



HUMAN HEALTH | ENVIRONMENTAL HEALTH

PerkinElmer, Inc.
940 Winter Street
Waltham, MA 02451
USA

Phone 781.663.6900
Fax 781.663.6052
www.perkinelmer.com

FOR IMMEDIATE RELEASE

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**PerkinElmer Announces Financial Results
for the First Quarter of 2010**

- **Revenue of \$465 million, up 7% reported, organic revenue up 2%**
- **GAAP earnings per share from continuing operations of \$0.22; Adjusted earnings per share of \$0.31, up 19%**
- **Raises full year guidance**

WALTHAM, Mass. -- [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 first quarter ended April 4, 2010. The Company reported GAAP earnings per share from continuing operations of \$0.22 as compared to \$0.13 in the first quarter of 2009. On a non-GAAP basis, which includes the adjustments noted in the attached reconciliation, the Company announced adjusted earnings per share of \$0.31, exceeding the Company's prior guidance of \$0.27-\$0.29, representing an increase of 19% as compared to the first quarter of 2009.

Revenue in the first quarter of 2010 was \$465.1 million, up 7% as compared to the same period a year ago. Foreign exchange rates and acquisitions had a favorable impact on first quarter revenue of 4% and 1%, respectively. Therefore, organic revenue, which includes the adjustments noted in the attached reconciliation, increased 2% as compared to the first quarter of 2009. Revenue in the Human and Environmental Health segments increased by 6% and 7%, respectively as compared to the same period a year ago. As compared to the first quarter of 2009, organic revenue, which includes the adjustments noted in the attached reconciliation, in the Human Health segment increased 2% and increased 3% in the Environmental Health segment.

“We are pleased to report solid results for the first quarter of 2010. Our top line performance was particularly encouraging in light of the headwinds arising from additional selling days in the first quarter of 2009,” said Robert Friel, chairman and chief executive officer of PerkinElmer. “Overall we continue to experience positive momentum throughout most of our end markets. We believe that the strength of our portfolio enhanced by our recent acquisitions, and our geographic diversity make us well positioned to outperform in 2010 and beyond.”

GAAP operating profit from continuing operations for the first quarter of 2010 was \$39.4 million, as compared to \$25.3 million for the same period a year ago. On a non-GAAP basis,

which includes the adjustments noted in the attached reconciliation, adjusted operating profit was \$55.6 million, as compared to \$48.0 million in the first quarter of 2009.

Operating cash flow from continuing operations was \$52.1 million in the first quarter of 2010, as compared to \$18.0 million in the first quarter of 2009, primarily due to strong working capital performance as well as the timing of tax payments.

Financial Overview by Reporting Segment

Human Health reported revenue of \$188.6 million for the first quarter of 2010. The segment's GAAP operating profit was \$21.8 million, compared to \$12.7 million for the same period a year ago. On a non-GAAP basis, which includes the adjustments noted in the attached reconciliation, the segment's adjusted operating profit was \$33.0 million, as compared to \$27.6 million in the first quarter of 2009. As a percentage of revenue, the segment's adjusted operating profit was 17.5%, an increase of approximately 190 basis points as compared to the first quarter of 2009.

Environmental Health reported revenue of \$276.5 million for the first quarter of 2010. The segment's GAAP operating profit was \$26.9 million, compared to \$20.2 million for the same period a year ago. On a non-GAAP basis, which includes the adjustments noted in the attached reconciliation, the segment's adjusted operating profit was \$31.9 million, as compared to \$28.0 million in the first quarter of 2009. As a percentage of revenue, the segment's adjusted operating profit was 11.5%, an increase of approximately 70 basis points as compared to the first quarter of 2009.

Financial Guidance

For the full year 2010, the Company forecasts GAAP earnings per share from continuing operations in the range of \$1.08 to \$1.13 representing an increase from the Company's prior forecast of \$0.98 to \$1.05. On a non-GAAP basis, which includes the adjustments noted in the attached reconciliation, the Company forecasts adjusted earnings per share from continuing operations in the range of \$1.43 to \$1.48 representing an increase from the Company's prior forecast of \$1.35 to \$1.42.

Conference Call Information

The Company will discuss its first quarter results and its outlook for business trends in a conference call on May 6, 2010 at 5:00 p.m. Eastern Time (ET). To access the call, please dial (617) 614-3673 prior to the scheduled conference call time and provide the access code 85600895. A playback of this conference call will be available beginning 8:00 p.m. ET, Thursday, May 6, 2010. The playback phone number is (617) 801-6888 and the code number is 38492406.

A live audio webcast of the call will be available on the [Investor](#) section of the Company's Web site, 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. 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 decline or do not grow 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; (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 may expose 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) restrictions in our credit agreements; (19) our ability to realize the full value of our intangible assets; (20) significant fluctuations in our stock price; (21) reduction or elimination of dividends on our common stock; and (22) other factors which we describe under the caption "Risk Factors" in our most recent annual report on Form 10-K 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 \$1.8 billion in 2009, has about 8,800 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 www.perkinelmer.com.

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PerkinElmer, Inc. and Subsidiaries
CONSOLIDATED INCOME STATEMENTS

(In thousands, except per share data)	Three Months Ended	
	April 4, 2010	April 5, 2009
Sales	\$ 465,092	\$ 435,157
Cost of sales	266,460	246,619
Research and development expenses	27,089	26,234
Selling, general and administrative expenses	132,094	129,135
Restructuring and lease charges	<u>-</u>	<u>7,848</u>
Operating income from continuing operations	39,449	25,321
Interest income	(181)	(477)
Interest expense	4,071	4,588
Other (income) expense, net	<u>(501)</u>	<u>726</u>
Income from continuing operations before income taxes	36,060	20,484
Provision for income taxes	<u>9,953</u>	<u>5,802</u>
Net income from continuing operations	26,107	14,682
Loss from discontinued operations, net of income taxes	(1,343)	(2,534)
Loss on disposition of discontinued operations, net of income taxes	<u>(373)</u>	<u>(1,589)</u>
Net income	<u>\$ 24,391</u>	<u>\$ 10,559</u>
<i>Diluted earnings (loss) per share:</i>		
Continuing operations	\$ 0.22	\$ 0.13
Loss from discontinued operations, net of income taxes	(0.01)	(0.02)
Loss on disposition of discontinued operations, net of income taxes	<u>(0.00)</u>	<u>(0.01)</u>
Net income	<u>\$ 0.21</u>	<u>\$ 0.09</u>
<i>Weighted average diluted shares of common stock outstanding</i>	117,931	116,552

ABOVE PREPARED IN ACCORDANCE WITH GAAP

Additional Supplemental Information:		
(per share, continuing operations)		
GAAP diluted EPS from continuing operations	\$ 0.22	\$ 0.13
Amortization of intangible assets, net of income taxes	0.08	0.07
Purchase accounting adjustments, net of income taxes	0.01	0.01
Restructuring and lease charges, net of income taxes	<u>-</u>	<u>0.05</u>
Adjusted EPS	<u>\$ 0.31</u>	<u>\$ 0.26</u>

PerkinElmer, Inc. and Subsidiaries
SALES AND OPERATING PROFIT (LOSS)

		<u>Three Months Ended</u>	
(In thousands)		<u>April 4, 2010</u>	<u>April 5, 2009</u>
Human Health	Sales	\$ 188,572	\$ 177,264
	OP\$ reported	21,848	12,687
	<i>OP% reported</i>	11.6%	7.2%
	Amortization of intangible assets	10,966	9,779
	Purchase accounting adjustments	182	365
	Restructuring and lease charges	-	4,774
	OP\$ adjusted	32,996	27,605
	<i>OP% adjusted</i>	17.5%	15.6%
Environmental Health	Sales	276,520	257,893
	OP\$ reported	26,927	20,207
	<i>OP% reported</i>	9.7%	7.8%
	Amortization of intangible assets	3,988	3,626
	Purchase accounting adjustments	1,009	1,052
	Restructuring and lease charges	-	3,074
	OP\$ adjusted	31,924	27,959
	<i>OP% adjusted</i>	11.5%	10.8%
Corporate	OP\$ reported	(9,326)	(7,573)
Continuing Operations	Sales	\$ 465,092	\$ 435,157
	OP\$ reported	39,449	25,321
	<i>OP% reported</i>	8.5%	5.8%
	Amortization of intangible assets	14,954	13,405
	Purchase accounting adjustments	1,191	1,417
	Restructuring and lease charges	-	7,848
	OP\$ adjusted	<u>\$ 55,594</u>	<u>\$ 47,991</u>
	<i>OP% adjusted</i>	12.0%	11.0%
SALES AND REPORTED OPERATING PROFIT PREPARED IN ACCORDANCE WITH GAAP			

PerkinElmer, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended	
	April 4, 2010	April 5, 2009
(In thousands)		
Operating activities:		
Net income	\$ 24,391	\$ 10,559
Add: loss from discontinued operations, net of income taxes	1,343	2,534
Add: loss on disposition of discontinued operations, net of income taxes	373	1,589
Net income from continuing operations	<u>26,107</u>	<u>14,682</u>
Adjustments to reconcile net income from continuing operations to net cash provided by continuing operations:		
Stock-based compensation	3,544	3,812
Restructuring and lease charges	-	7,848
Amortization of deferred debt issuance costs	635	635
Depreciation and amortization	23,589	21,675
Amortization of acquired inventory revaluation	-	215
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable, net	(1,563)	21,454
Inventories, net	(15,593)	(12,651)
Accounts payable	11,911	(21,466)
Accrued expenses and other	3,495	(18,191)
Net cash provided by operating activities of continuing operations	<u>52,125</u>	<u>18,013</u>
Net cash used in operating activities of discontinued operations	(2,733)	(3,068)
Net cash provided by operating activities	<u>49,392</u>	<u>14,945</u>
Investing activities:		
Capital expenditures	(9,702)	(5,123)
Changes in restricted cash balances	-	1,412
Payments for acquisitions and investments, net of cash and cash equivalents acquired	(3,089)	(28,311)
Net cash used in investing activities of continuing operations	<u>(12,791)</u>	<u>(32,022)</u>
Net cash used in investing activities of discontinued operations	(120)	(509)
Net cash used in investing activities	<u>(12,911)</u>	<u>(32,531)</u>
Financing Activities:		
Payments on debt	(62,000)	(71,564)
Proceeds from borrowings	32,000	105,000
Payments of debt issuance costs	-	(7)
Payments on other credit facilities	(37)	(10)
Payments for acquisition related contingent consideration	(2,980)	-
Tax benefit (expense) from exercise of common stock options	24	(76)
Proceeds from issuance of common stock under stock plans	12,434	304
Purchases of common stock	(938)	(14,577)
Dividends paid	(8,227)	(8,205)
Net cash (used in) provided by financing activities	<u>(29,724)</u>	<u>10,865</u>
Effect of exchange rate changes on cash and cash equivalents	(4,720)	(10,340)
Net increase (decrease) in cash and cash equivalents	2,037	(17,061)
Cash and cash equivalents at beginning of period	179,707	179,110
Cash and cash equivalents at end of period	<u>\$ 181,744</u>	<u>\$ 162,049</u>
PREPARED IN ACCORDANCE WITH GAAP		

PerkinElmer, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

(In thousands)	April 4, 2010	January 3, 2010
Current assets:		
Cash and cash equivalents	\$ 181,744	\$ 179,707
Accounts receivable, net	359,585	365,629
Inventories, net	226,614	215,074
Other current assets	111,846	112,723
Current assets of discontinued operations	11,281	10,885
Total current assets	891,070	884,018
Property, plant and equipment, net:		
At cost	597,022	594,726
Accumulated depreciation	(394,418)	(391,278)
Property, plant and equipment, net	202,604	203,448
Marketable securities and investments	2,324	2,287
Intangible assets, net	443,143	459,055
Goodwill	1,440,463	1,462,824
Other assets, net	44,237	44,057
Long-term assets of discontinued operations	3,183	3,351
Total assets	\$ 3,027,024	\$ 3,059,040
Current liabilities:		
Short-term debt	\$ 147	\$ 146
Accounts payable	168,483	158,673
Accrued restructuring and integration costs	11,924	15,187
Accrued expenses	310,507	315,028
Current liabilities of discontinued operations	7,302	8,170
Total current liabilities	498,363	497,204
Long-term debt	528,161	558,197
Long-term liabilities	369,096	374,682
Total liabilities	1,395,620	1,430,083
Commitments and contingencies		
Total stockholders' equity	1,631,404	1,628,957
Total liabilities and stockholders' equity	\$ 3,027,024	\$ 3,059,040

PREPARED IN ACCORDANCE WITH GAAP

PerkinElmer, Inc. and Subsidiaries

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

	PKI
	<u>Q1 2010</u>
Organic revenue growth:	
Reported revenue growth	7%
Less: effect of foreign exchange rates	4%
Less: effect of acquisitions	1%
Less: effect of transfers of product lines between segments	-
Organic revenue growth	2%
	Human Health
	<u>Q1 2010</u>
Organic revenue growth:	
Reported revenue growth	6%
Less: effect of foreign exchange rates	3%
Less: effect of acquisitions	2%
Less: effect of transfers of product lines between segments	-1%
Organic revenue growth	2%
	Environmental Health
	<u>Q1 2010</u>
Organic revenue growth:	
Reported revenue growth	7%
Less: effect of foreign exchange rates	4%
Less: effect of acquisitions	0%
Less: effect of transfers of product lines between segments	0%
Organic revenue growth	3%

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 the effect of product lines transferred between segments. 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 the long-term performance trends and to assess our ability to invest in the 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 the effect of product lines transferred between segments because this activity can vary between reporting periods, 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.

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, and inventory fair value adjustments related to business acquisitions, and including estimated revenue from contracts acquired in the acquisition of ViaCell, Inc., or ViaCell, that will not be fully recognized due to business combination accounting rules. We use the related term “adjusted gross margin percentage” to refer to adjusted gross margin as a percentage of GAAP 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 the business. We exclude amortization of intangible assets from these measures because intangibles amortization charges do not represent what our management and 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 charges also do not represent what our management and what we believe our investors consider to be costs used in producing our products. We include estimated revenue from contracts acquired in the ViaCell acquisition that will not be fully recognized because our GAAP revenue for the periods subsequent to our acquisition do not reflect the full amount of storage revenue on these contracts that would have otherwise been recorded by ViaCell. The non-GAAP adjustment is intended to reflect the full amount of such revenue. Our management and we believe our investors will use this adjustment as a measure of the ongoing performance of the ViaCell business because customers have historically renewed these contracts, 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, and other costs related to business acquisitions. We use the related term “adjusted SG&A percentage” to refer to adjusted SG&A expense as a percentage of GAAP 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, changes to the fair values assigned to contingent consideration, and other costs related to business acquisitions from these measures because intangibles amortization charges, changes to the fair values assigned to contingent consideration, and other costs related to business acquisitions do not represent what our management and what we believe our investors consider to be costs that support our internal operating structure and could distort the efficiencies of that 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 GAAP 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 intangibles amortization charges do not represent what our management and what we believe our investors consider to be internal investments in R&D activities and could distort our R&D investment level.

Adjusted Operating Profit and Adjusted Operating Profit Margin

We use the term “adjusted operating profit” to refer to GAAP operating profit, 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, and restructuring and lease charges, and including estimated revenue from contracts acquired in the ViaCell acquisition that will not be fully recognized due to business combination accounting rules. Adjusted operating profit is calculated by subtracting adjusted R&D expense, adjusted SG&A expense, and restructuring and lease charges from adjusted gross margin. We use the related term “adjusted operating profit margin” to refer to adjusted operating profit as a percentage of GAAP 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 profit 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 profit to be costs of producing our products, investments in technology and production, and 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 lease 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 in the ViaCell acquisition that will not be fully recognized because our GAAP revenue for the periods subsequent to our acquisition do not reflect the full amount of storage revenue on these contracts that would have otherwise been recorded by ViaCell. The non-GAAP adjustment is intended to reflect the full amount of such revenue. Our management and we believe our investors will use this adjustment as a measure of the ongoing performance of the ViaCell business because customers have historically renewed these contracts, 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, and restructuring and lease charges, and including estimated revenue from contracts acquired in the ViaCell acquisition that will not be fully recognized due to business combination accounting rules. 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 lease charges, and provision for taxes, related to these items, 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, and restructuring and lease charges, as these items do not represent what our management and 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 in the ViaCell acquisition that will not be fully recognized because our GAAP revenue for the periods subsequent to our acquisition do not reflect the full amount of storage revenue on these contracts that would have otherwise been recorded by ViaCell. The non-GAAP adjustment is intended to reflect the full amount of such revenue. Our management and we believe our investors will use this adjustment as a measure of the ongoing performance of the ViaCell business because customers have historically renewed these contracts, although there can be no assurance that customers will do so in the future.

The first quarter tax effect on adjusted EPS for discontinued operations was an expense of \$0.00 in 2010 and \$0.01 in 2009, amortization of intangible assets was an expense of \$0.04 in for both 2010 and 2009, and restructuring and lease charges was an expense of \$0.02 in 2009. The first 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, and the estimated revenue from contracts acquired in the ViaCell acquisition that will not be fully recognized due to business combination accounting rules) was \$0.00 for both 2010 and 2009. 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, restructuring and lease charges, and the estimated revenue from contracts acquired in the ViaCell acquisition is calculated based on operational results and applicable jurisdictional law, which contemplates tax rates currently in effect to determine our tax provision.

Adjusted Operating Cash Flow

We use the term "adjusted operating cash flow" to refer to GAAP operating cash flow from continuing operations, excluding the effect of changes in our accounts receivable securitization facility. We believe that this non-GAAP measure, when taken together with our GAAP financial measure, allows us and our investors to better evaluate the long-term performance trends and to assess our ability to invest in the business. Adjusted operating cash flow also provides for easier comparisons of our performance with prior and future periods and relative comparisons to our peers. We exclude the effect of changes in our accounts receivable securitization facility from this measure because changes in our accounts receivable securitization facility can vary dramatically by quarter and between us and our peers and can obscure underlying trends, 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.

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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.

For further information regarding PerkinElmer, please contact:

Investor Relations:

David C. Francisco

PerkinElmer, Inc.

(781) 663-5677

dave.francisco@perkinelmer.com

Media Contact:

Stephanie R. Wasco

PerkinElmer, Inc.

(781) 663-5701

stephanie.wasco@perkinelmer.com

Additional Media Contact:

Amanda Connolly

Edelman

404-832-6785

Amanda.Connolly@edelman.com