

2Q16 Results

Regulation G Financial Reconciliations & Appendix

Charles River Laboratories International, Inc.
August 3, 2016

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

SCHEDULE 3 FROM 2Q16 PRESS RELEASE
 RECONCILIATION OF GAAP TO NON-GAAP
 SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED) ⁽¹⁾
 (in thousands, except percentages)

	Three Months Ended		Six Months Ended	
	June 25, 2016	June 27, 2015	June 25, 2016	June 27, 2015
Research Models and Services				
Revenue	\$ 125,058	\$ 119,287	\$ 248,397	\$ 238,676
Operating income	35,445	33,304	71,831	62,154
Operating income as a % of revenue	28.3%	27.9%	28.9%	26.0%
Add back:				
Amortization of intangible assets related to acquisitions	596	768	1,184	1,534
Severance	-	80	-	999
Government billing adjustment and related expenses	69	47	129	291
Site consolidation costs, impairments and other items	69	560	138	1,358
Total non-GAAP adjustments to operating income	\$ 734	\$ 1,455	\$ 1,451	\$ 4,182
Operating income, excluding non-GAAP adjustments	\$ 36,179	\$ 34,759	\$ 73,282	\$ 66,336
Non-GAAP operating income as a % of revenue	28.9%	29.1%	29.5%	27.8%
Depreciation and amortization	\$ 5,118	\$ 5,308	\$ 10,368	\$ 11,311
Capital expenditures	\$ 2,381	\$ 6,356	\$ 3,434	\$ 9,089
Discovery and Safety Assessment				
Revenue	\$ 221,059	\$ 153,375	\$ 379,042	\$ 293,387
Operating income	32,381	28,149	63,211	51,665
Operating income as a % of revenue	14.6%	18.4%	16.7%	17.6%
Add back:				
Amortization of intangible assets related to acquisitions	7,390	3,795	10,485	7,220
Severance	4,099	456	4,120	475
Operating losses (2)	-	738	-	1,544
Acquisition related adjustments (3)	2,838	-	3,640	25
Site consolidation costs, impairments and other items	121	-	2,154	-
Total non-GAAP adjustments to operating income	\$ 14,448	\$ 4,989	\$ 20,399	\$ 9,264
Operating income, excluding non-GAAP adjustments	\$ 46,829	\$ 33,138	\$ 83,610	\$ 60,929
Non-GAAP operating income as a % of revenue	21.2%	21.6%	22.1%	20.8%
Depreciation and amortization	\$ 18,600	\$ 12,412	\$ 30,557	\$ 23,551
Capital expenditures	\$ 4,644	\$ 4,101	\$ 9,351	\$ 9,479
Manufacturing Support				
Revenue	\$ 87,938	\$ 66,911	\$ 161,484	\$ 127,924
Operating income	27,121	20,588	46,736	37,381
Operating income as a % of revenue	30.8%	30.8%	28.9%	29.2%
Add back:				
Amortization of intangible assets and inventory step-up related to acquisitions	3,475	1,154	6,479	2,221
Severance	-	118	-	295
Acquisition related adjustments (3)	490	528	677	528
Site consolidation costs, impairments and other items	72	-	301	-
Total non-GAAP adjustments to operating income	\$ 4,037	\$ 1,800	\$ 7,457	\$ 3,044
Operating income, excluding non-GAAP adjustments	\$ 31,158	\$ 22,388	\$ 54,193	\$ 40,425
Non-GAAP operating income as a % of revenue	35.4%	33.5%	33.6%	31.6%
Depreciation and amortization	\$ 6,525	\$ 3,649	\$ 12,501	\$ 6,977
Capital expenditures	\$ 4,256	\$ 1,770	\$ 6,385	\$ 3,336

CONTINUED ON NEXT SLIDE

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

SCHEDULE 3 FROM 2Q16 PRESS RELEASE
RECONCILIATION OF GAAP TO NON-GAAP
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED) ⁽¹⁾
(in thousands, except percentages)

	Three Months Ended		Six Months Ended	
	June 25, 2016	June 27, 2015	June 25, 2016	June 27, 2015
CONTINUED FROM PREVIOUS SLIDE				
Unallocated Corporate Overhead	\$ (36,886)	\$ (26,306)	\$ (72,245)	\$ (52,460)
Add back:				
Severance and executive transition costs	-	51	-	977
Acquisition related adjustments (3)	7,260	3,956	11,023	3,594
Total non-GAAP adjustments to operating expense	\$ 7,260	\$ 4,007	\$ 11,023	\$ 4,571
Unallocated corporate overhead, excluding non-GAAP adjustments	\$ (29,626)	\$ (22,299)	\$ (61,222)	\$ (47,889)
Total				
Revenue	\$ 434,055	\$ 339,573	\$ 788,923	\$ 659,987
Operating income	58,061	55,735	109,533	98,740
Operating income as a % of revenue	13.4%	16.4%	13.9%	15.0%
Add back:				
Amortization of intangible assets and inventory step-up related to acquisitions	11,461	5,717	18,148	10,975
Severance and executive transition costs	4,099	705	4,120	2,746
Operating losses (2)	-	738	-	1,544
Acquisition related adjustments (3)	10,588	4,484	15,340	4,147
Government billing adjustment and related expenses	69	47	129	291
Site consolidation costs, impairments and other items	262	560	2,593	1,358
Total non-GAAP adjustments to operating income	\$ 26,479	\$ 12,251	\$ 40,330	\$ 21,061
Operating income, excluding non-GAAP adjustments	\$ 84,540	\$ 67,986	\$ 149,863	\$ 119,801
Non-GAAP operating income as a % of revenue	19.5%	20.0%	19.0%	18.2%
Depreciation and amortization	\$ 32,353	\$ 23,148	\$ 57,008	\$ 45,516
Capital expenditures	\$ 11,791	\$ 13,908	\$ 20,041	\$ 24,556

- (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 often-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 U.S. 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.

SCHEDULE 4 FROM 2Q16 PRESS RELEASE
 RECONCILIATION OF GAAP EARNINGS TO NON-GAAP EARNINGS (UNAUDITED)⁽¹⁾
 (in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 25, 2016	June 27, 2015	June 25, 2016	June 27, 2015
Net income attributable to common shareholders	\$ 35,207	\$ 48,509	\$ 72,350	\$ 80,050
Less: Income (loss) from discontinued operations, net of income taxes	(12)	7	14	14
Net income from continuing operations attributable to common shareholders	35,195	48,516	72,364	80,064
Add back:				
Non-GAAP adjustments to operating income (Refer to Schedule 3)	26,479	12,251	40,330	21,061
Reversal of an indemnification asset associated with acquisition and corresponding interest (2)	-	-	-	10,411
Write-off of deferred financing costs and fees related to debt financing	1,449	733	1,449	733
Gain on bargain purchase (3)	-	(9,878)	-	(9,878)
Tax effect of non-GAAP adjustments:				
Reversal of uncertain tax position associated with acquisition and corresponding interest	-	-	-	(10,411)
Tax effect of the remaining non-GAAP adjustments	(5,767)	(5,861)	(10,249)	(8,618)
Net income from continuing operations attributable to common shareholders, excluding non-GAAP adjustments	<u>\$ 57,356</u>	<u>\$ 45,761</u>	<u>\$ 103,894</u>	<u>\$ 83,362</u>
Weighted average shares outstanding - Basic	47,061	46,675	46,852	46,712
Effect of dilutive securities:				
Stock options, restricted stock units, performance share units and restricted stock	858	875	939	1,006
Weighted average shares outstanding - Diluted	<u>47,919</u>	<u>47,550</u>	<u>47,791</u>	<u>47,718</u>
Basic earnings per share from continuing operations	\$ 0.75	\$ 1.04	\$ 1.54	\$ 1.71
Diluted earnings per share from continuing operations	\$ 0.73	\$ 1.02	\$ 1.51	\$ 1.68
Basic earnings per share from continuing operations, excluding non-GAAP adjustments	\$ 1.22	\$ 0.98	\$ 2.22	\$ 1.78
Diluted earnings per share from continuing operations, excluding non-GAAP adjustments	\$ 1.20	\$ 0.96	\$ 2.17	\$ 1.75

- (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 often-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 U.S. GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.
- (2) These amounts represent the reversal of an uncertain tax position and an offsetting indemnification asset related to the acquisition of BioFocus.
- (3) The amounts relate to the acquisition of Sunrise Farms, Inc. and represents the excess of the estimated fair value of the net assets acquired over the purchase price.

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 June 25, 2016

For the three months ended June 25, 2016	<u>Total CRL</u>	<u>RMS Segment</u>	<u>DSA Segment</u>	<u>MS Segment</u>
Revenue growth, reported	27.8%	4.8%	44.1%	31.4%
Impact of foreign exchange	(0.4%)	0.8%	(1.5%)	0.1%
Non-GAAP revenue growth, constant currency	<u>28.2%</u>	<u>4.0%</u>	<u>45.6%</u>	<u>31.3%</u>
Impact of acquisitions	19.4%	0.0%	35.0%	18.4%
Organic revenue growth, constant currency (Non-GAAP)	<u>8.7%</u>	<u>4.0%</u>	<u>10.6%</u>	<u>12.9%</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 often-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 U.S. 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 AND EARNINGS PER SHARE (EPS)
Guidance for the Twelve Months Ended December 31, 2016E

	2016E Guidance	
	<u>REVISED</u>	<u>PRIOR</u>
Revenue growth, reported	20%-23.5%	19%-22.5%
Less: Unfavorable impact of foreign exchange	(~1%)	(~1%)
Revenue growth, constant currency	21%-24.5%	20%-23.5%
Less: Impact of acquisitions	14%-15.5%	14%-15.5%
Organic revenue growth, constant currency (Non-GAAP)	7%-9%	6%-8%
GAAP EPS estimate (1)	\$3.15-\$3.25	\$3.39-\$3.57
Add back:		
Amortization of intangible assets (2)	\$0.60	\$0.55-\$0.60
Charges related to global efficiency initiatives (3)	\$0.20	\$0.03
Acquisition-related adjustments (4)	\$0.45	\$0.30
Non-GAAP EPS estimate	\$4.40-\$4.50	\$4.32-\$4.45

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 often-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 U.S. GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

(1) GAAP EPS includes an estimate of approximately \$0.20 for the impact of amortization of intangible assets related to the WIL Research acquisition based on the preliminary purchase price allocation.

(2) Amortization of intangible assets includes an estimate of approximately \$0.20 for the impact of the WIL Research acquisition based on the preliminary purchase price allocation. This item also includes amortization of an inventory fair value adjustment related to the Celsis acquisition of \$0.02 per share.

(3) These charges relate primarily to the Company's planned efficiency initiatives in 2016, 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.

(4) These adjustments are related to the evaluation and integration of acquisitions, and primarily include transaction, advisory, and certain third-party integration costs, as well as certain costs associated with acquisition-related efficiency initiatives. These adjustments also include the write-off of deferred financing costs and associated fees related to debt financing.

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>		<u>Fiscal Year Ended</u> <u>December 31,</u> <u>2016E</u>
	<u>June 25,</u> <u>2016</u>	<u>June 27,</u> <u>2015</u>	<u>March 26,</u> <u>2016</u>	<u>March 28,</u> <u>2015</u>	
Net cash provided by operating activities	\$ 77,978	\$ 86,354	\$ 116,517	\$ 97,606	\$315,000-\$325,000
Less: Capital expenditures	(11,791)	(13,908)	(20,041)	(24,556)	Less than (80,000)
Free cash flow	<u>\$ 66,187</u>	<u>\$ 72,446</u>	<u>\$ 96,476</u>	<u>\$ 73,050</u>	<u>\$235,000-\$245,000</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 often-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 U.S. 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 NET INTEREST EXPENSE

(dollars in thousands)

	Three Months Ended		
	June 25, 2016	March 26, 2016	June 27, 2015
GAAP Interest Expense, net	\$ 8,687	\$ 3,948	\$ 4,079
Exclude:			
Write-off of deferred financing costs and fees related to debt financing	(1,449)	-	(733)
Non-GAAP Interest Expense, net	\$ 7,238	\$ 3,948	\$ 3,346

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 often-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 U.S. 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>Six Months Ended</u>	
	<u>June 25, 2016</u>	<u>June 27, 2015</u>	<u>June 25, 2016</u>	<u>June 27, 2015</u>
Income from continuing operations before income taxes & noncontrolling interest	\$ 54,390	\$ 60,328	\$ 105,940	\$ 92,280
Add back:				
Amortization of intangible assets and inventory step-up related to acquisitions	11,461	5,717	18,148	10,975
Severance and executive transition costs	4,099	705	4,120	2,746
Operating losses (2)	-	738	-	1,544
Acquisition related adjustments (3)	10,588	4,484	15,340	4,147
Government billing adjustment and related expenses	69	47	129	291
Site consolidation costs, impairments and other items	262	560	2,593	1,358
Write-off of deferred financing costs and fees related to debt refinancing	1,449	733	1,449	733
Reversal of indemnification asset associated with acquisition and corresponding interest (4)	-	-	-	10,411
Gain on bargain purchase (5)	-	(9,878)	-	(9,878)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Income before income taxes & noncontrolling interest, excluding specified charges (Non-GAAP)	<u>\$ 82,318</u>	<u>\$ 63,434</u>	<u>\$ 147,719</u>	<u>\$ 114,607</u>
Provision for income taxes (GAAP)	\$ 18,845	\$ 11,076	\$ 32,820	\$ 11,407
Tax effect from reversal of uncertain tax position associated with acquisition and corresponding interest (4)	-	-	-	10,411
Tax effect of the remaining non-GAAP adjustments	<u>5,767</u>	<u>5,861</u>	<u>10,249</u>	<u>8,618</u>
Provision for income taxes (Non-GAAP)	<u>\$ 24,612</u>	<u>\$ 16,937</u>	<u>\$ 43,069</u>	<u>\$ 30,436</u>
Total rate (GAAP)	34.6%	18.4%	31.0%	12.4%
Total rate, excluding specified charges (Non-GAAP)	29.9%	26.7%	29.2%	26.6%

- (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 often-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 U.S. 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) These amounts represent the reversal of an uncertain tax position and an offsetting indemnification asset related to the acquisition of BioFocus.
- (5) The amounts relate 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.

SCHEDULE 3 FROM 1Q16 PRESS RELEASE
RECONCILIATION OF GAAP TO NON-GAAP
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED) ⁽¹⁾
(in thousands, except percentages)

	<u>Three Months Ended</u>
	<u>March 26, 2016</u>
Research Models and Services	
Revenue	\$ 124,010
Operating income	36,533
Operating income as a % of revenue	29.5%
Add back:	
Amortization of intangible assets related to acquisitions	588
Government billing adjustment and related expenses	60
Site consolidation costs, impairments and other items	69
Total non-GAAP adjustments to operating income	<u>\$ 717</u>
Operating income, excluding non-GAAP adjustments	\$ 37,250
Non-GAAP operating income as a % of revenue	30.0%
Depreciation and amortization	\$ 5,281
Capital expenditures	\$ 1,053
Discovery and Safety Assessment	
Revenue	\$ 157,983
Operating income	30,830
Operating income as a % of revenue	19.5%
Add back:	
Amortization of intangible assets related to acquisitions	3,095
Severance	21
Acquisition related adjustments (2)	802
Site consolidation costs, impairments and other items	2,033
Total non-GAAP adjustments to operating income	<u>\$ 5,951</u>
Operating income, excluding non-GAAP adjustments	\$ 36,781
Non-GAAP operating income as a % of revenue	23.3%
Depreciation and amortization	\$ 11,957
Capital expenditures	\$ 4,707
Manufacturing Support	
Revenue	\$ 72,875
Operating income	19,468
Operating income as a % of revenue	26.7%
Add back:	
Amortization of intangible assets and inventory step-up related to acquisitions	3,004
Acquisition related adjustments (2)	187
Site consolidation costs, impairments and other items	229
Total non-GAAP adjustments to operating income	<u>\$ 3,420</u>
Operating income, excluding non-GAAP adjustments	\$ 22,888
Non-GAAP operating income as a % of revenue	31.4%
Depreciation and amortization	\$ 5,945
Capital expenditures	\$ 2,129

CONTINUED ON NEXT SLIDE

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

SCHEDULE 3 FROM 1Q16 PRESS RELEASE
 RECONCILIATION OF GAAP TO NON-GAAP
 SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED) ⁽¹⁾
 (in thousands, except percentages)

	<u>Three Months Ended</u>	
	<u>March 26, 2016</u>	
CONTINUED FROM PREVIOUS SLIDE		
Unallocated Corporate Overhead	\$	(35,359)
Add back:		
Acquisition related adjustments (2)		3,763
Total non-GAAP adjustments to operating expense	\$	3,763
Unallocated corporate overhead, excluding non-GAAP adjustments	\$	(31,596)
Total		
Revenue	\$	354,868
Operating income		51,472
Operating income as a % of revenue		14.5%
Add back:		
Amortization of intangible assets and inventory step-up related to acquisitions		6,687
Severance and executive transition costs		21
Acquisition related adjustments (2)		4,752
Government billing adjustment and related expenses		60
Site consolidation costs, impairments and other items		2,331
Total non-GAAP adjustments to operating income	\$	13,851
Operating income, excluding non-GAAP adjustments	\$	65,323
Non-GAAP operating income as a % of revenue		18.4%
Depreciation and amortization	\$	24,655
Capital expenditures	\$	8,250

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- (2) 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.

SCHEDULE 4 FROM 1Q16 PRESS RELEASE
RECONCILIATION OF GAAP EARNINGS TO NON-GAAP EARNINGS (UNAUDITED)⁽¹⁾
 (in thousands, except per share data)

	<u>Three Months Ended</u> <u>March 26, 2016</u>
Net income attributable to common shareholders	\$ 37,143
Less: Loss from discontinued operations, net of income taxes	<u>26</u>
Net income from continuing operations attributable to common shareholders	37,169
Add back:	
Non-GAAP adjustments to operating income (Refer to Schedule 3)	13,851
Tax effect of non-GAAP adjustments:	
Tax effect of the remaining non-GAAP adjustments	<u>(4,482)</u>
Net income from continuing operations attributable to common shareholders, excluding non-GAAP adjustments	<u><u>46,538</u></u>
Weighted average shares outstanding - Basic	46,642
Effect of dilutive securities:	
Stock options, restricted stock units, performance share units and restricted stock	<u>975</u>
Weighted average shares outstanding - Diluted	<u><u>47,617</u></u>
Basic earnings per share from continuing operations	\$ 0.80
Diluted earnings per share from continuing operations	\$ 0.78
Basic earnings per share from continuing operations, excluding non-GAAP adjustments	\$ 1.00
Diluted earnings per share from continuing operations, excluding non-GAAP adjustments	\$ 0.98

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(2) These amounts represent the reversal of an uncertain tax position and an offsetting indemnification asset related to the acquisition of BioFocus.

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

	Three Months Ended	
	March 26, 2016	
Income from continuing operations before income taxes & noncontrolling interest	\$	51,550
Add back:		
Amortization of intangible assets and inventory step-up related to acquisitions		6,687
Severance and executive transition costs		21
Site consolidation costs, impairments and other items		2,331
Acquisition related adjustments (2)		4,752
Government billing adjustment and related expenses		60
Income before income taxes & noncontrolling interest, excluding specified charges (Non-GAAP)	\$	65,401
Provision for income taxes (GAAP)	\$	13,975
Tax effect on non-GAAP adjustments		4,482
Provision for income taxes (Non-GAAP)	\$	18,457
Total rate (GAAP)		27.1%
Total rate, excluding specified charges (Non-GAAP)		28.2%

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- (2) 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.

Appendix

Supplemental Schedules

Prior Periods Recast for Business Segment Revision

Minor Services Reclassification from
Research Models & Services Segment
to Manufacturing Support Segment

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
SUPPLEMENTAL SCHEDULE: PRIOR PERIODS RECAST FOR BUSINESS SEGMENT REVISION
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED) (1)
(in thousands, except percentages)

	Three Months Ended				
	March 28, 2015	June 27, 2015	September 26, 2015	December 26, 2015	March 26, 2016
Research Models and Services					
Revenue	\$ 119,389	\$ 119,287	\$ 117,894	\$ 113,841	\$ 123,339
Operating income	28,850	33,304	31,427	27,392	36,386
Operating income as a % of revenue	24.2%	27.9%	26.7%	24.1%	29.5%
Add back:					
Amortization of intangible assets related to acquisitions	766	768	757	792	588
Severance	919	80	167	172	-
Government billing adjustment and related expenses	244	47	45	141	60
Site consolidation costs, impairments and other items	798	560	57	418	69
Total non-GAAP adjustments to operating income	<u>\$ 2,727</u>	<u>\$ 1,455</u>	<u>\$ 1,026</u>	<u>\$ 1,523</u>	<u>\$ 717</u>
Operating income, excluding non-GAAP adjustments	\$ 31,577	\$ 34,759	\$ 32,453	\$ 28,915	\$ 37,103
Non-GAAP operating income as a % of revenue	26.4%	29.1%	27.5%	25.4%	30.1%
Depreciation and amortization	\$ 6,003	\$ 5,308	\$ 5,279	\$ 5,936	\$ 5,250
Capital expenditures	\$ 2,733	\$ 6,356	\$ 3,022	\$ 5,287	\$ 1,053
Discovery and Safety Assessment					
Revenue	\$ 140,012	\$ 153,375	\$ 158,272	\$ 160,514	\$ 157,983
Operating income	23,516	28,149	33,191	37,125	30,830
Operating income as a % of revenue	16.8%	18.4%	21.0%	23.1%	19.5%
Add back:					
Amortization of intangible assets related to acquisitions	3,425	3,795	3,412	3,337	3,095
Severance	19	456	239	354	21
Operating losses (2)	806	738	1,319	2,654	-
Acquisition related adjustments (3)	25	-	135	84	802
Site consolidation costs, impairments and other items	-	-	-	-	2,033
Total non-GAAP adjustments to operating income	<u>\$ 4,275</u>	<u>\$ 4,989</u>	<u>\$ 5,105</u>	<u>\$ 6,429</u>	<u>\$ 5,951</u>
Operating income, excluding non-GAAP adjustments	\$ 27,791	\$ 33,138	\$ 38,296	\$ 43,554	\$ 36,781
Non-GAAP operating income as a % of revenue	19.8%	21.6%	24.2%	27.1%	23.3%
Depreciation and amortization	\$ 11,139	\$ 12,412	\$ 11,509	\$ 11,752	\$ 11,957
Capital expenditures	\$ 5,378	\$ 4,101	\$ 4,277	\$ 16,577	\$ 4,707
Manufacturing Support					
Revenue	\$ 61,013	\$ 66,911	\$ 73,299	\$ 79,495	\$ 73,546
Operating income	16,793	20,588	18,491	18,803	19,615
Operating income as a % of revenue	27.5%	30.8%	25.2%	23.7%	26.7%
Add back:					
Amortization of intangible assets and inventory step-up related to acquisitions	1,067	1,154	4,429	5,672	3,004
Severance	177	118	961	384	-
Acquisition related adjustments (3)	-	528	483	1,582	187
Site consolidation costs, impairments and other items	-	-	-	407	229
Total non-GAAP adjustments to operating income	<u>\$ 1,244</u>	<u>\$ 1,800</u>	<u>\$ 5,873</u>	<u>\$ 8,045</u>	<u>\$ 3,420</u>
Operating income, excluding non-GAAP adjustments	\$ 18,037	\$ 22,388	\$ 24,364	\$ 26,848	\$ 23,035
Non-GAAP operating income as a % of revenue	29.6%	33.5%	33.2%	33.8%	31.3%
Depreciation and amortization	\$ 3,328	\$ 3,649	\$ 5,179	\$ 5,973	\$ 5,976
Capital expenditures	\$ 1,566	\$ 1,770	\$ 2,139	\$ 4,339	\$ 2,129

CONTINUED ON NEXT SLIDE

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
SUPPLEMENTAL SCHEDULE: PRIOR PERIODS RECAST FOR BUSINESS SEGMENT REVISION
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED) (1)
(in thousands, except percentages)

	Three Months Ended				
	March 28, 2015	June 27, 2015	September 26, 2015	December 26, 2015	March 26, 2016
CONTINUED FROM PREVIOUS SLIDE					
Unallocated Corporate Overhead	\$ (26,154)	\$ (26,306)	\$ (27,669)	\$ (31,051)	\$ (35,359)
Add back:					
Severance and executive transition costs	926	51	1,054	96	-
Acquisition related adjustments (3)	(362)	3,956	3,055	5,027	3,763
Total non-GAAP adjustments to operating expense	<u>\$ 564</u>	<u>\$ 4,007</u>	<u>\$ 4,109</u>	<u>\$ 5,123</u>	<u>\$ 3,763</u>
Unallocated corporate overhead, excluding non-GAAP adjustments	\$ (25,590)	\$ (22,299)	\$ (23,560)	\$ (25,928)	\$ (31,596)
Total					
Revenue	\$ 320,414	\$ 339,573	\$ 349,465	\$ 353,850	\$ 354,868
Operating income	43,005	55,735	55,440	52,269	51,472
Operating income as a % of revenue	13.4%	16.4%	15.9%	14.8%	14.5%
Add back:					
Amortization of intangible assets and inventory step-up related to acquisitions	5,258	5,717	8,598	9,801	6,687
Severance and executive transition costs	2,041	705	2,421	1,006	21
Operating losses (2)	806	738	1,319	2,654	-
Acquisition related adjustments (3)	(337)	4,484	3,673	6,693	4,752
Government billing adjustment and related expenses	244	47	45	141	60
Site consolidation costs, impairments and other items	798	560	57	825	2,331
Total non-GAAP adjustments to operating income	<u>\$ 8,810</u>	<u>\$ 12,251</u>	<u>\$ 16,113</u>	<u>\$ 21,120</u>	<u>\$ 13,851</u>
Operating income, excluding non-GAAP adjustments	\$ 51,815	\$ 67,986	\$ 71,553	\$ 73,389	\$ 65,323
Non-GAAP operating income as a % of revenue	16.2%	20.0%	20.5%	20.7%	18.4%
Depreciation and amortization	\$ 22,368	\$ 23,148	\$ 23,814	\$ 25,551	\$ 24,655
Capital expenditures	\$ 10,648	\$ 13,908	\$ 10,452	\$ 28,244	\$ 8,250

- (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 often 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 U.S. 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.
SUPPLEMENTAL SCHEDULE: PRIOR PERIODS RECAST FOR BUSINESS SEGMENT REVISION
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED) (1)

(in thousands, except percentages)

	Twelve Months Ended	
	December 26, 2015	December 27, 2014
Research Models and Services		
Revenue	\$ 470,411	\$ 503,656
Operating income	120,973	120,736
Operating income as a % of revenue	25.7%	24.0%
Add back:		
Amortization of intangible assets related to acquisitions	3,083	2,466
Severance	1,338	4,593
Government billing adjustment and related expenses	477	848
Site consolidation costs, impairments and other items	1,833	7,136
Total non-GAAP adjustments to operating income	<u>\$ 6,731</u>	<u>\$ 15,043</u>
Operating income, excluding non-GAAP adjustments	\$ 127,704	\$ 135,779
Non-GAAP operating income as a % of revenue	27.1%	27.0%
Depreciation and amortization	\$ 22,526	\$ 27,309
Capital expenditures	\$ 17,398	\$ 18,669
Discovery and Safety Assessment		
Revenue	\$ 612,173	\$ 538,218
Operating income	121,981	69,749
Operating income as a % of revenue	19.9%	13.0%
Add back:		
Amortization of intangible assets related to acquisitions	13,969	18,110
Severance	1,068	2,912
Operating losses (2)	5,517	2,600
Acquisition related adjustments (3)	244	404
Total non-GAAP adjustments to operating income	<u>\$ 20,798</u>	<u>\$ 24,026</u>
Operating income, excluding non-GAAP adjustments	\$ 142,779	\$ 93,775
Non-GAAP operating income as a % of revenue	23.3%	17.4%
Depreciation and amortization	\$ 46,812	\$ 47,138
Capital expenditures	\$ 30,333	\$ 19,759
Manufacturing Support		
Revenue	\$ 280,718	\$ 255,788
Operating income	74,675	79,260
Operating income as a % of revenue	26.6%	31.0%
Add back:		
Amortization of intangible assets and inventory step-up related to acquisitions	12,322	5,381
Severance	1,640	166
Acquisition related adjustments (3)	2,593	-
Site consolidation costs, impairments and other items	407	-
Total non-GAAP adjustments to operating income	<u>\$ 16,962</u>	<u>\$ 5,547</u>
Operating income, excluding non-GAAP adjustments	\$ 91,637	\$ 84,807
Non-GAAP operating income as a % of revenue	32.6%	33.2%
Depreciation and amortization	\$ 18,129	\$ 14,295
Capital expenditures	\$ 9,814	\$ 15,621

CONTINUED ON NEXT SLIDE

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
SUPPLEMENTAL SCHEDULE: PRIOR PERIODS RECAST FOR BUSINESS SEGMENT REVISION
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED) (1)

(in thousands, except percentages)

	Twelve Months Ended	
	December 26, 2015	December 27, 2014
CONTINUED FROM PREVIOUS SLIDE		
Unallocated Corporate Overhead	\$ (111,180)	\$ (92,075)
Add back:		
Severance and executive transition costs	2,127	121
Acquisition related adjustments (3)	11,676	6,284
Total non-GAAP adjustments to operating expense	\$ 13,803	\$ 6,405
Unallocated corporate overhead, excluding non-GAAP adjustments	\$ (97,377)	\$ (85,670)
Total		
Revenue	\$ 1,363,302	\$ 1,297,662
Operating income	206,449	177,670
Operating income as a % of revenue	15.1%	13.7%
Add back:		
Amortization of intangible assets and inventory step-up related to acquisitions	29,374	25,957
Severance and executive transition costs	6,173	7,792
Operating losses (2)	5,517	2,600
Acquisition related adjustments (3)	14,513	6,688
Government billing adjustment and related expenses	477	848
Site consolidation costs, impairments and other items	2,240	7,136
Total non-GAAP adjustments to operating income	\$ 58,294	\$ 51,021
Operating income, excluding non-GAAP adjustments	\$ 264,743	\$ 228,691
Non-GAAP operating income as a % of revenue	19.4%	17.6%
Depreciation and amortization	\$ 94,881	\$ 96,445
Capital expenditures	\$ 63,252	\$ 56,925

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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.



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