

Albany Molecular Research, Inc.
Condensed Consolidated Statements of Operations (unaudited) and
Reconciliation of Non-GAAP Adjustments

(Dollars in thousands, except for per share data)	Three Months Ended					
	June 30, 2015			June 30, 2014		
	GAAP	Non-GAAP Adjustments	Non-GAAP	GAAP	Non-GAAP Adjustments	Non-GAAP
Contract revenue	\$ 85,226	\$ -	\$ 85,226	\$ 61,474	\$ -	\$ 61,474
Recurring royalties	4,322	-	4,322	6,705	-	6,705
Total revenue	<u>89,548</u>	<u>-</u>	<u>89,548</u>	<u>68,179</u>	<u>-</u>	<u>68,179</u>
Cost of contract revenue	64,668	(1,434) (a) (b)	63,234	45,038	(254) (a) (b)	44,784
Technology incentive award	179	-	179	424	-	424
Research and development	384	-	384	128	-	128
Selling, general and administrative	16,518	(2,819) (c) (d) (e) (f) (g) (h)	13,699	12,747	(2,377) (c)(d)(e) (f)	10,370
Restructuring charges	1,632	(1,632) (i)	-	1,042	(1,042) (j)	-
Impairment charges	-	-	-	3,718	(3,718) (j)	-
Total operating expenses	<u>83,381</u>	<u>(5,885)</u>	<u>77,496</u>	<u>63,097</u>	<u>(7,391)</u>	<u>55,706</u>
Income from operations	6,167	5,885	12,052	5,082	7,391	12,473
Interest expense, net	(3,179)	1,772 (k)	(1,407)	(3,065)	2,121 (k) (l)	(944)
Other income (expense), net	634	(600) (m)	34	(192)	-	(192)
Income before income taxes	3,622	7,057	10,679	1,825	9,512	11,337
Income tax expense (benefit)	1,315	1,964 (n)	3,279	(1,899)	6,068 (n) (o)	4,169
Net income	<u>\$ 2,307</u>	<u>\$ 5,093</u>	<u>\$ 7,400</u>	<u>\$ 3,724</u>	<u>\$ 3,444</u>	<u>\$ 7,168</u>
Basic earnings per share	<u>\$ 0.07</u>	<u>\$ 0.16</u>	<u>\$ 0.23</u>	<u>\$ 0.12</u>	<u>\$ 0.11</u>	<u>\$ 0.23</u>
Diluted earnings per share	<u>\$ 0.07</u>	<u>\$ 0.15</u>	<u>\$ 0.22</u>	<u>\$ 0.11</u>	<u>\$ 0.11</u>	<u>\$ 0.22</u>

- (a) Purchase accounting depreciation in 2015 and 2014 of \$1,179 and \$95, respectively
(b) Share-based compensation expense in 2015 and 2014 of \$255 and \$159, respectively
(c) Purchase accounting depreciation and amortization in 2015 and 2014 of \$694 and \$180, respectively
(d) Share-based compensation expense in 2015 and 2014 of \$1,210 and \$865, respectively
(e) Business acquisition costs in 2015 and 2014 of \$582 and \$1,346, respectively
(f) Executive transition charges in 2015 and 2014 of \$145 and \$(14), respectively
(g) ERP implementation costs in 2015 of \$94
(h) Non-recurring professional fees in 2015 of \$94
(i) Restructuring charges in 2015 relate primarily to the closure of the company's Holywell, UK facility
(j) Restructuring and impairment charges in 2014 relate primarily to the closure of the company's Syracuse, NY facility
(k) Convertible debt non-cash interest and amortization charges in 2015 and 2014 of \$1,772 and \$1,682, respectively
(l) Write-off of deferred financing costs of \$439 in 2014
(m) Insurance recovery - business interruption in 2015
(n) Income tax effects of non-GAAP adjustments included in income before income taxes in 2015 and 2014 of \$1,964 and \$3,353, respectively
(o) Non-recurring income tax adjustments of \$2,715 in 2014

Albany Molecular Research, Inc.
Condensed Consolidated Statements of Operations (unaudited) and
Reconciliation of Non-GAAP Adjustments

(Dollars in thousands, except for per share data)	Six Months Ended					
	June 30, 2015			June 30, 2014		
	GAAP	Non-GAAP Adjustments	Non- GAAP	GAAP	Non-GAAP Adjustments	Non- GAAP
Contract revenue	\$ 160,358	\$ -	\$ 160,358	\$ 112,512	\$ -	\$ 112,512
Recurring royalties	11,007	-	11,007	14,988	-	14,988
Total revenue	<u>171,365</u>	<u>-</u>	<u>171,365</u>	<u>127,500</u>	<u>-</u>	<u>127,500</u>
Cost of contract revenue	122,807	(1,939) (a) (b)	120,868	86,648	(410) (a) (b)	86,238
Technology incentive award	560	-	560	1,017	-	1,017
Research and development	875	-	875	207	-	207
Selling, general and administrative	33,992	(7,575) (c) (d) (e) (f) (g) (h)	26,417	23,376	(4,116) (c)(d)(e)(f)	19,260
Postretirement benefit plan settlement gain	-	-	-	(1,285)	1,285 (i)	-
Restructuring charges	3,119	(3,119) (j)	-	1,272	(1,272) (k)	-
Impairment charges	2,615	(2,615) (j)	-	3,718	(3,718) (k)	-
Total operating expenses	<u>163,968</u>	<u>(15,248)</u>	<u>148,720</u>	<u>114,953</u>	<u>(8,231)</u>	<u>106,722</u>
Income from operations	7,397	15,248	22,645	12,547	8,231	20,778
Interest expense, net	(6,214)	3,525 (l)	(2,689)	(5,681)	3,762 (l) (m)	(1,919)
Other income (expense), net	1,103	(600) (n)	503	(232)	-	(232)
Income before income taxes	2,286	18,173	20,459	6,634	11,993	18,627
Income tax expense (benefit)	2,202	4,500 (o)	6,702	(590)	6,888 (o) (p)	6,298
Net income	<u>\$ 84</u>	<u>\$ 13,673</u>	<u>\$ 13,757</u>	<u>\$ 7,224</u>	<u>\$ 5,105</u>	<u>\$ 12,329</u>
Basic earnings per share	<u>\$ -</u>	<u>\$ 0.43</u>	<u>\$ 0.43</u>	<u>\$ 0.23</u>	<u>\$ 0.16</u>	<u>\$ 0.39</u>
Diluted earnings per share	<u>\$ -</u>	<u>\$ 0.42</u>	<u>\$ 0.42</u>	<u>\$ 0.22</u>	<u>\$ 0.16</u>	<u>\$ 0.38</u>

- (a) Purchase accounting depreciation in 2015 and 2014 of \$1,462 and \$95, respectively
- (b) Share-based compensation expense in 2015 and 2014 of \$477 and \$315, respectively
- (c) Purchase accounting depreciation and amortization in 2015 and 2014 of \$1,462 and \$180, respectively
- (d) Share-based compensation expense in 2015 and 2014 of \$2,543 and \$1,642, respectively
- (e) Business acquisition costs in 2015 and 2014 of \$1,672 and \$1,668, respectively
- (f) Executive transition charges in 2015 and 2014 of \$936 and \$626, respectively
- (g) ERP implementation costs in 2015 of \$298
- (h) Non-recurring professional fees in 2015 of \$711
- (i) Gain on settlement of the company's postretirement medical benefit plan in 2014
- (j) Restructuring and impairment charges in 2015 relate primarily to the closure of the company's Holywell, UK facility
- (k) Restructuring and impairment charges in 2014 relate primarily to the closure of the company's Syracuse, NY facility
- (l) Convertible debt non-cash interest and amortization charges in 2015 and 2014 of \$3,525 and \$3,323, respectively
- (m) Write-off of deferred financing costs of \$439 in 2014
- (n) Insurance recovery - business interruption in 2015
- (o) Income tax effects of non-GAAP adjustments included in income before income taxes in 2015 and 2014 of \$4,500 and \$4,173, respectively
- (p) Non-recurring income tax adjustments of \$2,715 in 2014