JP Morgan 37th Annual Healthcare Conference

January 8, 2019

Charles River Laboratories

James C. Foster
Chairman, President & Chief Executive Officer

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Safe Harbor Statement

Caution Concerning Forward-Looking Statements. This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as “anticipate,” “believe,” “expect,” “intend,” “will,” “may,” “estimate,” “plan,” “outlook,” and “project” and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These statements also include statements regarding our projected 2018 and other future financial performance whether reported, constant currency, organic, and/or factoring acquisitions, including, with respect to Charles River as a whole and/or any of our reporting or operating segments or business units, revenue and revenue growth rates, operating margin, earnings per share, capital expenditures, operating and free cash flow, specified costs (including unallocated corporate expenses), net interest expense, effective tax rate, average diluted share count, global efficiency initiatives, cost increases , pricing, foreign exchange rates, leverage ratios, days sales outstanding, and the operating results of our businesses; the expected performance of our venture capital investments; the future demand for drug discovery and development products and services, and our intentions to expand those businesses; the impact of our facility consolidations; our expectations regarding stock repurchases and debt repayment; the development and performance of our services and products; market and industry conditions including industry consolidation, outsourcing of services and identification of spending trends by our customers and funding available to them; the potential outcome of, and impact to, our business and financial operations due to litigation and legal proceedings and tax law changes; the impact of US tax reform passed in the fourth quarter of 2017; our success in identifying, consummating, and integrating, and the impact of, our acquisitions including the attainment of synergies with MPI; our strategic agreements with our clients and opportunities for future similar arrangements; our ability to obtain new clients in targeted market segments and/or to predict which client segments will be future growth drivers; the impact of our investments in specified business lines and products; and Charles River’s future performance as otherwise delineated in our forward-looking guidance. Forward-looking statements are based on Charles River’s current expectations and beliefs, and involve a number of risks and uncertainties that are difficult to predict and that could cause actual results to differ materially from those stated or implied by the forward-looking statements. Those risks and uncertainties include, but are not limited to: the ability to successfully integrate businesses we acquire; the ability to execute our cost-savings actions and the steps to optimize returns to shareholders on an effective and timely basis; the timing and magnitude of our share repurchases; negative trends in research and development spending, negative trends in the level of outsourced services, or other cost reduction actions by our customers; the ability to convert backlog to revenue; special interest groups; contaminations; industry trends; new displacement technologies; continued availability of products and supplies; loss of key personnel; interest rate and foreign currency exchange rate fluctuations; changes in regulations by the FDA, USDA, or other global regulatory agencies; changes in law; changes in tax regulation and laws; changes in generally accepted accounting principles; and any changes in business, political, or economic conditions due to the threat of future terrorist activity in the U.S. and other parts of the world, and related U.S. military action overseas. A further description of these risks, uncertainties, and other matters can be found in the Risk Factors detailed in Charles River's Annual Report on Form 10-K as filed on February 13, 2018, as well as other filings we make with the Securities and Exchange Commission. Because forward-looking statements involve risks and uncertainties, actual results and events may differ materially from results and events currently expected by Charles River, and Charles River assumes no obligation and expressly disclaims any duty to update information contained in this presentation except as required by law.

Regulation G

This presentation includes discussion of non-GAAP financial measures. We believe that the inclusion of these non-GAAP financial measures provides 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, consistent with the manner in which management measures and forecasts the Company’s performance. The non-GAAP financial measures included in this presentation 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 and regulations. In accordance with Regulation G, you can find the comparable GAAP measures and reconciliations to those GAAP measures on our website at ir.criver.com.

Quiet Period Disclaimer

The Company is presently in quiet period pending its fourth-quarter and full-year 2018 earnings and 2019 guidance release in mid-February 2019. As a result, the Company will not comment on financial performance for the fourth quarter of 2018 or guidance for 2019.

The Premier, Early-Stage Contract Research Organization

CRL Worked on

85%

of FDA Approved Drugs in 2018

Doubled

Revenue and Non-GAAP EPS Since 2013

#1

Market Position in RMS, Safety Assessment & Microbial Solutions

$15B

Outsourced Addressable Market

High-Single-Digit

CRL Organic Revenue Growth (5-Yr Target)

79

Novel Molecules Originated for Clients Since 1999

>$2B

Invested in M&A with

~10%

ROIC on M&A Since 2012

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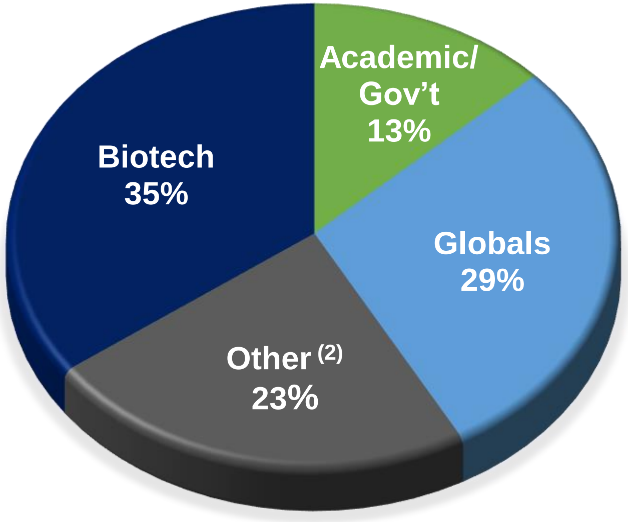
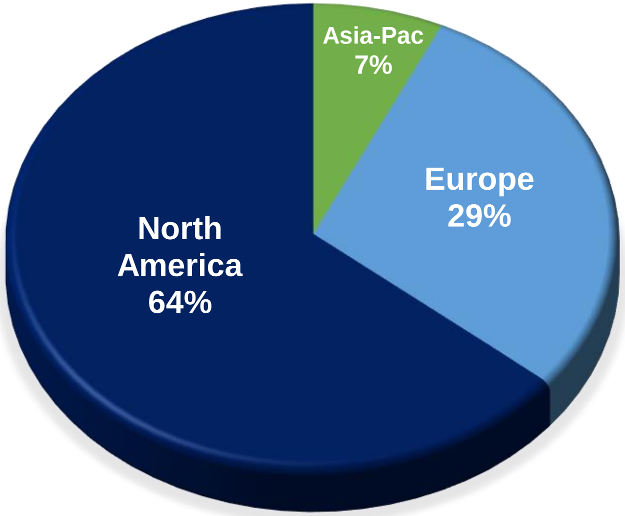
Charles River Overview

- A leading, full-service drug discovery and early-stage development company
  - Revenue of **$2.1B** (LTM September 2018)
- Only CRO with an integrated portfolio that spans the drug research process from target discovery through preclinical development
- A multinational company with **>14,000** employees worldwide
- Facilities strategically located in 23 countries, near our major client base

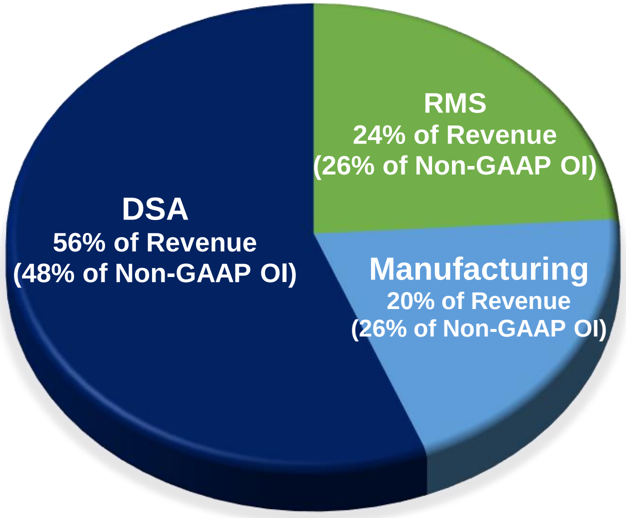
Client Base[1]



Geographic Revenue[1]



Business Segments[1]



See ir.criver.com for reconciliations of Non-GAAP to GAAP results.

(1) Based on CRL's LTM September 2018 revenue and non-GAAP operating income.
(2) Other clients include agricultural & industrial chemical, CRO, animal health, life science, CMO, consumer product, and medical device companies.

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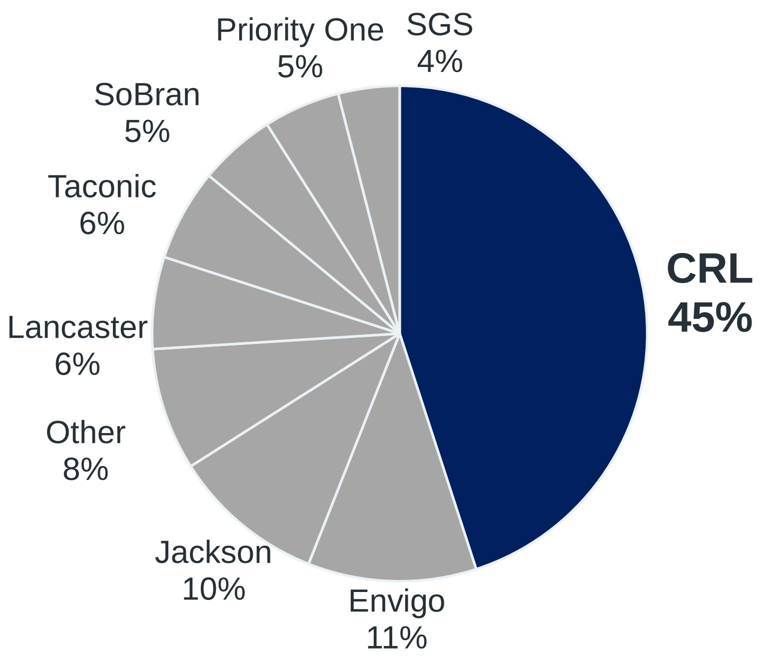
Research Models & Services

- Global leader in breeding and distribution of research models
  - Largest selection of the most widely used strains in the world
  - **~1 of every 2 models** sold anywhere in the world comes from Charles River
  - Expertise in **biosecurity** ensures animals are free of known contaminants, reducing risk to critical research
- **Global footprint** with facilities strategically located in close **proximity** to clients
- Increasing presence in high-growth **China** market
- Premier provider of services which support the use of research models in discovery/development of new molecules
  - Genetically Engineered Models and Services (**GEMS**)
  - Research Animal Diagnostic Services (**RADS**)
  - Insourcing Solutions (**IS**)
- Awarded **five-year, $95.7M contract** by the National Institute of Allergy and Infectious Diseases (**NIAID**)
  - IS managing and staffing NIAID's on-site vivarium and related research model operations (commenced in September 2018)

RMS Market (~$1.1B)



Source: CRL management estimates.

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RMS Business Drivers

Research Models and Services:
24% of Revenue (1)
26% of Non-GAAP Operating Income (1)

- Increased demand in **China** for models and services
  - RMS China slightly less than 10% of RMS revenue
- Lower demand for research models in mature markets outside of China
- **DSA** segment is **RMS's largest client** by a wide margin
- **Price** and **mix**
- **RM Services** to support use of models in research
- Use of **technology** to drive **efficiency**

(1) Based on CRL's LTM September 2018 results. See ir.criver.com for reconciliations of Non-GAAP to GAAP results.

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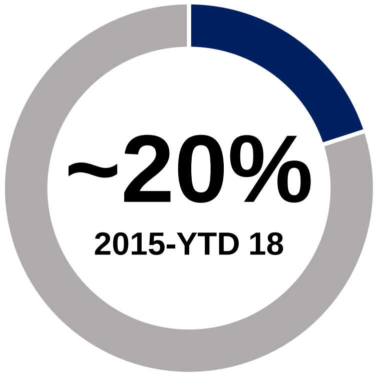
Discovery Services

- A **unique CRO**, offering clients a single source for services across the discovery spectrum
  - Engages with clients earlier in the discovery process
- Integrates **chemistry, *in vitro,* and *in vivo*** capabilities
  - **Oncology**
  - **CNS**
- Recognized for strong science, a collaborative approach to clients' needs, and operational excellence from target to clinically validated development candidate
- Early Discovery has originated **79 novel molecules** for clients since its founding in 1999
- Continuing to expand discovery capabilities through M&A, collaboration, and internal investment
  - Exclusive partnership with **Distributed Bio** to enhance large molecule discovery capabilities
  - Expanded services at our **South San Francisco biohub site** to better support West Coast clients

DSA Clients that Work with Both Discovery and SA



Goal to achieve ~50% client pull-through between Discovery and SA over the longer term

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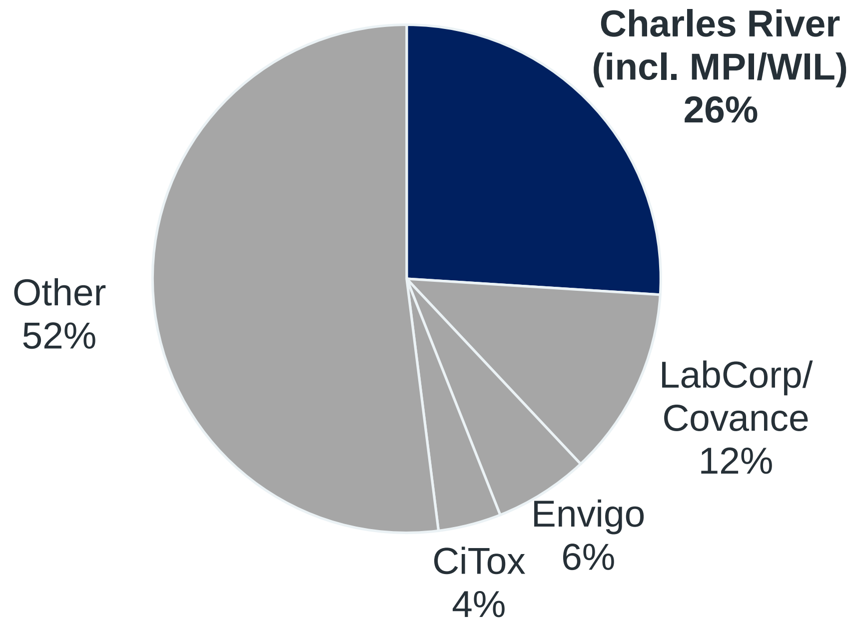
Safety Assessment Services

- **Global leader** in both non-regulated (non-GLP) and regulated (GLP) safety assessment services
- Providing clients with expertise for **integrated drug development**
  - **Non-GLP** efficacy studies
  - **Safety Assessment**
    - **General** toxicology
    - **Specialty** toxicology
      - Inhalation, infusion, developmental and reproductive, juvenile/ neonatal, ocular, bone, immunotoxicology, and phototoxicology
  - Comprehensive suite of **bioanalytical services**
  - Expert **pathology** services
- Worked on **85%** of all drugs approved by the FDA in 2018

Outsourced Safety Assessment Market (~$4B)



Sources: Wall Street research, L.EK. Consulting, and CRL management estimates.

DSA Business Drivers

Discovery and Safety Assessment:
56% of Revenue [1]
48% of Non-GAAP Operating Income [1]

- Emerging demand from large biopharma to **enhance internal discovery capabilities**
- Large biopharma increasingly utilizing CROs like CRL in place of maintaining internal resources
- Biotech leveraging CRO expertise instead of building in-house capabilities
- **Expanding therapeutic area focus** around significant areas of research investment
- Importance of **global network** for clients working in multiple regions

(1) Based on CRL's LTM September 2018 results. See ir.criver.com for reconciliations of Non-GAAP to GAAP results.

Microbial Solutions

- Premier global provider of **quality control (QC) testing products** and **services** for **sterile and non-sterile applications**
  - **FDA-mandated** lot release testing for sterile biopharmaceutical products
  - Product release testing required by the FDA and other regulatory agencies for non-sterile products
- Product/Service lines:
  - Endosafe® **endotoxin** detection products and services
    - Conventional or rapid (PTS™ platform)
  - Celsis® **rapid microbial** detection
  - Accugenix® **microbial identification** products and services

MICROBIAL SOLUTIONS RAPID TESTING BENEFIT: TIME TO RESULTS

ENDOTOXIN TESTING

Conventional Central Lab Process: Several Hours to Days

Rapid, Point-of-Use Endosafe PTS: 15-30 minutes ✔

MICROBIAL DETECTION:

Compendial Process: 5-7 days

Celsis: 24 hours ✔

Biologics Testing Solutions

- Premier global CRO providing services that support the manufacture of **biologics and biosimilars**, including process development and quality control
- Supports developers and manufacturers with their testing, characterization, and cell bank manufacturing needs
  - Providing **testing and assay development** throughout drug development, clinical and commercial manufacturing, and for final commercial drug product release
- Leveraging our scientific expertise, regulatory compliance, and extensive portfolio to provide **fast, reliable results**
- Biologics market is growing in the **low-double digits**

Biologics Market Opportunity

(# Biologics Pipeline Projects, Preclinical-Phase III)

	# Biologics Projects in '18	2014-18E CAGR%
Cell/Gene Therapy Emerging R&D trend; Robust growth	>2,000	20%
Innovator mAbs Strong but slowing growth	>3,000	8%
Biosimilars Smaller opportunity; Strong growth	<1,000	21%

Source: Citeline, Visiongain CG&T Report 2018, Biopharma International, Biosimilarpipeline.com, managedcaremag.com, Bioprocess Int. Jrnl., BPTC estimates, CRL management estimates.

Manufacturing Support Business Drivers

Manufacturing Support:
20% of Revenue [(1)]
26% of Non-GAAP Operating Income [(1)]

- **Microbial Solutions**
  - Increased demand for **rapid microbial testing** and identification methods
  - Accessing new markets in addition to core biopharma market
- **Biologics**
  - Increased number of **biologics/biosimilars** in development
  - Increased demand for outsourced services
- **Avian:** Stable demand for **SPF eggs**

(1) Based on CRL's LTM September 2018 results. See ir.criver.com for reconciliations of Non-GAAP to GAAP results.

Early-Stage Market Trends

Global Biopharma

- Increasing use of **outsourcing** for efficiency, productivity, and speed to market
  - **Sourcing molecules** from biotech, academia, and early discovery CROs
  - **Utilizing CROs** for flexibility, efficiency, and productivity
- Selective consolidation and pipeline re-prioritization

Biotech

- Successfully **leveraging new technologies** to discover drugs with the potential to mitigate and/or cure diseases
- **Collaborating** with a wide range of partners
- Range from **limited in-house infrastructure to virtual**
- Benefiting from **robust funding** from global biopharma, capital markets, and VCs

Safety Assessment Outsourcing Penetration	
22-25%	**55%+**
2008	2018

Companies with Active Biopharma R&D Pipelines	
1,965	**4,003**
2008	2017

Biotech Funding (Capital Markets/VCs)	
$94B	**$217B**
2005-09	2013-17

Sources: SA Outsourcing - Wall Street research, CRL 2008 Investor Day presentation, and CRL management estimates; Active Biopharma Companies – PharmaProjects/PAREXEL R&D Sourcebook; Biotech Funding: Wall Street research, BioWorld.

Early-Stage Market Trends, cont.

Academia

- **Academic institutions** globally are increasingly viewed as **discovery engines** by large biopharma
  - **Accessing more funding** from multiple sources including large biopharma
  - Require support to navigate the drug discovery and development process

Non-Governmental Organizations (NGOs)

- **NGOs** are virtual organizations, relying on partners for most research services
- Well funded; private; therapeutic-area focused

FDA Drug Approvals Per Year

22	40
2005-09 (avg.)	2013-18 (avg.)

59

Record FDA Drug Approvals in 2018

Source: FDA.gov.

Significant, **~$15B** outsourced market, with **mid- to high-single-digit** market growth

Source: CRL market information based on industry data sources and CRL management estimates.

Five Guiding Principles

- Experience with **thousands of molecules** across **every therapeutic and disease area**
  - Oncology, CNS, respiratory, inflammation, cardiovascular, metabolic, and rare/orphan diseases
- **~1,500** scientists with advanced degrees including D.V.M., Ph.D., and D.A.B.T.
- **Regulatory** expertise
  - Dedicated scientific advisors to help clients navigate complex regulatory landscape
- **79 preclinical drug candidates** discovered and delivered to clients

Five Guiding Principles

- **>14,000** employees worldwide
  - North America, Europe, and Asia
- Culture of commitment and longevity
  - **~30%** employees with >10 years of tenure
- **Strategic hiring** and building broad bench strength
  - Supports significant growth in our business
  - Revenue has **nearly doubled** and our employee base has **increased by ~75%** since 2013 (1)
- Initiatives to enhance **employee engagement**

(1) FY 2013 through LTM September 2018.

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Five Guiding Principles

- Broad portfolio is the **strongest** it has ever been, enabling clients to work with **one CRO** to support their drug research efforts
  - No direct competitor has an early-stage portfolio as expansive
- Expanding our position as **the premier early-stage CRO**
  - Continuing to **strengthen our portfolio** through addition of new products and services, geographic expansion, and **acquisition of strategic assets**
  - Enhancing our ability to support clients by **licensing emerging technologies** and **partnering** with biomedical thought leaders globally

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Five Guiding Principles

- Scientific expertise to support **critical go/no-go decisions**
- **Strategic relationships** where we work side-by-side with clients
  - Sell across our entire portfolio
- Tailored solutions for **small and mid-size biotech**
- Ability to create **flexible models** for partnering
- **Diversified** client base
  - Partnered with each of the **100** largest biopharmaceutical companies in the world
  - No single client represents **>2.5%** of total revenue

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Five Guiding Principles

- Focusing on **revenue, earnings, and cash flow growth**
- Investing in areas with the **greatest potential for growth**
- **Driving efficiencies** to enhance operations
  - Culture of continuous improvement
  - **>$250M** of cumulative cost savings over last 5 years (2013-2018E)
- **Disciplined capital deployment**
  - Strategic acquisitions remain **preferred use of capital**

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Strategic M&A Remains Top Priority

Acquisitions	Strategic Rationale
WIL Research April 2016	➢ Expanded global footprint in **safety assessment** and exposure to biotech
Brains On-Line August 2017	➢ Established CRL as the premier single-source provider for a broad portfolio of **CNS discovery services**
KWS BioTest January 2018	➢ Established CRL as a premier source for **immuno-oncology discovery services**
MPI Research April 2018	➢ Enhanced our position as **the premier global early-stage CRO** and provided **needed capacity** to meet current and future demand

- **Disciplined M&A** remains top priority of our long-term strategy
- Invested **>$2B** in 18 strategic acquisitions since 2012
  - **~One-third** of 2018E revenue expected to be generated from these acquisitions
- M&A strategy has met or exceeded our investment criteria and hurdle rates
  - Neutral to **accretive** on a non-GAAP basis in Year 1
  - **ROIC** meets or exceeds cost of capital by Year 3 or Year 4
- Managing acquisition and integration process to **achieve expected returns**
  - Generated **~10% return** (ROIC) on acquisitions since 2012 [(1)]

(1) ROIC excluding MPI since recently acquired. Updated Aug. 2018.

See ir.criver.com for reconciliations of Non-GAAP to GAAP results.

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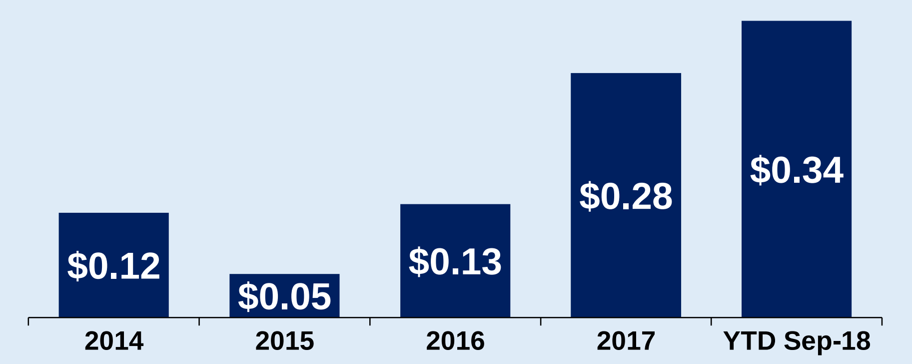
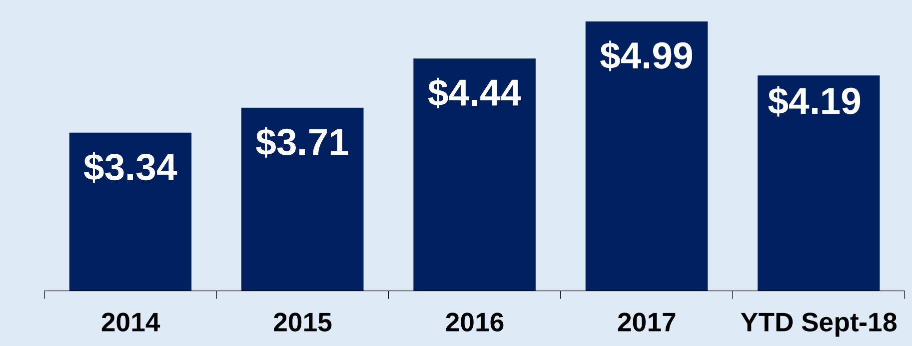
Venture Capital Investment Strategy

- CRL's venture capital (VC) investments are an innovative strategy to effectively deploy capital to generate revenue and create value
  - Primary purpose for partnering with VC firms is to be a **preferred CRO** to a large group of **emerging biotech companies**
    - Revenue contribution was **>$50M**(1) (LTM Sep-18)
  - Investment returns have been **attractive**, but are a secondary element of these relationships
    - VC investment gains or losses are inherently difficult to forecast

Historical EPS Impact of VC Investment Gains



Non-GAAP Earnings Per Share excluding VCs(2)



Beginning in 2019, intend to eliminate VC investment performance from our non-GAAP financial results and guidance

(1) Revenue contribution for portfolio companies of VC funds that CRL has invested in.
(2) GAAP EPS: 2014: $2.70; 2015: $3.15; 2016: $3.22; 2017: $2.54, YTD Sept-18: $3.36.

See ir.criver.com for reconciliations of Non-GAAP to GAAP results.

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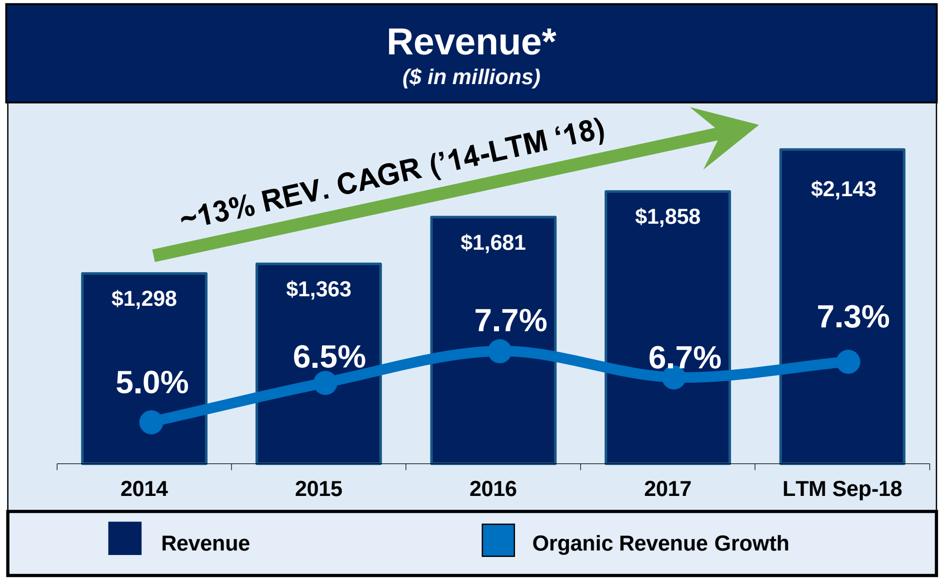
3Q18 Year-over-Year Performance

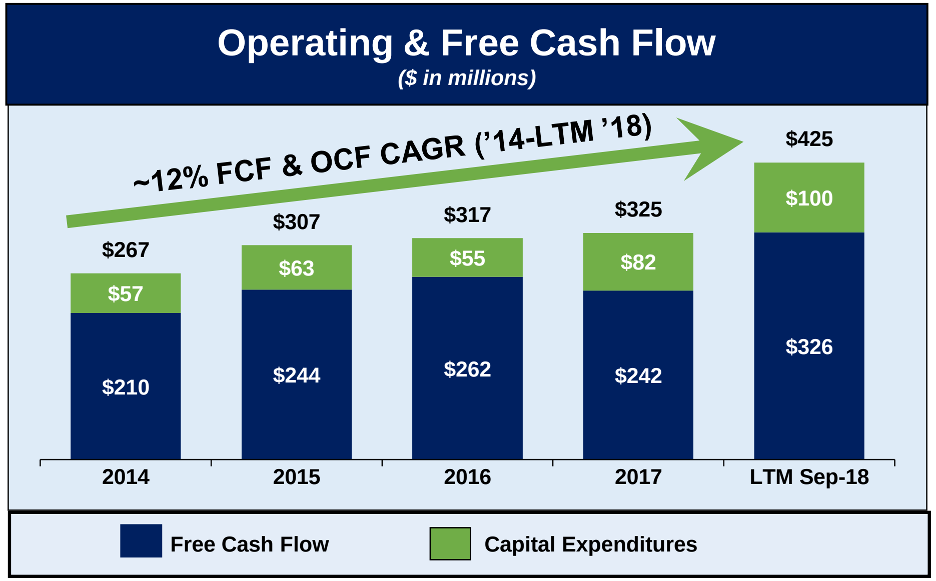
From Continuing Operations ($ in Millions)	3Q18	3Q17	%Δ	Organic CC %Δ
RMS	$126.8	$122.0	3.9%	4.5%
DSA	$352.3	$246.9	42.6%	13.1%
Manufacturing	$106.2	$95.3	11.5%	12.5%
Revenue	$585.3	$464.2	26.1%	10.7%
GAAP OM%	14.4%	16.0%	(160) bps	
Non-GAAP OM%	18.8%	18.8%	---	
GAAP EPS	$1.22	$1.09	11.9%	
Non-GAAP EPS	$1.53	$1.30	17.7%	
Free Cash Flow	$94.8	$37.5	153.0%	

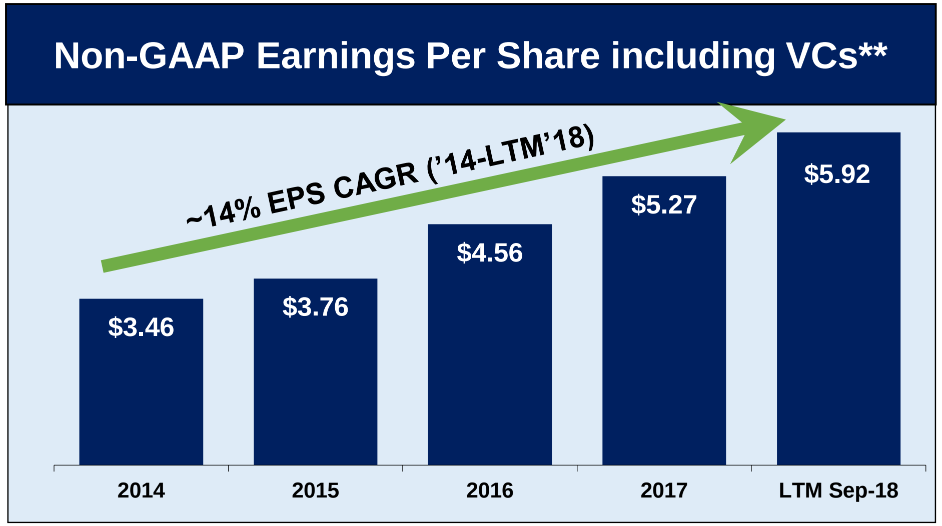
See ir.criver.com/Financial Information for reconciliations of Non-GAAP to GAAP results.

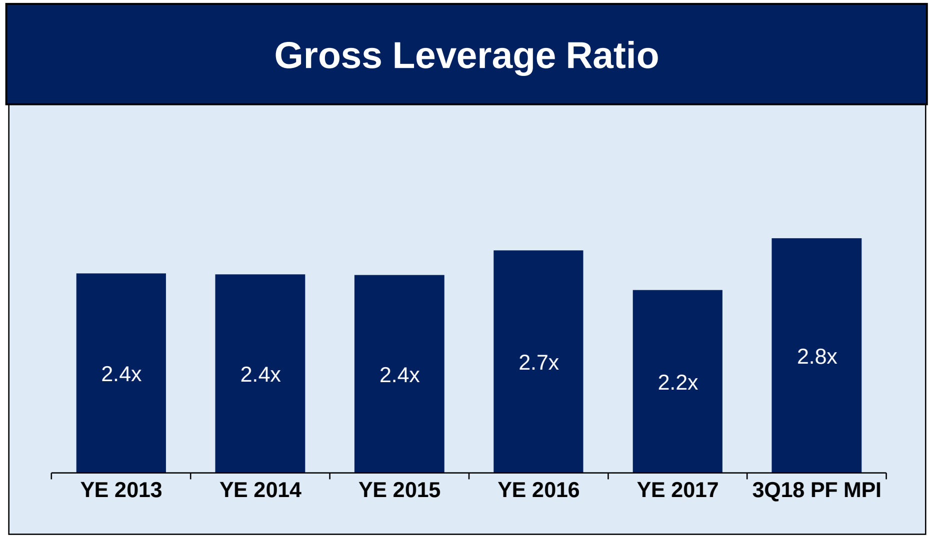
Building Shareholder Value

(FY 2014 - LTM September 2018)









See ir.criver.com for reconciliations of Non-GAAP to GAAP results.

Reported Revenue Growth (GAAP): 2014: 11.3%; 2015: 5.1%; 2016: 23.3%; 2017: 10.5%; LTM 2018: 16.1%

***** GAAP EPS: 2014: $2.70; 2015: $3.15; 2016: $3.22; 2017: $2.54; LTM 2018: $2.76***

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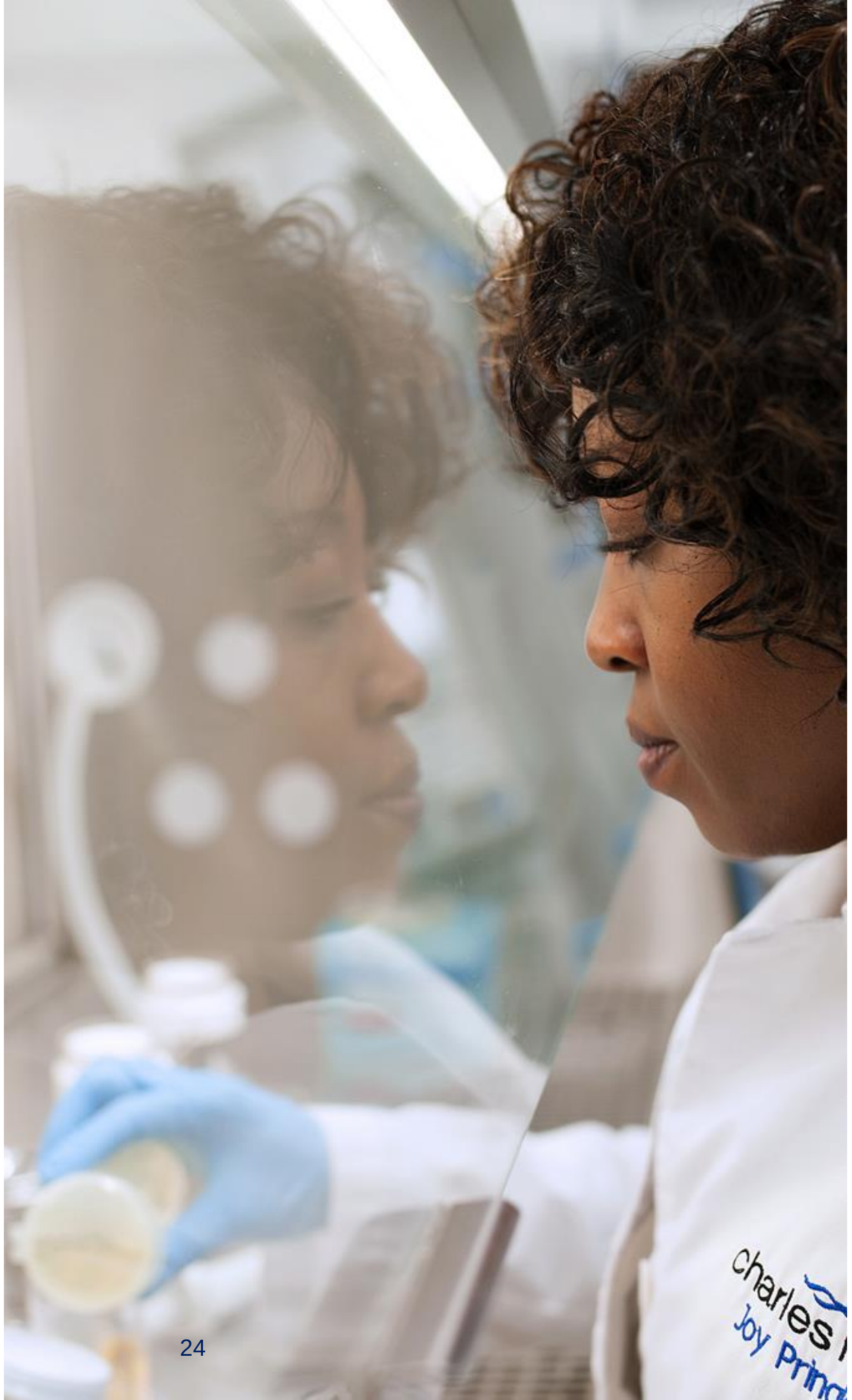


Building CRL for the Future

Focus on Our Speed and Responsive

- “Act small” – A **seamless, customized experience** will be critical to ensuring that every client feels like our only client
- Develop industry’s **fastest** drug development turnaround times
  - Targeting to reduce early-stage timelines by an **additional year**
- Build a more **scalable** operating model
  - Empower business units to become more agile
  - Drive greater **operating efficiencies** and automation

Focus on Our Technology

- Transform industry with a **best-in-class technology** platform
  - Build a **digital enterprise**/operating model
- Enable clients with **real-time access to scientific data**

Focus on Our People

- Strive to be an **employer of choice**
- Focus on recruiting and retention to support growing client demand
  - Voluntary turnover remains below **10%**

Strategic Imperatives

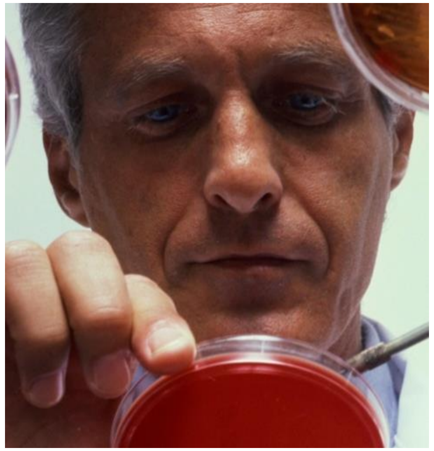
Add to scientific and management bench strength

Drive productivity and efficiency gains

Expand existing and sign new strategic relationships

Focus on strategic, disciplined growth

Disciplined capital deployment with a focus on M&A



Enhance our position as the premier full service, early-stage CRO with integrated drug discovery and early development capabilities

Appendix: Regulation G Financial Reconciliations

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP TO NON-GAAP

SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)[(1)(2)]

(in thousands, except percentages)

	Three Months Ended		Nine Months Ended	
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Research Models and Services				
Revenue	$ 126,811	$ 122,020	$ 391,195	$ 373,183
Operating income	32,121	30,665	104,893	101,949
Operating income as a % of revenue	25.3 %	25.1 %	26.8 %	27.3 %
Add back:				
Amortization related to acquisitions	385	433	1,202	1,238
Severance	65	—	808	—
Government billing adjustment and related expenses	—	—	—	150
Site consolidation costs, impairments and other items	238	—	822	—
Total non-GAAP adjustments to operating income	$ 688	$ 433	$ 2,832	$ 1,388
Operating income, excluding non-GAAP adjustments	$ 32,809	$ 31,098	$ 107,725	$ 103,337
Non-GAAP operating income as a % of revenue	25.9 %	25.5 %	27.5 %	27.7 %
Depreciation and amortization	$ 4,811	$ 5,272	$ 14,565	$ 15,309
Capital expenditures	$ 8,166	$ 6,762	$ 18,105	$ 13,769
Discovery and Safety Assessment				
Revenue	$ 352,257	$ 246,946	$ 958,665	$ 726,796
Operating income	62,909	46,324	160,391	135,994
Operating income as a % of revenue	17.9 %	18.8 %	16.7 %	18.7 %
Add back:				
Amortization related to acquisitions	16,204	7,602	39,796	22,107
Severance	30	84	973	356
Acquisition related adjustments [(3)]	269	776	1,466	2,303
Site consolidation costs, impairments and other items	26	276	(117)	835
Total non-GAAP adjustments to operating income	$ 16,529	$ 8,738	$ 42,118	$ 25,601
Operating income, excluding non-GAAP adjustments	$ 79,438	$ 55,062	$ 202,509	$ 161,595
Non-GAAP operating income as a % of revenue	22.6 %	22.3 %	21.1 %	22.2 %
Depreciation and amortization	$ 31,433	$ 20,333	$ 83,262	$ 58,667
Capital expenditures	$ 10,800	$ 10,127	$ 34,496	$ 25,552
Manufacturing Support				
Revenue	$ 106,227	$ 95,266	$ 314,706	$ 279,145
Operating income	33,266	31,920	95,904	87,563
Operating income as a % of revenue	31.3 %	33.5 %	30.5 %	31.4 %
Add back:				
Amortization related to acquisitions	2,217	2,322	6,816	7,568
Severance	—	552	870	1,620
Acquisition related adjustments [(3)]	(15)	—	—	26
Site consolidation costs, impairments and other items	—	—	159	—
Total non-GAAP adjustments to operating income	$ 2,202	$ 2,874	$ 7,845	$ 9,214
Operating income, excluding non-GAAP adjustments	$ 35,468	$ 34,794	$ 103,749	$ 96,777
Non-GAAP operating income as a % of revenue	33.4 %	36.5 %	33.0 %	34.7 %
Depreciation and amortization	$ 5,709	$ 5,572	$ 17,313	$ 17,321
Capital expenditures	$ 2,709	$ 2,879	$ 12,731	$ 7,111

CONTINUED ON NEXT SLIDE

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP TO NON-GAAP

SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)(1)(2)

(in thousands, except percentages)

	Three Months Ended		Nine Months Ended	
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
CONTINUED FROM PREVIOUS SLIDE				
Unallocated Corporate Overhead	$ (43,934)	$ (34,847)	$ (132,287)	$ (100,052)
Add back:				
Severance and executive transition costs	4,619	—	5,278	—
Acquisition related adjustments (3)	1,801	1,326	15,698	2,539
Total non-GAAP adjustments to operating expense	$ 6,420	$ 1,326	$ 20,976	$ 2,539
Unallocated corporate overhead, excluding non-GAAP adjustments	$ (37,514)	$ (33,521)	$ (111,311)	$ (97,513)
Total				
Revenue	$ 585,295	$ 464,232	$ 1,664,566	$ 1,379,124
Operating income	$ 84,362	$ 74,062	$ 228,901	$ 225,454
Operating income as a % of revenue	14.4 %	16.0 %	13.8 %	16.3 %
Add back:				
Amortization related to acquisitions	18,806	10,357	47,814	30,913
Severance and executive transition costs	4,714	636	7,929	1,976
Acquisition related adjustments (3)	2,055	2,102	17,164	4,868
Government billing adjustment and related expenses	—	—	—	150
Site consolidation costs, impairments and other items	264	276	864	835
Total non-GAAP adjustments to operating income	$ 25,839	$ 13,371	$ 73,771	$ 38,742
Operating income, excluding non-GAAP adjustments	$ 110,201	$ 87,433	$ 302,672	$ 264,196
Non-GAAP operating income as a % of revenue	18.8 %	18.8 %	18.2 %	19.2 %
Depreciation and amortization	$ 43,592	$ 33,465	$ 120,198	$ 97,675
Capital expenditures	$ 22,439	$ 22,011	$ 71,378	$ 53,928

(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) Effective in the first quarter of 2018, the Company adopted new accounting standard ASU 2017-07, "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost." Prior-year income statement amounts were recast to reflect the retrospective adoption of the new pension accounting standard.

(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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CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP EARNINGS TO NON-GAAP EARNINGS (UNAUDITED)[1]

(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Net income attributable to common shareholders	$ 60,368	$ 52,474	$ 166,708	$ 153,204
Less: Income (loss) from discontinued operations, net of income	—	(39)	1,506	(114)
Net income from continuing operations attributable to common shareholders	60,368	52,513	165,202	153,318
Add back:				
Non-GAAP adjustments to operating income	25,839	13,371	73,771	38,742
Write-off of deferred financing costs and fees related to debt	—	—	5,060	—
Gain on divestiture of CDMO business	—	—	—	(10,577)
Tax effect of non-GAAP adjustments:				
Tax effect from U.S. Tax Reform [2]	(2,800)	—	(2,800)	—
Tax effect from divestiture of CDMO business	(1,000)	—	(1,000)	18,005
Tax effect of the remaining non-GAAP adjustments	(7,047)	(3,003)	(18,039)	(11,702)
Net income from continuing operations attributable to common shareholders, excluding non-GAAP adjustments	$ 75,360	$ 62,881	$ 222,194	$ 187,786
Weighted average shares outstanding - Basic	48,310	47,451	48,098	47,530
Effect of dilutive securities:				
Stock options, restricted stock units, performance share units and restricted stock	1,016	939	1,020	910
Weighted average shares outstanding - Diluted	49,326	48,390	49,118	48,440
Earnings per share from continuing operations attributable to common shareholders				
Basic	$ 1.25	$ 1.11	$ 3.43	$ 3.23
Diluted	$ 1.22	$ 1.09	$ 3.36	$ 3.17
Basic, excluding non-GAAP adjustments	$ 1.56	$ 1.33	$ 4.62	$ 3.95
Diluted, excluding non-GAAP adjustments	$ 1.53	$ 1.30	$ 4.52	$ 3.88

(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 adjustment is related to the refinement of one-time charges associated with the enactment of U.S. Tax Reform related to the transition tax on unrepatriated earnings (also known as the toll tax), and the revaluation of U.S. federal net deferred tax liabilities.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP REVENUE GROWTH
TO NON-GAAP REVENUE GROWTH, ORGANIC (UNAUDITED) (1)

For the three months ended September 29, 2018	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	26.1 %	3.9 %	42.6 %	11.5 %
Decrease due to foreign exchange	0.6 %	0.6 %	0.5 %	1.1 %
Contribution from acquisitions (2)	(16.0)%	—%	(30.0)%	(0.1)%
Non-GAAP revenue growth, organic (4)	**10.7 %**	**4.5 %**	**13.1 %**	**12.5 %**

For the nine months ended September 29, 2018	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	20.7 %	4.8 %	31.9 %	12.7 %
Increase due to foreign exchange	(2.2)%	(2.6)%	(1.8)%	(2.7)%
Contribution from acquisitions (2)	(10.8)%	—%	(20.5)%	—%
Impact of CDMO divestiture (3)	0.1 %	—%	—%	0.7 %
Non-GAAP revenue growth, organic (4)	**7.8 %**	**2.2 %**	**9.6 %**	**10.7 %**

(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 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) The contribution from acquisitions reflects only completed acquisitions. Manufacturing Support includes an immaterial acquisition of an Australian Microbial Solutions business.

(3) The CDMO business, which was acquired as part of WIL Research on April 4, 2016, was divested on February 10, 2017. This adjustment represents the revenue from the CDMO business.

(4) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, the divestiture of the CDMO business, and foreign exchange.

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CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF FREE CASH FLOW (NON-GAAP) (1)
(dollars in thousands)

	Three Months Ended		Nine Months Ended	
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Net cash provided by operating activities	$ 117,244	$ 59,485	$ 301,167	$ 193,838
Addback: Tax impact of CDMO divestiture (2)	--	--	--	6,500
Less: Capital expenditures	(22,439)	(22,011)	(71,378)	(53,928)
Free cash flow	$ 94,805	$ 37,474	$ 229,789	$ 146,410

(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) Free cash flow has been adjusted to exclude the cash tax impact related to the divestiture of the CDMO business, which is recorded in Cash Flows relating to Operating Activities, because divestitures are outside of our normal operations, the corresponding cash proceeds from the divestiture are reflected in Cash Flows relating to Investing Activities, and the impact of the CDMO divestiture is large, which can adversely affect the comparability of our results on a period-to-period basis.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP REVENUE GROWTH, ORGANIC (UNAUDITED)
EXCLUDING THE IMPACT OF FOREIGN EXCHANGE, ACQUISITIONS, CDMO DIVESTITURE, GOVERNMENT BILLING ADJUSTMENT, AND 53rd WEEK

	Twelve Months Ended			
	December 30, 2017	**December 31, 2016**	**December 26, 2015**	**December 27, 2014**
Revenue growth, reported	10.5%	23.3%	5.1%	11.3%
Impact of foreign exchange	-	1.5%	5.3%	0.1%
Impact of government billing adjustment	-	-	-	(0.1%)
Impact of acquisitions	(6.0%)	(15.8%)	(4.0%)	(6.3%)
Impact of CDMO divestiture	0.8%	-	-	-
Impact of 53rd week	1.4%	(1.3%)	-	-
Non-GAAP revenue growth, organic	**6.7%**	**7.7%**	**6.5%**	**5.0%**

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.

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

	Twelve Months Ended			
	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014
Net income attributable to common shareholders	$ 123,355	$ 154,765	$ 149,313	$ 126,698
Less: Income (loss) from discontinued operations, net of income taxes	(137)	280	(950)	1,726
Net income from continuing operations attributable to common shareholders	123,492	154,485	150,263	128,424
Add back:				
Amortization related to acquisitions	41,370	42,746	29,374	25,957
Severance and executive transition costs	3,278	8,472	6,173	7,792
Operating losses (2)	—	—	5,517	2,600
Acquisition-related adjustments (3)	6,687	22,702	14,513	6,688
Government billing adjustment and related expenses	150	634	477	848
Site consolidation costs, impairments and other items	18,645	11,849	2,240	7,136
Gain on divestiture of CDMO business	(10,577)	—	—	—
Write-off of deferred financing costs and fees related to debt financing	—	987	721	—
Reversal of an indemnification asset associated with acquisition and corresponding interest (4)	—	54	10,411	—
Gain on bargain purchase (5)	(277)	15	(9,837)	—
Debt forgiveness associated with a prior acquisition (6)	(1,863)	—	—	—
Tax effect of non-GAAP adjustments:				
Tax effect from U.S. Tax Reform (7)	78,537	—	—	—
Tax effect from divestiture of CDMO business	17,705	—	—	—
Reversal of uncertain tax position associated with acquisition and corresponding interest (4)	—	—	(10,411)	—
Tax effect of the remaining non-GAAP adjustments	(21,184)	(23,025)	(20,106)	(14,987)
Net income from continuing operations attributable to common shareholders, excluding non-GAAP adjustments	$ 255,963	$ 218,919	$ 179,335	$ 164,458
Weighted average shares outstanding - Basic	47,481	47,014	46,496	46,627
Effect of dilutive securities:				
Stock options, restricted stock units, performance stock units, and contingently issued restricted stock	1,083	944	1,138	931
Weighted average shares outstanding - Diluted	48,564	47,958	47,634	47,558
Earnings per share from continuing operations attributable to common shareholders				
Basic	$ 2.60	$ 3.28	$ 3.23	$ 2.76
Diluted	$ 2.54	$ 3.22	$ 3.15	$ 2.70
Basic, excluding non-GAAP adjustments	$ 5.39	$ 4.66	$ 3.86	$ 3.53
Diluted, excluding non-GAAP adjustments	$ 5.27	$ 4.56	$ 3.76	$ 3.46

(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 DSA facility in Massachusetts.

(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. In fiscal year 2016, the amount also includes a $1.5 million charge recorded in connection with the modification of the option to purchase the remaining 13% equity interest in Vital River, partially offset by a $0.7 million gain on remeasurement of previously held equity interest in an entity acquired in a step acquisition.

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

(5) These 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.

(6) The amount represents the forgiveness of a liability related to the acquisition of Vital River.

(7) The amount for fiscal year 2017 includes a $78.5 million estimate for the impact of the enactment of U.S. Tax Reform legislation. The estimated impact of U.S. Tax Reform consists of the one-time transition tax on unrepatriated earnings (also known as the toll tax), withholding and state taxes related to the Company's withdrawal of its indefinite reinvestment assertion regarding unremitted earnings, and the revaluation of U.S. federal net deferred tax liabilities. The final impact of U.S. Tax Reform may differ from these estimates, due to, among other things, changes in interpretations, analysis, and assumptions made by the Company, additional guidance that may be issued by regulatory agencies, and any updated or changes to estimates the Company utilized to calculate the transition tax impact.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF FREE CASH FLOW (NON-GAAP) (1)

	Twelve Months Ended			
	December 30, 2017	December 31, 2016 (3)	December 26, 2015 (3)	December 27, 2014 (3)
Net cash provided by operating activities	$ 318,074	$ 316,899	$ 306,833	$ 266,801
Add back: Tax impact of CDMO divestiture (2)	6,500	-	-	-
Less: Capital expenditures	(82,431)	(55,288)	(63,252)	(56,925)
Free cash flow	$ 242,143	$ 261,611	$ 243,581	$ 209,876

(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,

(2) Free cash flow has been adjusted to exclude the cash tax impact related to the divestiture of the CDMO business, which is recorded in Cash Flows relating to Operating Activities, because divestitures are outside of our normal operations, the corresponding cash proceeds from the divestiture are reflected in Cash Flows relating to Investing Activities, and the impact of the CDMO divestiture is large, which can adversely affect the comparability of our results on a period-to-period basis.

(3) Prior-year cash flow amounts have been recast to reflect the retrospective adoption of new accounting standards in 1Q17 (ASU 2016-09, ASU 2016-15, ASU 2016-18).

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GROSS/NET LEVERAGE RATIO, INCLUDING GAAP NET INCOME TO ADJUSTED EBITDA (1)
(dollars in thousands, except for per share data)

	September 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
DEBT (2):							
Total Debt & Capital Leases	$ 1,684,383	$ 1,145,104	$ 1,235,009	$ 863,031	$ 777,863	$ 663,789	$ 666,520
Plus: Other adjustments per credit agreement	$ 3,400	$ 298	$ 3,621	$ 1,370	$ 2,828	$ 9,787	$ 9,680
Total Indebtedness per credit agreement	$ 1,687,783	$ 1,145,402	$ 1,238,630	$ 864,401	$ 780,691	$ 673,576	$ 676,200
Less: Cash and cash equivalents	(138,866)	(163,794)	(117,626)	(117,947)	(160,023)	(155,927)	(109,685)
Net Debt	$ 1,548,917	$ 981,608	$ 1,121,004	$ 746,454	$ 620,668	$ 517,649	$ 566,515

	September 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
ADJUSTED EBITDA (2):							
Net income attributable to common shareholders	$ 136,859	$ 123,355	$ 154,765	$ 149,313	$ 126,698	$ 102,828	$ 97,295
Adjustments:							
Less: Aggregate non-cash amount of nonrecurring gains	—	—	(685)	(9,878)	(2,048)	—	—
Plus: Interest expense	54,755	29,777	27,709	15,072	11,950	20,969	33,342
Plus: Provision for income taxes	138,242	171,369	66,835	43,391	46,685	32,142	24,894
Plus: Depreciation and amortization	153,683	131,159	126,658	94,881	96,445	96,636	81,275
Plus: Non-cash nonrecurring losses	18,275	17,716	6,792	10,427	1,615	4,202	12,283
Plus: Non-cash stock-based compensation	47,009	44,003	43,642	40,122	31,035	24,542	21,855
Plus: Permitted acquisition-related costs	18,984	6,687	22,653	13,451	6,285	1,752	3,676
Plus: Pro forma EBITDA adjustments for permitted acquisitions	34,522	690	18,573	9,199	10,787	—	253
Adjusted EBITDA (per the calculation defined in compliance certificates)	$ 602,329	$ 524,756	$ 466,942	$ 365,978	$ 329,452	$ 283,071	$ 274,873

	September 29, 2018	December 30, 2017	December 31, 2016	December 26, 2015	December 27, 2014	December 28, 2013	December 29, 2012
LEVERAGE RATIO:							
Gross leverage ratio per credit agreement (total debt divided by adjusted EBITDA)	2.8x	2.2x	2.7x	2.4x	2.4x	2.4x	2.5x
Net leverage ratio (net debt divided by adjusted EBITDA)	2.6x	1.9x	2.4x	2.0x	1.9x	1.8x	2.1x

(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) Pursuant to the definition in its credit agreement dated March 26. 2018, the Company has defined its pro forma leverage ratio as total debt divided by adjusted EBITDA for the trailing-twelve-month period following the close of, and pro forma for, the acquisition of MPI. Adjusted EBITDA represents net income, prepared in accordance with accounting principles generally accepted in the U.S. (GAAP), adjusted for interest, taxes, depreciation and amortization, and certain items that management believes are not reflective of the operational performance of the business. These adjustments include, but are not limited to, acquisition-related expenses including transaction and advisory costs; asset impairments; changes in fair value of contingent consideration obligations; employee stock compensation; historical EBITDA of companies acquired during the period; and other items identified by the company.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF LAST TWELVE MONTHS (LTM) REVENUE & NON-GAAP OPERATING INCOME (1)
(dollars in thousands)

Revenue from Continuing Operations	RMS	DSA	Manufacturing		Total CRL
Fiscal Year Ended December 30, 2017	$493,615	$980,022	$383,964		$1,857,601
Nine Months Ended September 29, 2018	391,195	958,665	314,706		1,664,566
Less: Nine Months Ended September 30, 2017	(373,183)	(726,796)	(279,145)		(1,379,124)
Last Twelve Months (LTM) Ended September 29, 2018	**$511,627**	**$1,211,891**	**$419,525**		**$2,143,043**
Segment % of Total	*24%*	*56%*	*20%*		*100%*

Non-GAAP Operating Income (2)	RMS	DSA	Manufacturing	Unallocated Corp.	Total CRL
Fiscal Year Ended December 30, 2017	$134,683	$218,163	$136,234	($131,452)	$357,628
Nine Months Ended September 29, 2018	107,725	202,509	103,749	(111,311)	302,672
Less: Nine Months Ended September 30, 2017	(103,337)	(161,595)	(96,777)	97,513	(264,196)
Last Twelve Months (LTM) Ended September 29, 2018	**$139,071**	**$259,077**	**$143,206**	**($145,250)**	**$396,104**
Total LTM 2018 Non-GAAP OI excluding Unallocated Corp.					*$541,354*
Segment % of Total excluding Unallocated Corp.	*26%*	*48%*	*26%*		*100%*

(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, 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 and regulations.

(2) See Financial Reconciliations section of the Company's Investor Relations web site at ir.criver.com for a reconciliation of GAAP to Non-GAAP Operating Income for each period.

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CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP REVENUE GROWTH

TO NON-GAAP REVENUE GROWTH, ORGANIC (UNAUDITED) [1]

For the last twelve months ended September 29, 2018	Total CRL	RMS Segment	DSA Segment	MS Segment
Revenue growth, reported	16.1 %	2.8 %	25.1 %	10.5 %
Increase due to foreign exchange	(2.2)%	(2.5)%	(1.8)%	(2.9)%
Contribution from acquisitions [2]	(8.3)%	—%	(15.8)%	—%
Impact of CDMO divestiture [3]	0.4 %	—%	—%	1.8 %
Effect of 53rd week in fiscal year 2016	1.3 %	1.0 %	1.4 %	1.6 %
Non-GAAP revenue growth, organic [4]	**7.3 %**	**1.3 %**	**8.9 %**	**11.0 %**

(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 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) The contribution from acquisitions reflects only completed acquisitions.

(3) The CDMO business, which was acquired as part of WIL Research on April 4, 2016, was divested on February 10, 2017. This adjustment represents the revenue from the CDMO business.

(4) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, the divestiture of the CDMO business, the effect of the 53rd week in fiscal year 2016, and foreign exchange.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

RECONCILIATION OF GAAP EARNINGS TO NON-GAAP EARNINGS (UNAUDITED) - LAST TWELVE MONTHS (LTM) (1)

(in thousands, except per share data)

	Nine Months Ended September 29, 2018	Three Months Ended December 30, 2017	Last Twelve Months (LTM) September 29, 2018
Net income attributable to common shareholders	$ 166,708	$ (29,849)	$ 136,859
Less: Income (loss) from discontinued operations, net of income	1,506	(23)	1,483
Net income from continuing operations attributable to common shareholders	165,202	(29,826)	135,376
Add back:			
Non-GAAP adjustments to operating income	73,771	31,388	105,159
Write-off of deferred financing costs and fees related to debt	5,060	—	5,060
Gain on bargain purchase (2)	—	(277)	(277)
Debt forgiveness associated with a prior acquisition (3)	—	(1,863)	(1,863)
Tax effect of non-GAAP adjustments:			
Tax effect from U.S. Tax Reform (4)	(2,800)	78,537	75,737
Tax effect from divestiture of CDMO business	(1,000)	(300)	(1,300)
Tax effect of the remaining non-GAAP adjustments	(18,039)	(9,482)	(27,521)
Net income from continuing operations attributable to common shareholders, excluding non-GAAP adjustments	$ 222,194	$ 68,177	$ 290,371
Weighted average shares outstanding - Basic	48,098	47,337	47,917
Effect of dilutive securities:			
Stock options, restricted stock units, performance share units and restricted stock	1,020	1,290	1,123
Weighted average shares outstanding - Diluted	49,118	48,627	49,040
Earnings per share from continuing operations attributable to common shareholders			
Basic	$ 3.43	$ (0.63)	$ 2.83
Diluted	$ 3.36	$ (0.63)	$ 2.76
Basic, excluding non-GAAP adjustments	$ 4.62	$ 1.44	$ 6.06
Diluted, excluding non-GAAP adjustments	$ 4.52	$ 1.40	$ 5.92

(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) The amounts in the current year relate to an immaterial acquisition that represents the excess of the estimated fair value of the net assets acquired over the purchase price.

(3) The amount represents the forgiveness of a liability related to the acquisition of Vital River.

(4) This adjustment is related to the refinement of one-time charges associated with the enactment of U.S. Tax Reform related to the transition tax on unrepatriated earnings (also known as the toll tax), and the revaluation of U.S. federal net deferred tax liabilities.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF FREE CASH FLOW (NON-GAAP) - LAST TWELVE MONTHS (LTM) (1)
(dollars in thousands)

	Nine Months Ended September 29, 2018	Three Months Ended December 30, 2017	Last Twelve Months (LTM) September 29, 2018
Net cash provided by operating activities	$ 301,167	$ 124,236	$ 425,403
Less: Capital expenditures	(71,378)	(28,503)	(99,881)
Free cash flow	$ 229,789	$ 95,733	$ 325,522

(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.

Reconciliation of Non-GAAP EPS Recast To Exclude Venture Capital (VC) Investment Performance

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
SUPPLEMENTAL SCHEDULE: PRIOR PERIODS RECAST FOR VENTURE CAPITAL (GAINS) LOSSES NON-GAAP TREATMENT (UNAUDITED)(1)
(in thousands, except per share data)

	Three Months Ended			
	March 31, 2018	June 30, 2018	September 29, 2018	Total YTD
Net income attributable to common shareholders	$ 52,631	$ 53,709	$ 60,368	$ 166,708
Less: Income (loss) from discontinued operations, net of income taxes	(23)	1,529	-	1,506
Net income from continuing operations attributable to common shareholders	52,654	52,180	60,368	165,202
Add back:				
Amortization related to acquisitions	10,268	18,740	18,806	47,814
Severance and executive transition costs	1,139	2,076	4,714	7,929
Acquisition related adjustments (2)	3,294	11,815	2,055	17,164
Site consolidation costs, impairments and other items	531	69	264	864
Write-off of deferred financing costs and fees related to debt refinancing	3,261	1,799	—	5,060
Venture capital (gains) losses	(6,451)	(10,933)	(5,376)	(22,760)
Tax effect of non-GAAP adjustments:				
Tax effect from U.S. Tax Reform (3)	—	—	(2,800)	(2,800)
Tax effect from divestiture of CDMO business	—	—	(1,000)	(1,000)
Tax effect of the non-GAAP adjustments	(1,879)	(4,467)	(5,476)	(11,822)
Net income from continuing operations attributable to common shareholders, excluding non-GAAP adjustments	$ 62,817	$ 71,279	$ 71,555	$ 205,651
Weighted average shares outstanding - Basic	47,785	48,198	48,310	48,098
Effect of dilutive securities:				
Stock options, restricted stock units, performance share units and restricted stock	1,043	845	1,016	1,020
Weighted average shares outstanding - Diluted	48,828	49,043	49,326	49,118
Earnings per share from continuing operations attributable to common shareholders				
Basic	$ 1.10	$ 1.08	$ 1.25	$ 3.43
Diluted	$ 1.08	$ 1.06	$ 1.22	$ 3.36
Basic, excluding non-GAAP adjustments	$ 1.31	$ 1.48	$ 1.48	$ 4.28
Diluted, excluding non-GAAP adjustments	$ 1.29	$ 1.45	$ 1.45	$ 4.19

(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 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.

(3) This adjustment is related to the refinement of one-time charges associated with the enactment of U.S. Tax Reform related to the transition tax on unrepatriated earnings (also known as the toll tax), and the revaluation of the U.S. federal net deferred tax liabilities.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

SUPPLEMENTAL SCHEDULE: PRIOR PERIODS RECAST FOR VENTURE CAPITAL (GAINS) LOSSES NON-GAAP TREATMENT (UNAUDITED) [1]

(in thousands, except per share data)

	Three Months Ended				
	April 1, 2017	July 1, 2017	September 30, 2017	December 30, 2017	Total YTD
Net income (loss) attributable to common shareholders	$ 46,778	$ 53,952	$ 52,474	$ (29,849)	$ 123,355
Less: Income (loss) from discontinued operations, net of income taxes	$ (4)	$ (71)	(39)	$ (23)	(137)
Net income (loss) from continuing operations attributable to common shareholders	46,782	54,023	52,513	(29,826)	123,492
Add back:					
Amortization related to acquisitions	10,738	9,818	10,357	10,457	41,370
Severance	1,017	323	636	1,302	3,278
Acquisition related adjustments [2]	750	2,016	2,102	1,819	6,687
Government billing adjustment and related expenses	93	57	—	—	150
Site consolidation costs, impairments and other items	409	150	276	17,810	18,645
Gain on divestiture of CDMO business	(10,577)	—	—	—	(10,577)
Gain on bargain purchase [3]	—	—	—	(277)	(277)
Debt forgiveness associated with a prior acquisition [4]	—	—	—	(1,863)	(1,863)
Venture capital (gains) losses	(4,103)	(2,586)	(5,631)	(10,337)	(22,657)
Tax effect of non-GAAP adjustments:					
Tax effect from U.S. Tax Reform [5]	—	—	—	78,537	78,537
Tax effect from divestiture of CDMO business	18,005	—	—	(300)	17,705
Tax effect of the non-GAAP adjustments	(3,039)	(2,811)	(876)	(5,560)	(12,286)
Net income from continuing operations attributable to common shareholders, excluding non-GAAP adjustments	$ 60,075	$ 60,990	$ 59,377	$ 61,762	$ 242,204
Weighted average shares outstanding - Basic	47,546	47,591	47,451	47,337	47,481
Effect of dilutive securities:					
Stock options, restricted stock units, performance share units and restricted stock	875	751	939	1,290	1,083
Weighted average shares outstanding - Diluted	48,421	48,342	48,390	48,627	48,564
Earnings (loss) per share from continuing operations attributable to common shareholders					
Basic	$ 0.98	$ 1.14	$ 1.11	$ (0.63)	$ 2.60
Diluted	$ 0.97	$ 1.12	$ 1.09	$ (0.63)	$ 2.54
Basic, excluding non-GAAP adjustments	$ 1.26	$ 1.28	$ 1.25	$ 1.30	$ 5.10
Diluted, excluding non-GAAP adjustments	$ 1.24	$ 1.26	$ 1.23	$ 1.27	$ 4.99

(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 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.

(3) The amounts in the current year relate to an immaterial acquisition that represents the excess of the estimated fair value of the net assets acquired over the purchase price.

(4) The amount represents the forgiveness of a liability related to the acquisition of Vital River.

(5) The amounts for 4Q17 and FY 2017 include a $78.5 million estimate for the impact of the enactment of U.S. Tax Reform legislation. The estimated impact of U.S. Tax Reform consists of the one-time transition tax on unrepatriated earnings (also known as the toll tax), withholding and state taxes related to the Company's withdrawal of its indefinite reinvestment assertion regarding unremitted earnings, and the revaluation of U.S. federal net deferred tax liabilities. The final impact of U.S. Tax Reform may differ from these estimates, due to, among other things, changes in interpretations, analysis, and assumptions made by the Company, additional guidance that may be issued by regulatory agencies, and any updated or changes to estimates the Company utilized to calculate the transition impact.

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CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

SUPPLEMENTAL SCHEDULE: PRIOR PERIODS RECAST FOR VENTURE CAPITAL (GAINS) LOSSES NON-GAAP TREATMENT (UNAUDITED)[1]

(in thousands, except per share data)

	Twelve Months Ended		
	December 31, 2016	December 26, 2015	December 27, 2014
Net income attributable to common shareholders	$ 154,765	$ 149,313	$ 126,698
Less: Income (loss) from discontinued operations, net of income taxes	$ 280	$ (950)	$ (1,726)
Net income from continuing operations attributable to common shareholders	154,485	150,263	128,424
Add back:			
Amortization of intangible assets and inventory step-up related to acquisitions	42,746	29,374	25,957
Severance and executive transition costs	8,472	6,173	7,792
Acquisition related adjustments [2]	22,702	14,513	6,688
Operating losses [3]	—	5,517	2,600
Government billing adjustment and related expenses	634	477	848
Site consolidation costs, impairments and other items	11,849	2,240	7,136
Reversal of an indemnification asset associated with acquisition and corresponding interest [4]	54	10,411	—
Write-off of deferred financing costs and fees related to debt financing	987	721	—
Gain on bargain purchase [5]	15	(9,837)	—
Venture capital (gains) losses	(10,285)	(3,824)	(9,343)
Tax effect of non-GAAP adjustments:			
Reversal of uncertain tax position associated with acquisition and corresponding interest [4]	—	(10,411)	—
Tax effect of the non-GAAP adjustments	(18,744)	(18,672)	(11,483)
Net income from continuing operations attributable to common shareholders, excluding non-GAAP adjustments	$ 212,915	$ 176,945	$ 158,619
Weighted average shares outstanding - Basic	47,014	46,496	46,627
Effect of dilutive securities:			
Stock options, restricted stock units, performance share units and restricted stock	944	1,138	931
Weighted average shares outstanding - Diluted	47,958	47,634	47,558
Earnings (loss) per share from continuing operations attributable to common shareholders			
Basic	$ 3.28	$ 3.23	$ 2.76
Diluted	$ 3.22	$ 3.15	$ 2.70
Basic, excluding non-GAAP adjustments	$ 4.53	$ 3.81	$ 3.40
Diluted, excluding non-GAAP adjustments	$ 4.44	$ 3.71	$ 3.34

(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 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.

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

(4) These amounts represent the reversal of an uncertain tax position and an offsetting indemnification asset primarily 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 purchase price.

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