



## PerkinElmer Agrees to Sell Illumination and Detection Solutions Business to Veritas Capital for Approximately \$500 Million

**WALTHAM, Massachusetts** -[PerkinElmer, Inc.](#) (NYSE: PKI), a global leader focused on improving the health and safety of people and the environment, today announced that it has agreed to sell its Illumination and Detection Solutions (IDS) business to [Veritas Capital Fund III, L.P.](#), a New York-based private equity firm, for approximately \$500 million in cash (\$482 million net of payment for acquired cash balances).

IDS includes approximately 3,000 employees and 14 manufacturing facilities worldwide and is a leading global provider of custom-designed specialty lighting and sensor components, subsystems and integrated solutions to major OEMs serving a number of applications within various health, environmental, and security segments. The business is expected to generate revenue of approximately \$300 million in 2010.

"The divestiture of our IDS business reduces the complexity of the company and frees up capital to reinvest in our more attractive Human Health and Environmental Health end markets," said Robert Friel, chairman and CEO of PerkinElmer. "In addition, this transaction should reduce the company's exposure to more cyclical end markets and improve our top-line growth profile. Furthermore, we would expect adjusted gross margins to improve by over 200 basis points, contributing to higher earnings growth."

As a result of the agreement to sell IDS, the Company will report the financial results for IDS as a discontinued operation. Consequently, for the third quarter 2010, the Company forecasts organic revenue to grow at a high single digit rate and now forecasts GAAP earnings per share from continuing operations in the range of \$0.19 to \$0.21. On a non-GAAP basis, which includes the adjustments noted in the attached reconciliation, the Company now forecasts adjusted earnings per share from continuing operations in the range of \$0.27 to \$0.29.

For the full year 2010, the Company forecasts organic revenue to grow at a high single digit rate and now forecasts GAAP earnings per share from continuing operations in the range of \$1.06 to \$1.11. On a non-GAAP basis, which includes the adjustments noted in the attached reconciliation, the Company now forecasts adjusted earnings per share from continuing operations in the range of \$1.24 to \$1.29.

Although the Company has not issued guidance for 2011, the Company expects that the transaction will be \$0.08 to \$0.10 dilutive in 2011 or 5%-6% based on the current 2011 Thomson First Call consensus of \$1.70.

The Company also announced today that its Board of Directors has authorized an increase in the number of shares of the Company's common stock available for repurchase to 13 million. Purchases will be made through open market transactions or privately negotiated transactions, subject to market conditions and trading restrictions.

The transaction is expected to close by the end of 2010 and is subject to customary closing conditions, including the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act.

<b>Adjusted EPS:</b>	<b>PKI FY 2010 Projected</b>
GAAP EPS	\$3.75 - 3.80
Discontinued Operations	\$2.69
GAAP EPS from continuing operations	\$1.06 - 1.11
Amortization of intangible assets, net of income taxes	0.33
Purchase accounting adjustments, net of income taxes	(0.19)
Gain on sale of building, net of income taxes	(0.02)
Restructuring and lease charges, net of income taxes	0.06
<b>Adjusted EPS</b>	<b>\$1.24 - 1.29</b>
<b>Adjusted EPS:</b>	<b>PKI Q3 2010 Projected</b>
GAAP EPS	\$0.27 - 0.29

Discontinued Operations	0.08
GAAP EPS from continuing operations	\$0.19 - 0.21
Amortization of intangible assets, net of income taxes	0.08
<b>Adjusted EPS</b>	<b>\$0.27 - 0.29</b>

### 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.

### 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, the gain on sale of building, the gain on the step acquisition, 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, the gain on sale of building, the gain on the step acquisition, 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 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.

### 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, Inc.**

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](http://www.perkinelmer.com).

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