income from continuing operations  | \$ 0.46                   | \$ 0.24                  | \$ 0.76                  | \$ 0.53                  |
| (Loss) income from discontinued operations and dispositions                | (0.01)                    | 0.01                     | (0.02)                   | 0.00                     |
| Net income   | \$ 0.44                   | \$ 0.25                  | \$ 0.74                  | \$ 0.53                  |
| <i>Weighted average diluted shares of common stock outstanding</i>         | 113,971                   | 112,718                  | 113,874                  | 113,717                  |

ABOVE PREPARED IN ACCORDANCE WITH GAAP

**Additional Supplemental Information<sup>(1)</sup>:**

(per share, continuing operations)

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| GAAP EPS from continuing operations                                 | \$ 0.46        | \$ 0.24        | \$ 0.76        | \$ 0.53        |
| Amortization of intangible assets, net of income taxes              | 0.12           | 0.13           | 0.24           | 0.25           |
| Purchase accounting adjustments, net of income taxes                | (0.01)         | 0.02           | (0.00)         | 0.03           |
| Significant litigation matter, net of income taxes                  | 0.02           | -              | 0.04           | -              |
| Significant tax credits   | -              | -              | -              | (0.08)         |
| Restructuring and contract termination charges, net of income taxes | 0.00           | 0.11           | 0.02           | 0.13           |
| <b>Adjusted EPS</b>   | <b>\$ 0.59</b> | <b>\$ 0.51</b> | <b>\$ 1.05</b> | <b>\$ 0.86</b> |

**(1) amounts may not sum due to rounding**

**PerkinElmer, Inc. and Subsidiaries**  
**REVENUE AND OPERATING INCOME (LOSS)**

(In thousands, except percentages)

|                             |   | <u>Three Months Ended</u> |                      | <u>Six Months Ended</u> |                      |
|-----------------------------|---|---------------------------|----------------------|-------------------------|----------------------|
|                             |   | <u>June 29, 2014</u>      | <u>June 30, 2013</u> | <u>June 29, 2014</u>    | <u>June 30, 2013</u> |
| <b>Human Health</b>         | Reported revenue                                    | \$ 307,505                | \$ 297,319           | \$ 605,694              | \$ 576,213           |
|                             | Purchase accounting adjustments                     | 426                       | 3,799                | 1,878                   | 5,731                |
|                             | Adjusted Revenue                                    | <u>307,931</u>            | <u>301,118</u>       | <u>607,572</u>          | <u>581,944</u>       |
|                             | Reported operating income from continued operations | 52,614                    | 30,628               | 96,704                  | 56,441               |
|                             | OP%   | 17.1%                     | 10.3%                | 16.0%                   | 9.8%                 |
|                             | Amortization of intangible assets                   | 18,196                    | 19,523               | 36,125                  | 39,276               |
|                             | Purchase accounting adjustments                     | (337)                     | 3,905                | 1,201                   | 5,885                |
|                             | Acquisition-related costs                           | 40                        | 7                    | 69                      | 29                   |
|                             | Restructuring and contract termination charges, net | 280                       | 10,550               | 770                     | 13,788               |
|                             | Adjusted operating income                           | <u>70,793</u>             | <u>64,613</u>        | <u>134,869</u>          | <u>115,419</u>       |
| Adjusted OP%                | 23.0%   | 21.5%                     | 22.2%                | 19.8%                   |                      |
| <b>Environmental Health</b> | Reported revenue                                    | 248,665                   | 243,354              | 481,086                 | 467,403              |
|                             | Reported operating income from continued operations | 30,872                    | 19,298               | 52,371                  | 40,026               |
|                             | OP%   | 12.4%                     | 7.9%                 | 10.9%                   | 8.6%                 |
|                             | Amortization of intangible assets                   | 2,380                     | 2,474                | 5,146                   | 4,936                |
|                             | Purchase accounting adjustments                     | (830)                     | -                    | (830)                   | -                    |
|                             | Acquisition-related costs                           | 30                        | 59                   | 112                     | 108                  |
|                             | Restructuring and contract termination charges, net | 462                       | 8,697                | 2,107                   | 8,769                |
|                             | Adjusted operating income                           | <u>32,914</u>             | <u>30,528</u>        | <u>58,906</u>           | <u>53,839</u>        |
|                             | Adjusted OP%  | 13.2%                     | 12.5%                | 12.2%                   | 11.5%                |

|                              |   |                  |                  |                   |                   |
|------------------------------|---|------------------|------------------|-------------------|-------------------|
| <b>Corporate</b>             | Reported operating loss                             | (13,849)         | (9,710)          | (27,676)          | (19,557)          |
|                              | Significant litigation matter                       | 3,418            | -                | 6,645             | -                 |
|                              | Mark to market on postretirement benefits           | -                | -                | (54)              | (47)              |
|                              | Adjusted operating loss                             | <u>(10,431)</u>  | <u>(9,710)</u>   | <u>(21,085)</u>   | <u>(19,604)</u>   |
| <b>Continuing Operations</b> | Reported revenue                                    | \$ 556,170       | \$ 540,673       | \$ 1,086,780      | \$ 1,043,616      |
|                              | Purchase accounting adjustments                     | 426              | 3,799            | 1,878             | 5,731             |
|                              | Adjusted Revenue                                    | <u>556,596</u>   | <u>544,472</u>   | <u>1,088,658</u>  | <u>1,049,347</u>  |
|                              | Reported operating income from continued operations | 69,637           | 40,216           | 121,399           | 76,910            |
|                              | OP%   | 12.5%            | 7.4%             | 11.2%             | 7.4%              |
|                              | Amortization of intangible assets                   | 20,576           | 21,997           | 41,271            | 44,212            |
|                              | Purchase accounting adjustments                     | (1,167)          | 3,905            | 371               | 5,885             |
|                              | Acquisition-related costs                           | 70               | 66               | 181               | 137               |
|                              | Significant litigation matter                       | 3,418            | -                | 6,645             | -                 |
|                              | Mark to market on postretirement benefits           | -                | -                | (54)              | (47)              |
|                              | Restructuring and contract termination charges, net | 742              | 19,247           | 2,877             | 22,557            |
|                              | Adjusted operating income                           | <u>\$ 93,276</u> | <u>\$ 85,431</u> | <u>\$ 172,690</u> | <u>\$ 149,654</u> |
|                              | Adjusted OP%  | 16.8%            | 15.7%            | 15.9%             | 14.3%             |

REPORTED REVENUE AND REPORTED OPERATING INCOME (LOSS) PREPARED IN ACCORDANCE WITH GAAP

**PerkinElmer, Inc. and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|   | <u>Three Months Ended</u>      |                                | <u>Six Months Ended</u>        |                                |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|   | <u>June 29,</u><br><u>2014</u> | <u>June 30,</u><br><u>2013</u> | <u>June 29,</u><br><u>2014</u> | <u>June 30,</u><br><u>2013</u> |
| <b>(In thousands)</b>   |                                |                                |                                |                                |
| <b>Operating activities:</b>  |                                |                                |                                |                                |
| Net income  | \$ 50,490                      | \$ 27,925                      | \$ 84,714                      | \$ 60,141                      |
| Less: loss (gain) from discontinued operations and dispositions, net of income taxes  | <u>1,513</u>                   | <u>(651)</u>                   | <u>2,240</u>                   | <u>(92)</u>                    |
| Income from continuing operations   | <u>52,003</u>                  | <u>27,274</u>                  | <u>86,954</u>                  | <u>60,049</u>                  |
| Adjustments to reconcile income from continuing operations to net cash provided by continuing operations:                               |                                |                                |                                |                                |
| Stock-based compensation  | 4,803                          | 3,226                          | 9,319                          | 7,642                          |
| Restructuring and contract termination charges, net   | 742                            | 19,247                         | 2,877                          | 22,557                         |
| Amortization of deferred debt issuance costs, interest rate hedges and accretion of discounts   | 358                            | 867                            | 662                            | 1,680                          |
| Depreciation and amortization   | 28,579                         | 31,835                         | 57,907                         | 61,980                         |
| Amortization of acquired inventory revaluation  | -                              | 74                             | -                              | 203                            |
| <i>Changes in operating assets and liabilities which (used) provided cash, excluding effects from companies purchased and divested:</i> |                                |                                |                                |                                |

|   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
| Accounts receivable, net  | (3,298)           | (25,158)          | 23,434            | 15,489            |
| Inventories, net  | 1,982             | (1,560)           | (15,737)          | (17,710)          |
| Accounts payable  | (12,826)          | (1,461)           | (11,867)          | 3,990             |
| Accrued expenses and other  | (17,886)          | (26,387)          | (30,979)          | (115,955)         |
| <b>Net cash provided by operating activities of continuing operations</b>                   | <b>54,457</b>     | <b>27,957</b>     | <b>122,570</b>    | <b>39,925</b>     |
| Net cash used in operating activities of discontinued operations                            | (62)              | (95)              | (464)             | (1,132)           |
| <b>Net cash provided by operating activities</b>  | <b>54,395</b>     | <b>27,862</b>     | <b>122,106</b>    | <b>38,793</b>     |
| <b>Investing activities:</b>  |                   |                   |                   |                   |
| Capital expenditures  | (8,427)           | (11,023)          | (14,447)          | (22,852)          |
| Proceeds from surrender of life insurance policies  | 425               | 220               | 425               | 220               |
| Activity related to acquisitions and investments, net of cash and cash equivalents acquired | (350)             | (1,449)           | (350)             | (49)              |
| <b>Net cash used in investing activities of continuing operations</b>                       | <b>(8,352)</b>    | <b>(12,252)</b>   | <b>(14,372)</b>   | <b>(22,681)</b>   |
| Net cash (used in) provided by investing activities of discontinued operations              | (213)             | 371               | (213)             | 494               |
| <b>Net cash used in investing activities</b>  | <b>(8,565)</b>    | <b>(11,881)</b>   | <b>(14,585)</b>   | <b>(22,187)</b>   |
| <b>Financing Activities:</b>  |                   |                   |                   |                   |
| Payments on revolving credit facility   | (137,000)         | (147,000)         | (232,000)         | (282,000)         |
| Proceeds from revolving credit facility   | 103,000           | 127,000           | 193,000           | 340,000           |
| Payments of debt issuance costs   | (121)             | -                 | (1,845)           | -                 |
| Settlement of cash flow hedges  | -                 | 523               | -                 | 1,363             |
| Net (payments on) proceeds from other credit facilities                                     | (255)             | (2,758)           | (507)             | 5,264             |
| Proceeds from issuance of common stock under stock plans                                    | 12,223            | 1,827             | 19,454            | 7,289             |
| Purchases of common stock   | (35,060)          | (135)             | (38,976)          | (126,993)         |
| Dividends paid  | (7,922)           | (7,832)           | (15,809)          | (15,892)          |
| <b>Net cash used in financing activities</b>  | <b>(65,135)</b>   | <b>(28,375)</b>   | <b>(76,683)</b>   | <b>(70,969)</b>   |
| Effect of exchange rate changes on cash and cash equivalents                                | 450               | (1,007)           | 1,178             | (4,611)           |
| <b>Net (decrease) increase in cash and cash equivalents</b>                                 | <b>(18,855)</b>   | <b>(13,401)</b>   | <b>32,016</b>     | <b>(58,974)</b>   |
| Cash and cash equivalents at beginning of period  | 224,113           | 125,871           | 173,242           | 171,444           |
| <b>Cash and cash equivalents at end of period</b>   | <b>\$ 205,258</b> | <b>\$ 112,470</b> | <b>\$ 205,258</b> | <b>\$ 112,470</b> |

PREPARED IN ACCORDANCE WITH GAAP

**PerkinElmer, Inc. and Subsidiaries**  
**CONSOLIDATED BALANCE SHEETS**

| <b>(In thousands)</b>                      | <b>June 29, 2014</b> | <b>December 29, 2013</b> |
|--|----------------------|--------------------------|
| <b>Current assets:</b>                     |                      |                          |
| Cash and cash equivalents                  | \$ 205,258           | \$ 173,242               |
| Accounts receivable, net                   | 443,722              | 466,749                  |
| Inventories, net                           | 277,991              | 260,858                  |
| Other current assets                       | 151,715              | 140,342                  |
| Current assets of discontinued operations  | 1,963                | 3,647                    |
| <b>Total current assets</b>                | <b>1,080,649</b>     | <b>1,044,838</b>         |
| <b>Property, plant and equipment, net:</b> |                      |                          |
| At cost                                    | 507,700              | 498,111                  |
| Accumulated depreciation                   | (328,024)            | (314,923)                |

|  |                     |                     |
|--|---------------------|---------------------|
| Property, plant and equipment, net             | 179,676             | 183,188             |
| Marketable securities and investments          | 1,327               | 1,319               |
| Intangible assets, net                         | 417,308             | 460,430             |
| Goodwill                                       | 2,141,819           | 2,143,120           |
| Other assets, net                              | 113,714             | 111,633             |
| Long-term assets of discontinued operations    | 2,075               | 2,184               |
| Total assets                                   | <u>\$ 3,936,568</u> | <u>\$ 3,946,712</u> |
| Current liabilities:                           |                     |                     |
| Short-term debt                                | \$ 1,051            | \$ 2,624            |
| Accounts payable                               | 155,415             | 166,881             |
| Short-term accrued restructuring               | 14,676              | 26,374              |
| Accrued expenses and other current liabilities | 404,322             | 403,678             |
| Current liabilities of discontinued operations | 3,135               | 3,239               |
| Total current liabilities                      | <u>578,599</u>      | <u>602,796</u>      |
| Long-term debt                                 | 894,282             | 932,104             |
| Long-term accrued restructuring                | 7,899               | 9,161               |
| Long-term liabilities                          | 399,797             | 408,164             |
| Total liabilities                              | <u>1,880,577</u>    | <u>1,952,225</u>    |
| Total stockholders' equity                     | 2,055,991           | 1,994,487           |
| Total liabilities and stockholders' equity     | <u>\$ 3,936,568</u> | <u>\$ 3,946,712</u> |

PREPARED IN ACCORDANCE WITH GAAP

**PerkinElmer, Inc. and Subsidiaries**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES <sup>(1)</sup>**

(In millions, except per share data and percentages)

|                                   | PKI                |              |                 |              |
|-----------------------------------|--------------------|--------------|-----------------|--------------|
|                                   | Three Months Ended |              |                 |              |
|                                   | June 29, 2014      |              | June 30, 2013   |              |
| <b>Adjusted revenue:</b>          |                    |              |                 |              |
| Revenue                           | \$ 556.2           |              | \$ 540.7        |              |
| Purchase accounting adjustments   | 0.4                |              | 3.8             |              |
| Adjusted revenue                  | <u>\$ 556.6</u>    |              | <u>\$ 544.5</u> |              |
| <b>Adjusted gross margin:</b>     |                    |              |                 |              |
| Gross margin                      | \$ 248.0           | 44.6%        | \$ 241.7        | 44.7%        |
| Amortization of intangible assets | 12.3               | 2.2%         | 12.5            | 2.3%         |
| Purchase accounting adjustments   | 0.4                | 0.1%         | 3.9             | 0.7%         |
| Adjusted gross margin             | <u>\$ 260.7</u>    | <u>46.8%</u> | <u>\$ 258.0</u> | <u>47.4%</u> |
| <b>Adjusted SG&amp;A:</b>         |                    |              |                 |              |
| SG&A                              | \$ 147.3           | 26.5%        | \$ 147.8        | 27.3%        |
| Amortization of intangible assets | (8.1)              | -1.5%        | (9.5)           | -1.7%        |
| Purchase accounting adjustments   | 1.6                | 0.3%         | (0.0)           | 0.0%         |
| Acquisition-related costs         | (0.1)              | 0.0%         | (0.1)           | 0.0%         |
| Significant litigation matter     | (3.4)              | -0.6%        | -               | 0.0%         |
| Adjusted SG&A                     | <u>\$ 137.2</u>    | <u>24.7%</u> | <u>\$ 138.2</u> | <u>25.4%</u> |

**Adjusted R&D:**

|                                   |    |       |      |    |       |      |
|-----------------------------------|----|-------|------|----|-------|------|
| R&D                               | \$ | 30.4  | 5.5% | \$ | 34.4  | 6.4% |
| Amortization of intangible assets |    | (0.1) | 0.0% |    | (0.1) | 0.0% |
| Adjusted R&D                      | \$ | 30.2  | 5.4% | \$ | 34.3  | 6.3% |

#### Adjusted operating income:

|   |    |       |       |    |      |       |
|---|----|-------|-------|----|------|-------|
| Operating income                                    | \$ | 69.6  | 12.5% | \$ | 40.2 | 7.4%  |
| Amortization of intangible assets                   |    | 20.6  | 3.7%  |    | 22.0 | 4.1%  |
| Purchase accounting adjustments                     |    | (1.2) | -0.2% |    | 3.9  | 0.7%  |
| Acquisition-related costs                           |    | 0.1   | 0.0%  |    | 0.1  | 0.0%  |
| Significant litigation matter                       |    | 3.4   | 0.6%  |    | -    | 0.0%  |
| Restructuring and contract termination charges, net |    | 0.7   | 0.1%  |    | 19.2 | 3.6%  |
| Adjusted operating income                           | \$ | 93.3  | 16.8% | \$ | 85.4 | 15.7% |

#### PKI

##### Three Months Ended

**June 29, 2014**                      **June 30, 2013**

#### Adjusted EPS:

|   |    |        |  |    |      |
|---|----|--------|--|----|------|
| GAAP EPS  | \$ | 0.44   |  | \$ | 0.25 |
| Discontinued operations, net of income taxes                        |    | (0.01) |  |    | 0.01 |
| GAAP EPS from continuing operations                                 |    | 0.46   |  |    | 0.24 |
| Amortization of intangible assets, net of income taxes              |    | 0.12   |  |    | 0.13 |
| Purchase accounting adjustments, net of income taxes                |    | (0.01) |  |    | 0.02 |
| Significant litigation matter, net of income taxes                  |    | 0.02   |  |    | -    |
| Acquisition-related costs, net of income taxes                      |    | 0.00   |  |    | 0.00 |
| Restructuring and contract termination charges, net of income taxes |    | 0.00   |  |    | 0.11 |
| Adjusted EPS  | \$ | 0.59   |  | \$ | 0.51 |

#### Human Health

##### Three Months Ended

**June 29, 2014**                      **June 30, 2013**

#### Adjusted revenue:

|                                 |    |       |  |    |       |
|---------------------------------|----|-------|--|----|-------|
| Revenue                         | \$ | 307.5 |  | \$ | 297.3 |
| Purchase accounting adjustments |    | 0.4   |  |    | 3.8   |
| Adjusted revenue                | \$ | 307.9 |  | \$ | 301.1 |

#### Adjusted operating income:

|   |    |       |       |    |      |       |
|---|----|-------|-------|----|------|-------|
| Operating income                                    | \$ | 52.6  | 17.1% | \$ | 30.6 | 10.3% |
| Amortization of intangible assets                   |    | 18.2  | 5.9%  |    | 19.5 | 6.6%  |
| Purchase accounting adjustments                     |    | (0.3) | -0.1% |    | 3.9  | 1.3%  |
| Acquisition-related costs                           |    | 0.0   | 0.0%  |    | 0.0  | 0.0%  |
| Restructuring and contract termination charges, net |    | 0.3   | 0.1%  |    | 10.6 | 3.5%  |
| Adjusted operating income                           | \$ | 70.8  | 23.0% | \$ | 64.6 | 21.5% |

#### Environmental Health

##### Three Months Ended

**June 29, 2014**                      **June 30, 2013**

#### Revenue:

|         |    |       |  |    |       |
|---------|----|-------|--|----|-------|
| Revenue | \$ | 248.7 |  | \$ | 243.4 |
|---------|----|-------|--|----|-------|

#### Adjusted operating income:

|                                   |    |       |       |    |      |      |
|-----------------------------------|----|-------|-------|----|------|------|
| Operating income                  | \$ | 30.9  | 12.4% | \$ | 19.3 | 7.9% |
| Amortization of intangible assets |    | 2.4   | 1.0%  |    | 2.5  | 1.0% |
| Purchase accounting adjustments   |    | (0.8) | -0.3% |    | -    | 0.0% |
| Acquisition-related costs         |    | 0.0   | 0.0%  |    | 0.1  | 0.0% |



|   |         |       |         |       |
|---|---------|-------|---------|-------|
| Restructuring and contract termination charges, net | 0.5     | 0.2%  | 8.7     | 3.6%  |
| Adjusted operating income                           | \$ 32.9 | 13.2% | \$ 30.5 | 12.5% |

(1) amounts may not sum due to rounding

**PerkinElmer, Inc. and Subsidiaries**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES (1)**

(In millions, except per share data and percentages)

|   | PKI                            |                      |                   |              |
|---|--------------------------------|----------------------|-------------------|--------------|
|   | Six Months Ended               |                      |                   |              |
|   | <u>June 29,</u><br><u>2014</u> | <u>June 30, 2013</u> |                   |              |
| <b>Adjusted revenue:</b>                            |                                |                      |                   |              |
| Revenue   | \$ 1,086.8                     |                      | \$ 1,043.6        |              |
| Purchase accounting adjustments                     | 1.9                            |                      | 5.7               |              |
| Adjusted revenue                                    | <u>\$ 1,088.7</u>              |                      | <u>\$ 1,049.3</u> |              |
| <b>Adjusted gross margin:</b>                       |                                |                      |                   |              |
| Gross margin  | \$ 483.7                       | 44.5%                | \$ 466.1          | 44.7%        |
| Amortization of intangible assets                   | 25.0                           | 2.3%                 | 25.1              | 2.4%         |
| Purchase accounting adjustments                     | 1.9                            | 0.2%                 | 5.9               | 0.6%         |
| Mark to market on postretirement benefits           | (0.1)                          | 0.0%                 | (0.0)             | 0.0%         |
| Adjusted gross margin                               | <u>\$ 510.6</u>                | <u>46.9%</u>         | <u>\$ 497.1</u>   | <u>47.4%</u> |
| <b>Adjusted SG&amp;A:</b>                           |                                |                      |                   |              |
| SG&A  | \$ 299.7                       | 27.6%                | \$ 298.2          | 28.6%        |
| Amortization of intangible assets                   | (16.0)                         | -1.5%                | (19.0)            | -1.8%        |
| Purchase accounting adjustments                     | 1.5                            | 0.1%                 | 0.0               | 0.0%         |
| Acquisition-related costs                           | (0.2)                          | 0.0%                 | (0.1)             | 0.0%         |
| Significant litigation matter                       | (6.6)                          | -0.6%                | -                 | 0.0%         |
| Adjusted SG&A                                       | <u>\$ 278.4</u>                | <u>25.6%</u>         | <u>\$ 279.1</u>   | <u>26.6%</u> |
| <b>Adjusted R&amp;D:</b>                            |                                |                      |                   |              |
| R&D   | \$ 59.7                        | 5.5%                 | \$ 68.4           | 6.6%         |
| Amortization of intangible assets                   | (0.3)                          | 0.0%                 | (0.1)             | 0.0%         |
| Adjusted R&D  | <u>\$ 59.4</u>                 | <u>5.5%</u>          | <u>\$ 68.3</u>    | <u>6.5%</u>  |
| <b>Adjusted operating income:</b>                   |                                |                      |                   |              |
| Operating income                                    | \$ 121.4                       | 11.2%                | \$ 76.9           | 7.4%         |
| Amortization of intangible assets                   | 41.3                           | 3.8%                 | 44.2              | 4.2%         |
| Purchase accounting adjustments                     | 0.4                            | 0.0%                 | 5.9               | 0.6%         |
| Acquisition-related costs                           | 0.2                            | 0.0%                 | 0.1               | 0.0%         |
| Significant litigation matter                       | 6.6                            | 0.6%                 | -                 | 0.0%         |
| Mark to market on postretirement benefits           | (0.1)                          | 0.0%                 | (0.0)             | 0.0%         |
| Restructuring and contract termination charges, net | 2.9                            | 0.3%                 | 22.6              | 2.2%         |
| Adjusted operating income                           | <u>\$ 172.7</u>                | <u>15.9%</u>         | <u>\$ 149.7</u>   | <u>14.3%</u> |

**Adjusted EPS:**

|   |    |        |    |        |
|---|----|--------|----|--------|
| GAAP EPS  | \$ | 0.74   | \$ | 0.53   |
| Discontinued operations, net of income taxes                        |    | (0.02) |    | 0.00   |
| GAAP EPS from continuing operations                                 |    | 0.76   |    | 0.53   |
| Amortization of intangible assets, net of income taxes              |    | 0.24   |    | 0.25   |
| Purchase accounting adjustments, net of income taxes                |    | (0.00) |    | 0.03   |
| Significant litigation matter, net of income taxes                  |    | 0.04   |    | -      |
| Acquisition-related costs, net of income taxes                      |    | 0.00   |    | 0.00   |
| Mark to market on postretirement benefits, net of income taxes      |    | (0.00) |    | (0.00) |
| Significant tax credits   |    | -      |    | (0.08) |
| Restructuring and contract termination charges, net of income taxes |    | 0.02   |    | 0.13   |
| Adjusted EPS  | \$ | 1.05   | \$ | 0.86   |

**PKI**

**Twelve Months Ended  
December 28, 2014**

*Projected*

**Adjusted EPS:**

|   |    |               |
|---|----|---------------|
| GAAP EPS from continuing operations                                 | \$ | 1.89 - \$1.93 |
| Amortization of intangible assets, net of income taxes              |    | 0.47          |
| Purchase accounting adjustments, net of income taxes                |    | (0.00)        |
| Significant litigation matter, net of income taxes                  |    | 0.04          |
| Acquisition-related costs, net of income taxes                      |    | 0.00          |
| Mark to market on postretirement benefits, net of income taxes      |    | (0.00)        |
| Restructuring and contract termination charges, net of income taxes |    | 0.02          |
| Adjusted EPS  | \$ | 2.42 - \$2.46 |

**Human Health**

**Six Months Ended**

**June 29,  
2014**

**June 30, 2013**

**Adjusted revenue:**

|                                 |    |       |    |       |
|---------------------------------|----|-------|----|-------|
| Revenue                         | \$ | 605.7 | \$ | 576.2 |
| Purchase accounting adjustments |    | 1.9   |    | 5.7   |
| Adjusted revenue                | \$ | 607.6 | \$ | 581.9 |

**Adjusted operating income:**

|   |    |       |       |    |       |       |
|---|----|-------|-------|----|-------|-------|
| Operating income                                    | \$ | 96.7  | 16.0% | \$ | 56.4  | 9.8%  |
| Amortization of intangible assets                   |    | 36.1  | 6.0%  |    | 39.3  | 6.8%  |
| Purchase accounting adjustments                     |    | 1.2   | 0.2%  |    | 5.9   | 1.0%  |
| Acquisition-related costs                           |    | 0.1   | 0.0%  |    | 0.0   | 0.0%  |
| Restructuring and contract termination charges, net |    | 0.8   | 0.1%  |    | 13.8  | 2.4%  |
| Adjusted operating income                           | \$ | 134.9 | 22.2% | \$ | 115.4 | 19.8% |

**Environmental Health**

**Six Months Ended**

**June 29,  
2014**

**June 30, 2013**

**Revenue:**

|         |    |       |    |       |
|---------|----|-------|----|-------|
| Revenue | \$ | 481.1 | \$ | 467.4 |
|---------|----|-------|----|-------|

**Adjusted operating income:**

|                                   |    |       |       |    |      |      |
|-----------------------------------|----|-------|-------|----|------|------|
| Operating income                  | \$ | 52.4  | 10.9% | \$ | 40.0 | 8.6% |
| Amortization of intangible assets |    | 5.1   | 1.1%  |    | 4.9  | 1.1% |
| Purchase accounting adjustments   |    | (0.8) | -0.2% |    | -    | 0.0% |

|   |         |       |         |       |
|---|---------|-------|---------|-------|
| Acquisition-related costs                           | 0.1     | 0.0%  | 0.1     | 0.0%  |
| Restructuring and contract termination charges, net | 2.1     | 0.4%  | 8.8     | 1.9%  |
| Adjusted operating income                           | \$ 58.9 | 12.2% | \$ 53.8 | 11.5% |

(1) amounts may not sum due to rounding

**PerkinElmer, Inc. and Subsidiaries**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES <sup>(1)</sup>**

|  | <u>PKI</u><br><u>Three Months Ended</u><br><u>June 29, 2014</u> |
|--|---|
| <b>Organic revenue growth:</b>   |   |
| Reported revenue growth  | 3%  |
| Less: effect of foreign exchange rates                                 | 1%  |
| Less: effect of acquisitions including purchase accounting adjustments | 1%  |
| Organic revenue growth   | <u>2%</u>   |

|  | <u>Human Health</u><br><u>Three Months Ended</u><br><u>June 29, 2014</u> |
|--|--|
| <b>Organic revenue growth:</b>   |  |
| Reported revenue growth  | 3%   |
| Less: effect of foreign exchange rates                                 | 1%   |
| Less: effect of acquisitions including purchase accounting adjustments | 1%   |
| Organic revenue growth   | <u>1%</u>  |

|  | <u>Environmental Health</u><br><u>Three Months Ended</u><br><u>June 29, 2014</u> |
|--|--|
| <b>Organic revenue growth:</b>   |  |
| Reported revenue growth  | 2%   |
| Less: effect of foreign exchange rates                                 | 0%   |
| Less: effect of acquisitions including purchase accounting adjustments | 0%   |
| Organic revenue growth   | <u>2%</u>  |

(1) amounts may not sum due to rounding

**Adjusted Revenue and Adjusted Revenue Growth**

We use the term "adjusted revenue" to refer to GAAP revenue, including estimated revenue from contracts acquired in various acquisitions that will not be fully recognized due to business combination accounting rules. We use the related term "adjusted revenue growth" to refer to the measure of comparing current period adjusted revenue with the corresponding period of the prior year. We believe that these non-GAAP measures, when taken together with our GAAP financial measures, allow us and our investors to better measure the performance of our investments in technology, to evaluate long-term performance trends and to assess our ability to invest in our business. Adjusted revenue growth also provides for easier comparisons of our performance with prior and future periods and relative comparisons to our peers. Our GAAP revenue for the periods subsequent to our acquisitions does not reflect the full amount of revenue on such contracts that would have otherwise been recorded by the acquired businesses. The non-GAAP adjustment is intended to reflect the full amount of such revenue. We believe our investors will use this adjustment as a measure of the ongoing performance of the acquired businesses because

customers have historically entered into such contracts for renewed and/or developmental support, although there can be no assurance that customers will do so in the future.

### **Organic Revenue and Organic Revenue Growth**

We use the term "organic revenue" to refer to GAAP revenue, excluding the effect of foreign currency translation and acquisitions, and including estimated revenue from contracts acquired in various acquisitions that will not be fully recognized due to business combination accounting rules. We use the related term "organic revenue growth" to refer to the measure of comparing current period organic revenue with the corresponding period of the prior year. We believe that these non-GAAP measures, when taken together with our GAAP financial measures, allow us and our investors to better measure the performance of our investments in technology, to evaluate long-term performance trends and to assess our ability to invest in our business. Organic revenue growth also provides for easier comparisons of our performance with prior and future periods and relative comparisons to our peers. We exclude the effect of foreign currency translation from these measures because foreign currency translation is subject to volatility and can obscure underlying trends. We exclude the effect of acquisitions because acquisition activity can vary dramatically between reporting periods and between us and our peers, which we believe makes comparisons of long-term performance trends difficult for management and investors, and could result in overstating or understating to our investors the performance of our operations. We include estimated revenue from contracts acquired with various acquisitions that will not be fully recognized due to business combination rules. Our GAAP revenue for the periods subsequent to our acquisitions does not reflect the full amount of revenue on such contracts that would have otherwise been recorded by the acquired businesses. The non-GAAP adjustment is intended to reflect the full amount of such revenue. We believe our investors will use this adjustment as a measure of the ongoing performance of the acquired businesses because customers have historically entered into such contracts for renewed and/or developmental support, although there can be no assurance that customers will do so in the future.

### **Adjusted Gross Margin and Adjusted Gross Margin Percentage**

We use the term "adjusted gross margin" to refer to GAAP gross margin, excluding amortization of intangible assets, inventory fair value adjustments related to business acquisitions, other costs related to business acquisitions, and including estimated revenue from contracts acquired in various acquisitions that will not be fully recognized due to business combination accounting rules. We also exclude adjustments for mark-to-market accounting on post-retirement benefits, therefore only our projected costs have been used to calculate our non-GAAP measure. We use the related term "adjusted gross margin percentage" to refer to adjusted gross margin as a percentage of adjusted revenue. We believe that these non-GAAP measures, when taken together with our GAAP financial measures, allow us and our investors to better measure the performance of our investments in technology, to evaluate the long-term profitability trends and to assess our ability to invest in our business. We exclude amortization of intangible assets and adjustments for mark-to-market accounting on post-retirement benefits from these measures because these charges do not represent what we believe our investors consider to be costs of producing our products and could distort the additional value generated over the cost of producing those products. In addition, inventory fair value adjustments related to business acquisitions and other costs related to business acquisitions are excluded because they only occur due to an acquisition and the potential subsequent repositioning of the business that could distort the performance measures of costs used in producing our products. We include estimated revenue from contracts acquired with various acquisitions that will not be fully recognized due to business combination rules. Our GAAP revenue for the periods subsequent to our acquisitions does not reflect the full amount of revenue on such contracts that would have otherwise been recorded by the acquired businesses. The non-GAAP adjustment is intended to reflect the full amount of such revenue. We believe our investors will use this adjustment as a measure of the ongoing performance of the acquired businesses because customers have historically entered into such contracts for renewed and/or developmental support, although there can be no assurance that customers will do so in the future.

### **Adjusted Selling, General and Administrative ("SG&A") Expense and Adjusted SG&A Percentage**

We use the term "adjusted SG&A expense" to refer to GAAP SG&A expense, excluding amortization of intangible assets, changes to the fair values assigned to contingent consideration, other costs related to business acquisitions, and a significant litigation matter. We use the related term "adjusted SG&A percentage" to refer to adjusted SG&A expense as a percentage of adjusted revenue. We believe that these non-GAAP measures, when taken together with our GAAP financial measures, allow us and our investors to better measure the cost of the internal operating structure, our ability to leverage that structure and the level of investment required to grow our business. We exclude amortization of intangible assets and a significant litigation matter from these measures because these charges do not represent what we believe our investors consider to be costs that support our internal operating structure and could distort the efficiencies of that structure. We exclude changes to the fair values assigned to contingent consideration and other costs related to business acquisitions because they only occur due to an acquisition and the potential subsequent repositioning of the business that could distort the performance measures of costs to support our internal operating structure.

### **Adjusted Research and Development ("R&D") Expense and Adjusted R&D Percentage**

We use the term "adjusted R&D expense" to refer to GAAP R&D expense, excluding amortization of intangible assets. We use

the related term "adjusted R&D percentage" to refer to adjusted R&D expense as a percentage of adjusted revenue. We believe that these non-GAAP measures, when taken together with our GAAP financial measures, allow us and our investors to better understand and evaluate our internal technology investments. We exclude amortization of intangible assets from these measures because these charges do not represent what we believe our investors consider to be internal investments in R&D activities and could distort our R&D investment level.

### **Adjusted Operating Income, Adjusted Operating Profit Percentage, Adjusted Operating Profit Margin and Adjusted Operating Margin**

We use the term "adjusted operating income," to refer to GAAP operating income, excluding amortization of intangible assets, inventory fair value adjustments related to business acquisitions, changes to the fair values assigned to contingent consideration, other costs related to business acquisitions, a significant litigation matter, and restructuring and contract termination charges, and including estimated revenue from contracts acquired in various acquisitions that will not be fully recognized due to business combination accounting rules. We also exclude adjustments for mark-to-market accounting on post-retirement benefits, therefore only our projected costs have been used to calculate our non-GAAP measure. Adjusted operating income is calculated by subtracting adjusted R&D expense and adjusted SG&A expense from adjusted gross margin. We use the related terms "adjusted operating profit percentage," "adjusted operating profit margin," or "adjusted operating margin" to refer to adjusted operating income as a percentage of adjusted revenue. We believe that these non-GAAP measures, when taken together with our GAAP financial measures, allow us and our investors to analyze the costs of the different components of producing and selling our products, to better measure the performance of our internal investments in technology and to evaluate the long-term profitability trends of our core operations. Adjusted operating income also provides for easier comparisons of our performance and profitability with prior and future periods and relative comparisons to our peers. We believe our investors do not consider the items that we exclude from adjusted operating income to be costs of producing our products, investments in technology and production or costs to support our internal operating structure, and so we present this non-GAAP measure to avoid overstating or understating to our investors the performance of our operations. We exclude restructuring and contract termination charges because they tend to occur due to an acquisition, divestiture, repositioning of the business or other unusual event that could distort the performance measures of our internal investments and costs to support our internal operating structure. We include estimated revenue from contracts acquired with various acquisitions that will not be fully recognized due to business combination rules. Our GAAP revenue for the periods subsequent to our acquisitions does not reflect the full amount of revenue on such contracts that would have otherwise been recorded by the acquired businesses. The non-GAAP adjustment is intended to reflect the full amount of such revenue. We believe our investors will use this adjustment as a measure of the ongoing performance of the acquired businesses because customers have historically entered into such contracts for renewed and/or developmental support, although there can be no assurance that customers will do so in the future.

### **Adjusted Earnings Per Share**

We use the term "adjusted earnings per share," or "adjusted EPS," to refer to GAAP earnings per share, excluding discontinued operations, amortization of intangible assets, inventory fair value adjustments related to business acquisitions, changes to the fair values assigned to contingent consideration, other costs related to business acquisitions, a significant litigation matter, restructuring and contract termination charges, and significant tax credits, and including estimated revenue from contracts acquired in various acquisitions that will not be fully recognized due to business combination accounting rules. We also exclude adjustments for mark-to-market accounting on post-retirement benefits, therefore only our projected costs have been used to calculate our non-GAAP measure. Adjusted earnings per share is calculated by subtracting the items above included in adjusted gross margin, adjusted R&D expense, adjusted SG&A expense, restructuring and contract termination charges, the provision for taxes related to these items, and significant tax credits from GAAP earnings per share. We believe that this non-GAAP measure, when taken together with our GAAP financial measures, allows us and our investors to analyze the costs of producing and selling our products and the performance of our internal investments in technology and our internal operating structure, to evaluate the long-term profitability trends of our core operations and to calculate the underlying value of the core business on a dilutive share basis, which is a key measure of the value of the Company used by our management and we believe used by investors as well. Adjusted earnings per share also facilitates the overall analysis of the value of the Company and the core measure of the success of our operating business model as compared to prior and future periods and relative comparisons to our peers. We exclude discontinued operations, amortization of intangible assets, inventory fair value adjustments related to business acquisitions, changes to the fair values assigned to contingent consideration, other costs related to business acquisitions, adjustments for mark-to-market accounting on post-retirement benefits, a significant litigation matter, restructuring and contract termination charges, and significant tax credits, as these items do not represent what we believe our investors consider to be costs of producing our products, investments in technology and production, and costs to support our internal operating structure, which could result in overstating or understating to our investors the performance of our operations. We include estimated revenue from contracts acquired with various acquisitions that will not be fully recognized due to business combination rules. Our GAAP revenue for the periods subsequent to our acquisitions does not reflect the full amount of revenue on such contracts that would have otherwise been recorded by the acquired businesses. The non-GAAP adjustment is intended to reflect the full amount of such revenue. We believe our investors will use this adjustment as a measure of the ongoing performance of the acquired businesses because customers have historically entered into such contracts for renewed and/or developmental support, although there can be no assurance that customers will do so in the future.

The second quarter tax effect on adjusted EPS for (i) discontinued operations was a benefit of \$0.01 in both 2014 and 2013, (ii) amortization of intangible assets was an expense of \$0.06 in 2014 and an expense of \$0.07 in 2013, (iii) a significant litigation matter was an expense of \$0.01 in 2014, (iv) restructuring and contract termination charges was an expense of \$0.00 in 2014 and an expense of \$0.06 in 2013, (v) the estimated revenue from contracts acquired with various acquisitions that will not be fully recognized due to business combination accounting rules was an expense of \$0.00 in 2014 and an expense of \$0.01 in 2013. The second quarter tax effect on adjusted EPS for each of the remaining items (inventory fair value adjustments related to business acquisitions, changes to the fair values assigned to contingent consideration, other costs related to business acquisitions, significant tax credits and adjustments for mark-to-market accounting on post-retirement benefits) was \$0.00 in both 2014 and 2013.

The full year tax effect on adjusted EPS through the second quarter for (i) discontinued operations was a benefit of \$0.01 in both 2014 and 2013, (ii) amortization of intangible assets was an expense of \$0.12 in 2014 and an expense of \$0.14 in 2013, (iii) a significant litigation matter was an expense of \$0.02 in 2014, (iv) restructuring and contract termination charges was an expense of \$0.01 in 2014 and an expense of \$0.07 in 2013, (v) significant tax credits was a benefit of \$0.08 in 2013, (vi) the estimated revenue from contracts acquired with various acquisitions that will not be fully recognized due to business combination accounting rules was an expense of \$0.01 in 2014 and an expense of \$0.02 in 2013. The full year tax effect on adjusted EPS through the second quarter for each of the remaining items (inventory fair value adjustments related to business acquisitions, changes to the fair values assigned to contingent consideration, other costs related to business acquisitions, and adjustments for mark-to-market accounting on post-retirement benefits) was \$0.00 in both 2014 and 2013.

The tax effect for discontinued operations is calculated based on the authoritative guidance in the Financial Accounting Standards Board's Accounting Standards Codification 740, Income Taxes. The tax effect for amortization of intangible assets, inventory fair value adjustments related to business acquisitions, changes to the fair values assigned to contingent consideration, other costs related to business acquisitions, a significant litigation matter, adjustments for mark-to-market accounting on post-retirement benefits, restructuring and contract termination charges, significant tax credits, and the estimated revenue from contracts acquired with various acquisitions is calculated based on operational results and applicable jurisdictional law, which contemplates tax rates currently in effect to determine our tax provision.

# # #

The non-GAAP financial measures described above are not meant to be considered superior to, or a substitute for, our financial statements prepared in accordance with GAAP. There are material limitations associated with non-GAAP financial measures because they exclude charges that have an effect on our reported results and, therefore, should not be relied upon as the sole financial measures to evaluate our financial results. Management compensates and believes that investors should compensate for these limitations by viewing the non-GAAP financial measures in conjunction with the GAAP financial measures. In addition, the non-GAAP financial measures included in this earnings announcement may be different from, and therefore may not be comparable to, similar measures used by other companies.

Each of the non-GAAP financial measures listed above are also used by our management to evaluate our operating performance, communicate our financial results to our Board of Directors, benchmark our results against our historical performance and the performance of our peers, evaluate investment opportunities including acquisitions and discontinued operations, and determine the bonus payments for senior management and employees.

PerkinElmer, Inc.  
Investor Relations:  
Tommy J. Thomas, CPA, 781-663-5889  
[tommy.thomas@perkinelmer.com](mailto:tommy.thomas@perkinelmer.com)  
or  
Media Contact:  
PerkinElmer, Inc.  
Fara Goldberg, 781-663-5699  
[fara.goldberg@perkinelmer.com](mailto:fara.goldberg@perkinelmer.com)

Source: PerkinElmer, Inc.

News Provided by Acquire Media