

3Q15 Results

Regulation G Financial Reconciliations & Appendix

Charles River Laboratories International, Inc.
November 4, 2015

Revenue Breakout by Product/Service Line*

| (\$ in millions) | 3Q15 | 3Q14 | YOY Δ | Less: FX | YOY Δ ex. FX |
|---------------------------|----------------|----------------|---------------|---------------|-----------------|
| RMS Segment | \$118.5 | \$124.1 | (4.5%) | (6.5%) | 2.0% |
| DSA Segment | \$158.3 | \$140.9 | 12.4% | (3.8%) | 16.2% |
| Microbial Solutions** | \$39.1 | \$31.8 | 22.9% | (8.7%) | 31.6% |
| Other Mfg. Support*** | <u>\$33.6</u> | <u>\$30.9</u> | 9.0% | (6.6%) | 15.6% |
| Total Mfg. Support | \$72.7 | \$62.7 | 16.0% | (7.7%) | 23.7% |
| Total Revenue | \$349.5 | \$327.6 | 6.7% | (5.5%) | 12.2% |

* May not add due to rounding.

** Microbial Solutions was formerly known as the Endotoxin and Microbial Solutions (EMD) business.

*** Other Mfg. Support includes the Biologics Testing Solutions and Avian Vaccine business units.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED) ⁽¹⁾
(in thousands, except percentages)

| | Three Months Ended | | Nine Months Ended | |
|---------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | September 26, 2015 | September 27, 2014 | September 26, 2015 | September 27, 2014 |
| Research Models and Services | | | | |
| Revenue | \$ 118,451 | \$ 124,021 | \$ 358,506 | \$ 389,636 |
| Operating income | 31,494 | 28,056 | 93,800 | 97,734 |
| Operating income as a % of revenue | 26.6% | 22.6% | 26.2% | 25.1% |
| Add back: | | | | |
| Amortization of intangible assets related to acquisitions | 757 | 470 | 2,291 | 2,015 |
| Severance | 167 | 379 | 1,166 | 3,974 |
| Government billing adjustment and related expenses | 45 | 214 | 336 | 294 |
| Site consolidation costs, impairments and other items | 57 | 2,402 | 1,415 | 5,134 |
| Operating income, excluding specified charges (Non-GAAP) | \$ 32,520 | \$ 31,521 | \$ 99,008 | \$ 109,151 |
| Non-GAAP operating income as a % of revenue | 27.5% | 25.4% | 27.6% | 28.0% |
| Discovery and Safety Assessment | | | | |
| Revenue | \$ 158,272 | \$ 140,862 | \$ 451,659 | \$ 388,614 |
| Operating income | 33,191 | 19,329 | 84,856 | 48,840 |
| Operating income as a % of revenue | 21.0% | 13.7% | 18.8% | 12.6% |
| Add back: | | | | |
| Amortization of intangible assets related to acquisitions | 3,412 | 5,789 | 10,632 | 12,652 |
| Severance | 239 | 69 | 714 | 1,118 |
| Operating losses (2) | 1,319 | 606 | 2,863 | 1,981 |
| Acquisition related adjustments (3) | 135 | (7) | 160 | 196 |
| Operating income, excluding specified charges (Non-GAAP) | \$ 38,296 | \$ 25,786 | \$ 99,225 | \$ 64,787 |
| Non-GAAP operating income as a % of revenue | 24.2% | 18.3% | 22.0% | 16.7% |
| Manufacturing Support | | | | |
| Revenue | \$ 72,742 | \$ 62,684 | \$ 199,287 | \$ 189,864 |
| Operating income | 18,424 | 19,220 | 55,653 | 58,091 |
| Operating income as a % of revenue | 25.3% | 30.7% | 27.9% | 30.6% |
| Add back: | | | | |
| Amortization of intangible assets and inventory step-up related to acquisitions | 4,429 | 1,361 | 6,650 | 4,146 |
| Severance | 961 | 126 | 1,256 | 150 |
| Acquisition related adjustments (3) | 483 | - | 1,011 | - |
| Operating income, excluding specified charges (Non-GAAP) | \$ 24,297 | \$ 20,707 | \$ 64,570 | \$ 62,387 |
| Non-GAAP operating income as a % of revenue | 33.4% | 33.0% | 32.4% | 32.9% |
| Unallocated Corporate Overhead | | | | |
| | \$ (27,669) | \$ (20,433) | \$ (80,129) | \$ (67,762) |
| Add back: | | | | |
| Severance and executive transition costs | 1,054 | - | 2,031 | 121 |
| Acquisition related adjustments (3) | 3,055 | 580 | 6,649 | 5,256 |
| Unallocated corporate overhead, excluding specified charges (Non-GAAP) | \$ (23,560) | \$ (19,853) | \$ (71,449) | \$ (62,385) |
| Total | | | | |
| Revenue | \$ 349,465 | \$ 327,567 | \$ 1,009,452 | \$ 968,114 |
| Operating income | 55,440 | 46,172 | 154,180 | 136,903 |
| Operating income as a % of revenue | 15.9% | 14.1% | 15.3% | 14.1% |
| Add back: | | | | |
| Amortization of intangible assets and inventory step-up related to acquisitions | 8,598 | 7,620 | 19,573 | 18,813 |
| Severance and executive transition costs | 2,421 | 574 | 5,167 | 5,363 |
| Site consolidation costs, impairments and other items | 57 | 2,402 | 1,415 | 5,134 |
| Operating losses (2) | 1,319 | 606 | 2,863 | 1,981 |
| Acquisition related adjustments (3) | 3,673 | 573 | 7,820 | 5,452 |
| Government billing adjustment and related expenses | 45 | 214 | 336 | 294 |
| Operating income, excluding specified charges (Non-GAAP) | \$ 71,553 | \$ 58,161 | \$ 191,354 | \$ 173,940 |
| Non-GAAP operating income as a % of non-GAAP revenue | 20.5% | 17.8% | 19.0% | 18.0% |

(1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

(2) This item includes operating losses related primarily to the Company's Shrewsbury, Massachusetts facility.

(3) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP EARNINGS TO NON-GAAP EARNINGS (UNAUDITED)⁽¹⁾
(in thousands, except per share data)

| | <u>Three Months Ended</u> | | <u>Nine Months Ended</u> | |
|-------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | <u>September 26, 2015</u> | <u>September 27, 2014</u> | <u>September 26, 2015</u> | <u>September 27, 2014</u> |
| Net income attributable to common shareholders | \$ 37,379 | \$ 32,036 | \$ 117,429 | \$ 99,532 |
| Less: Discontinued operations | <u>34</u> | <u>(52)</u> | <u>48</u> | <u>862</u> |
| Net income from continuing operations attributable to common shareholders | 37,413 | 31,984 | 117,477 | 100,394 |
| Add back: | | | | |
| Amortization of intangible assets and inventory step-up related to acquisitions | 8,598 | 7,620 | 19,573 | 18,813 |
| Severance and executive transition costs | 2,421 | 574 | 5,167 | 5,363 |
| Site consolidation costs, impairments and other items | 57 | 2,402 | 1,415 | 5,134 |
| Operating losses (2) | 1,319 | 606 | 2,863 | 1,981 |
| Acquisition related adjustments (3) | 3,673 | 573 | 7,820 | 5,452 |
| Government billing adjustment and related expenses | 45 | 214 | 336 | 294 |
| Reversal of an indemnification asset associated with acquisition and corresponding interest (4) | - | - | 10,411 | - |
| Write-off of deferred financing costs and fees related to debt refinancing | (12) | - | 721 | - |
| Gain on bargain purchase (5) | (55) | - | (9,933) | - |
| Tax effect of non-GAAP adjustments: | | | | |
| Reversal of uncertain tax position associated with acquisition and corresponding interest (4) | - | - | (10,411) | - |
| Tax effect of the remaining non-GAAP adjustments | <u>(4,804)</u> | <u>(3,553)</u> | <u>(13,422)</u> | <u>(11,481)</u> |
| Net income from continuing operations attributable to common shareholders, excluding specified charges (Non-GAAP) | <u>\$ 48,655</u> | <u>\$ 40,420</u> | <u>\$ 132,017</u> | <u>\$ 125,950</u> |
| Weighted average shares outstanding - Basic | 46,290 | 46,016 | 46,572 | 46,683 |
| Effect of dilutive securities: | | | | |
| Stock options, restricted stock units, performance stock units, and contingently issued restricted stock | <u>955</u> | <u>862</u> | <u>1,012</u> | <u>883</u> |
| Weighted average shares outstanding - Diluted | 47,245 | 46,878 | 47,584 | 47,566 |
| Basic earnings per share from continuing operations | \$ 0.81 | \$ 0.70 | \$ 2.52 | \$ 2.15 |
| Diluted earnings per share from continuing operations | \$ 0.79 | \$ 0.68 | \$ 2.47 | \$ 2.11 |
| Basic earnings per share from continuing operations, excluding specified charges (Non-GAAP) | \$ 1.05 | \$ 0.88 | \$ 2.83 | \$ 2.70 |
| Diluted earnings per share from continuing operations, excluding specified charges (Non-GAAP) | \$ 1.03 | \$ 0.86 | \$ 2.77 | \$ 2.65 |

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- (2) This item includes operating losses related primarily to the Company's Shrewsbury, Massachusetts facility.
- (3) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.
- (4) These amounts represent the reversal of an uncertain tax position and an offsetting indemnification asset related to the acquisition of BioFocus.
- (5) The amount relates to the acquisition of Sunrise Farms, Inc. and represents the excess of the estimated fair value of the net assets acquired over the preliminary purchase price.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP REVENUE GROWTH (UNAUDITED)
EXCLUDING THE IMPACT OF FOREIGN EXCHANGE
For the Three and Nine Months Ended September 26, 2015

For the three months ended September 26, 2015

| | <u>Total CRL</u> | <u>RMS Segment</u> | <u>DSA Segment</u> | <u>MS Segment</u> |
|---------------------------------------------------|---------------------|--------------------|---------------------|---------------------|
| Revenue growth, reported | 6.7% | (4.5%) | 12.4% | 16.0% |
| Impact of foreign exchange | (5.5%) | (6.5%) | (3.8%) | (7.7%) |
| Non-GAAP revenue growth, constant currency | <u>12.2%</u> | <u>2.0%</u> | <u>16.2%</u> | <u>23.7%</u> |

For the nine months ended September 26, 2015

| | <u>Total CRL</u> | <u>RMS Segment</u> | <u>DSA Segment</u> | <u>MS Segment</u> |
|---------------------------------------------------|---------------------|----------------------|---------------------|---------------------|
| Revenue growth, reported | 4.3% | (8.0%) | 16.2% | 5.0% |
| Impact of foreign exchange | (5.8%) | (6.9%) | (3.7%) | (8.0%) |
| Non-GAAP revenue growth, constant currency | <u>10.1%</u> | <u>(1.1%)</u> | <u>19.9%</u> | <u>13.0%</u> |

Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP REVENUE GROWTH (UNAUDITED)
EXCLUDING THE IMPACT OF FOREIGN EXCHANGE AND ACQUISITIONS
For the Three Months Ended September 26, 2015

For the three months ended September 26, 2015

| | <u>Total CRL</u> | <u>RMS Segment</u> | <u>DSA Segment</u> | <u>MS Segment</u> |
|-----------------------------------------------------------|---------------------|--------------------|---------------------|---------------------|
| Revenue growth, reported | 6.7% | (4.5%) | 12.4% | 16.0% |
| Impact of foreign exchange | (5.5%) | (6.5%) | (3.8%) | (7.7%) |
| Non-GAAP revenue growth, constant currency | <u>12.2%</u> | <u>2.0%</u> | <u>16.2%</u> | <u>23.7%</u> |
| Impact of acquisitions | 3.3% | -- | 2.5% | 11.8% |
| Non-GAAP organic revenue growth, constant currency | <u>8.9%</u> | <u>2.0%</u> | <u>13.7%</u> | <u>11.9%</u> |

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CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP REVENUE AND EARNINGS PER SHARE (EPS)
Guidance for the Twelve Months Ended December 26, 2015E

| | 2015E Guidance | |
|------------------------------------------------------------------------------------|------------------------|------------------------|
| | REVISED | PRIOR |
| Revenue growth, reported | 4.5%-5.0% | 3.0%-4.5% |
| Less: Unfavorable impact of foreign exchange | (~5.0%) | (>5.0%) |
| Revenue growth, constant currency | 9.5%-10.0% | 8.0%-9.5% |
| GAAP EPS estimate | \$3.19 - \$3.24 | \$3.25 - \$3.35 |
| Add back: | | |
| Amortization of intangible assets and inventory purchase accounting adjustment (1) | \$0.45 | \$0.32 |
| Operating losses (2) | \$0.06 | \$0.06 |
| Charges related to global efficiency initiatives and other items (3) | \$0.09 | \$0.06 |
| Acquisition-related adjustments (4) | \$0.10-\$0.12 | \$0.10-\$0.12 |
| Bargain purchase gain associated with Avian Vaccine acquisition | (\$0.21) | (\$0.21) |
| Non-GAAP EPS estimate | \$3.69 - \$3.74 | \$3.60 - \$3.70 |

Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations, and guidance.

(1) Amortization of intangibles assets includes the estimated impact of the Celsis acquisition based on the preliminary purchase price allocation. These charges also include an inventory purchasing accounting adjustment related to the Celsis acquisition of \$0.08 per share.

(2) These costs relate primarily to the Charles River Massachusetts (Shrewsbury) facility, including costs associated with the Company's plan to re-open the facility.

(3) These charges relate primarily to the Company's planned efficiency initiatives in 2015, including site consolidation costs, asset impairments, and severance. Other projects in support of the global productivity and efficiency initiatives are expected, but these charges reflect only the decisions that have already been finalized. These charges also include executive transition costs.

(4) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP NET INTEREST EXPENSE

(dollars in thousands)

| | Three Months Ended | | |
|----------------------------------------------------------------------------|-------------------------------|--------------------------|-------------------------------|
| | September 26, 2015 | June 27, 2015 | September 27, 2014 |
| GAAP Interest Expense, net | \$ 3,674 | \$ 4,079 | \$ 2,621 |
| Exclude: | | | |
| Write-off of deferred financing costs and fees related to debt refinancing | 12 | (733) | - |
| Non-GAAP Interest Expense, net | \$ 3,686 | \$ 3,346 | \$ 2,621 |

Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TAX RATE TO NON-GAAP TAX RATE (UNAUDITED)⁽¹⁾
(in thousands)

| | <u>Three Months Ended</u> | | <u>Nine Months Ended</u> | |
|-------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------|--------------------------|----------------------|
| | <u>September 26,</u> | <u>September 27,</u> | <u>September 26,</u> | <u>September 27,</u> |
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Income from continuing operations before income taxes & noncontrolling interests | \$ 53,156 | \$ 43,882 | \$ 145,436 | \$ 137,409 |
| Add back: | | | | |
| Amortization of intangible assets and inventory step-up related to acquisitions | 8,598 | 7,620 | 19,573 | 18,813 |
| Severance and executive transition costs | 2,421 | 574 | 5,167 | 5,363 |
| Site consolidation costs, impairments and other items | 57 | 2,402 | 1,415 | 5,134 |
| Operating losses (2) | 1,319 | 606 | 2,863 | 1,981 |
| Acquisition related adjustments (3) | 3,673 | 573 | 7,820 | 5,452 |
| Government billing adjustment and related expenses | 45 | 214 | 336 | 294 |
| Reversal of an indemnification asset associated with acquisition and corresponding interest (4) | - | - | 10,411 | - |
| Write-off of deferred financing costs and fees related to debt refinancing | (12) | - | 721 | - |
| Gain on bargain purchase (5) | (55) | - | (9,933) | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net income from continuing operations attributable to common shareholders, excluding specified charges (Non-GAAP) | <u>\$ 69,202</u> | <u>\$ 55,871</u> | <u>\$ 183,809</u> | <u>\$ 174,446</u> |
| | | | | |
| Provision for income taxes (GAAP) | \$ 15,255 | \$ 11,582 | \$ 26,662 | \$ 36,021 |
| Tax effect from reversal of uncertain tax position associated with acquisition and corresponding interest (4) | - | - | 10,411 | - |
| Tax effect on amortization, severance and other charges | 4,804 | 3,553 | 13,422 | 11,481 |
| Provision for income taxes (Non-GAAP) | <u>\$ 20,059</u> | <u>\$ 15,135</u> | <u>\$ 50,495</u> | <u>\$ 47,502</u> |
| | | | | |
| Total rate (GAAP) | 28.7% | 26.4% | 18.3% | 26.2% |
| Total rate, excluding specified charges (Non-GAAP) | 29.0% | 27.1% | 27.5% | 27.2% |

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- (2) This item includes operating losses related primarily to the Company's Shrewsbury, Massachusetts facility.
- (3) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.
- (4) These amounts represent the reversal of an uncertain tax position and an offsetting indemnification asset related to the acquisition of BioFocus.
- (5) The amount relates to the acquisition of Sunrise Farms, Inc. and represents the excess of the estimated fair value of the net assets acquired over the preliminary purchase price.

**CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP TAX RATE GUIDANCE**

| | <u>Fiscal Year Ended</u> December 26 2015E |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| GAAP Tax Rate | 21.5%-22.5% |
| Amortization of intangible assets and inventory purchase accounting adjustment related to acquisitions, operating losses primarily related to Shrewsbury, Massachusetts facility, charges related to global efficiency initiatives and other items, acquisition-related adjustments, and bargain purchase gain associated with Avian Vaccine acquisition | ~6.5% |
| Non-GAAP Tax Rate | <hr/> 28.0%-29.0% <hr/> |

Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations, and guidance.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF FREE CASH FLOW (NON-GAAP)
(dollars in thousands)

| | <u>Three Months Ended</u> | | <u>Nine Months Ended</u> | | <u>Fiscal Year Ended</u> |
|-------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | <u>September 26,</u> <u>2015</u> | <u>September 27,</u> <u>2014</u> | <u>September 26,</u> <u>2015</u> | <u>September 27,</u> <u>2014</u> | <u>December 26,</u> <u>2015E</u> |
| Net cash provided by operating activities | \$ 88,289 | \$ 66,845 | \$ 185,895 | \$ 152,283 | \$270,000-\$275,000 |
| Less: Capital expenditures | <u>(10,452)</u> | <u>(9,402)</u> | <u>(35,008)</u> | <u>(29,907)</u> | ~(65,000) |
| Free cash flow | <u>\$ 77,837</u> | <u>\$ 57,443</u> | <u>\$ 150,887</u> | <u>\$ 122,376</u> | <u>\$205,000-\$210,000</u> |

Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations, and guidance.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED) ⁽¹⁾
(in thousands, except percentages)

| | <u>Three Months Ended</u> | |
|------------------------------------------------------------------------|---------------------------|----------|
| | <u>June 27, 2015</u> | |
| Research Models and Services | | |
| Revenue | \$ | 120,044 |
| Operating income | | 33,461 |
| Operating income as a % of revenue | | 27.9% |
| Add back: | | |
| Amortization of intangible assets related to acquisitions | | 768 |
| Severance | | 80 |
| Government billing adjustment and related expenses | | 47 |
| Site consolidation costs, impairments and other items | | 560 |
| Operating income, excluding specified charges (Non-GAAP) | \$ | 34,916 |
| Non-GAAP operating income as a % of revenue | | 29.1% |
| Discovery and Safety Assessment | | |
| Revenue | \$ | 153,375 |
| Operating income | | 28,149 |
| Operating income as a % of revenue | | 18.4% |
| Add back: | | |
| Amortization of intangible assets related to acquisitions | | 3,795 |
| Severance | | 456 |
| Operating losses (2) | | 738 |
| Operating income, excluding specified charges (Non-GAAP) | \$ | 33,138 |
| Non-GAAP operating income as a % of revenue | | 21.6% |
| Manufacturing Support | | |
| Revenue | \$ | 66,154 |
| Operating income | | 20,431 |
| Operating income as a % of revenue | | 30.9% |
| Add back: | | |
| Amortization of intangible assets related to acquisitions | | 1,154 |
| Severance | | 118 |
| Acquisition related adjustments (3) | | 528 |
| Operating income, excluding specified charges (Non-GAAP) | \$ | 22,231 |
| Non-GAAP operating income as a % of revenue | | 33.6% |
| Unallocated Corporate Overhead | | |
| | \$ | (26,306) |
| Add back: | | |
| Severance and executive transition costs | | 51 |
| Acquisition related adjustments (3) | | 3,956 |
| Unallocated corporate overhead, excluding specified charges (Non-GAAP) | \$ | (22,299) |
| Total | | |
| Revenue | \$ | 339,573 |
| Operating income | | 55,735 |
| Operating income as a % of revenue | | 16.4% |
| Add back: | | |
| Amortization of intangible assets related to acquisitions | | 5,717 |
| Severance and executive transition costs | | 705 |
| Site consolidation costs, impairments and other items | | 560 |
| Operating losses (2) | | 738 |
| Acquisition related adjustments (3) | | 4,484 |
| Government billing adjustment and related expenses | | 47 |
| Operating income, excluding specified charges (Non-GAAP) | \$ | 67,986 |
| Non-GAAP operating income as a % of revenue | | 20.0% |

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(2) This item includes operating losses related primarily to the Company's Shrewsbury, Massachusetts facility.

(3) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP EARNINGS TO NON-GAAP EARNINGS (UNAUDITED)⁽¹⁾
(in thousands, except per share data)

| | Three Months Ended |
|-------------------------------------------------------------------------------------------------------------------|---------------------------|
| | June 27, 2015 |
| Net income attributable to common shareholders | \$ 48,509 |
| Less: Discontinued operations | 7 |
| Net income from continuing operations attributable to common shareholders | 48,516 |
| Add back: | |
| Amortization of intangible assets related to acquisitions | 5,717 |
| Severance and executive transition costs | 705 |
| Site consolidation costs, impairments and other items | 560 |
| Operating losses (2) | 738 |
| Acquisition related adjustments (3) | 4,484 |
| Government billing adjustment and related expenses | 47 |
| Write-off of deferred financing costs and fees related to debt refinancing | 733 |
| Gain on bargain purchase (4) | (9,878) |
| Tax effect of non-GAAP adjustments | (5,861) |
| Net income from continuing operations attributable to common shareholders, excluding specified charges (Non-GAAP) | \$ 45,761 |
| | |
| Weighted average shares outstanding - Basic | 46,675 |
| Effect of dilutive securities: | |
| Stock options, restricted stock units, performance stock units, and contingently issued restricted stock | 875 |
| Weighted average shares outstanding - Diluted | 47,550 |
| | |
| Basic earnings per share from continuing operations | \$ 1.04 |
| Diluted earnings per share from continuing operations | \$ 1.02 |
| | |
| Basic earnings per share from continuing operations, excluding specified charges (Non-GAAP) | \$ 0.98 |
| Diluted earnings per share from continuing operations, excluding specified charges (Non-GAAP) | \$ 0.96 |

- (1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.
- (2) This item includes operating losses related primarily to the Company's Shrewsbury, Massachusetts facility.
- (3) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.
- (4) The amount relates to the acquisition of Sunrise Farms, Inc. and represents the excess of the estimated fair value of the net assets acquired over the preliminary purchase price.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TAX RATE TO NON-GAAP TAX RATE (UNAUDITED) (1)

(dollars in thousands)

| | Three Months Ended |
|----------------------------------------------------------------------------------------------|---------------------------|
| | June 27, 2015 |
| Income from continuing operations before income taxes & noncontrolling interest | \$ 60,328 |
| Add back: | |
| Amortization of intangible assets related to acquisitions | 5,717 |
| Severance and executive transition costs | 705 |
| Site consolidation costs, impairments and other items | 560 |
| Operating losses (2) | 738 |
| Acquisition related adjustments (3) | 4,484 |
| Government billing adjustment and related expenses | 47 |
| Write-off of deferred financing costs and fees related to debt refinancing | 733 |
| Gain on bargain purchase (4) | (9,878) |
| Income before income taxes & noncontrolling interest, excluding specified charges (Non-GAAP) | \$ 63,434 |
| | |
| Provision for income taxes (GAAP) | \$ 11,076 |
| Tax effect on amortization, severance and other charges | 5,861 |
| Provision for income taxes (Non-GAAP) | \$ 16,937 |
| | |
| Total rate (GAAP) | 18.4% |
| Total rate, excluding specified charges (Non-GAAP) | 26.7% |

(1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

(2) This item includes operating losses related primarily to the Company's Shrewsbury, Massachusetts facility.

(3) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.

(4) The amount relates to the acquisition of Sunrise Farms, Inc. and represents the excess of the estimated fair value of the net assets acquired over the preliminary purchase price.



charles river | every step
of the way.

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