

4Q15 & FY 2015 Results and 2016 Guidance Regulation G Financial Reconciliations & Appendix

Charles River Laboratories International, Inc.
February 10, 2016

Revenue Breakout by Product/Service Line*

(\$ in millions)	4Q15	4Q14	YOY Δ	Less: FX	YOY Δ ex. FX
RMS Segment	\$114.7	\$117.7	(2.5%)	(4.6%)	2.1%
DSA Segment	\$160.5	\$149.6	7.3%	(2.5%)	9.8%
Microbial Solutions**	\$45.3	\$34.3	32.1%	(7.0%)	39.1%
Other Mfg. Support***	\$33.3	\$27.9	19.1%	(5.1%)	24.2%
Total Mfg. Support	\$78.6	\$62.3	26.3%	(6.1%)	32.4%
Total Revenue	\$353.9	\$329.5	7.4%	(3.9%)	11.3%

* May not add due to rounding.

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

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

Revenue Breakout by Product/Service Line*

(\$ in millions)	FY15	FY14	YOY Δ	Less: FX	YOY Δ ex. FX
RMS Segment	\$473.2	\$507.3	(6.7%)	(6.3%)	(0.4%)
DSA Segment	\$612.2	\$538.2	13.7%	(3.4%)	17.1%
Microbial Solutions**	\$150.9	\$132.2	14.2%	(8.4%)	22.6%
Other Mfg. Support***	<u>\$127.0</u>	<u>\$119.9</u>	5.9%	(6.7%)	12.6%
Total Mfg. Support	\$277.9	\$252.1	10.2%	(7.6%)	17.8%
Total Revenue	\$1,363.3	\$1,297.7	5.1%	(5.3%)	10.4%

* May not add due to rounding.

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

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

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

	Three Months Ended		Twelve Months Ended	
	December 26,	December 27,	December 26,	December 27,
	2015	2014	2015	2014
Research Models and Services				
Revenue	\$ 114,724	\$ 117,691	\$ 473,230	\$ 507,327
Operating income	27,647	23,642	121,447	121,376
Operating income as a % of revenue	24.1%	20.1%	25.7%	23.9%
Add back:				
Amortization of intangible assets related to acquisitions	792	451	3,083	2,466
Severance	172	619	1,338	4,593
Government billing adjustment and related expenses	141	554	477	848
Site consolidation costs, impairments and other items	418	2,002	1,833	7,136
Operating income, excluding specified charges (Non-GAAP)	\$ 29,170	\$ 27,268	\$ 128,178	\$ 136,419
Non-GAAP operating income as a % of revenue	25.4%	23.2%	27.1%	26.9%
Discovery and Safety Assessment				
Revenue	\$ 160,514	\$ 149,604	\$ 612,173	\$ 538,218
Operating income	37,125	20,909	121,981	69,749
Operating income as a % of revenue	23.1%	14.0%	19.9%	13.0%
Add back:				
Amortization of intangible assets related to acquisitions	3,337	5,458	13,969	18,110
Severance	354	1,794	1,068	2,912
Operating losses (2)	2,654	619	5,517	2,600
Acquisition related adjustments (3)	84	208	244	404
Operating income, excluding specified charges (Non-GAAP)	\$ 43,554	\$ 28,988	\$ 142,779	\$ 93,775
Non-GAAP operating income as a % of revenue	27.1%	19.4%	23.3%	17.4%
Manufacturing Support				
Revenue	\$ 78,612	\$ 62,253	\$ 277,899	\$ 252,117
Operating income	18,548	20,529	74,201	78,620
Operating income as a % of revenue	23.6%	33.0%	26.7%	31.2%
Add back:				
Amortization of intangible assets and inventory step-up related to acquisitions	5,672	1,235	12,322	5,381
Severance	384	16	1,640	166
Site consolidation costs, impairments and other items	407	-	407	-
Acquisition related adjustments (3)	1,582	-	2,593	-
Operating income, excluding specified charges (Non-GAAP)	\$ 26,593	\$ 21,780	\$ 91,163	\$ 84,167
Non-GAAP operating income as a % of revenue	33.8%	35.0%	32.8%	33.4%
Unallocated Corporate Overhead				
	\$ (31,051)	\$ (24,313)	\$ (111,180)	\$ (92,075)
Add back:				
Severance and executive transition costs	96	-	2,127	121
Acquisition related adjustments (3)	5,027	1,028	11,676	6,284
Unallocated corporate overhead, excluding specified charges (Non-GAAP)	\$ (25,928)	\$ (23,285)	\$ (97,377)	\$ (85,670)
Total				
Revenue	\$ 353,850	\$ 329,548	\$ 1,363,302	\$ 1,297,662
Operating income	52,269	40,767	206,449	177,670
Operating income as a % of revenue	14.8%	12.4%	15.1%	13.7%
Add back:				
Amortization of intangible assets and inventory step-up related to acquisitions	9,801	7,144	29,374	25,957
Severance and executive transition costs	1,006	2,429	6,173	7,792
Site consolidation costs, impairments and other items	825	2,002	2,240	7,136
Operating losses (2)	2,654	619	5,517	2,600
Acquisition related adjustments (3)	6,693	1,236	14,513	6,688
Government billing adjustment and related expenses	141	554	477	848
Operating income, excluding specified charges (Non-GAAP)	\$ 73,389	\$ 54,751	\$ 264,743	\$ 228,691
Non-GAAP operating income as a % of non-GAAP revenue	20.7%	16.6%	19.4%	17.6%

(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 one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.

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

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

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

	Three Months Ended		Twelve Months Ended	
	December 26, 2015	December 27, 2014	December 26, 2015	December 27, 2014
Net income attributable to common shareholders	\$ 31,884	\$ 27,166	\$ 149,313	\$ 126,698
Less: Discontinued operations	<u>902</u>	<u>864</u>	<u>950</u>	<u>1,726</u>
Net income from continuing operations attributable to common shareholders	32,786	28,030	150,263	128,424
Add back:				
Amortization of intangible assets and inventory step-up related to acquisitions	9,801	7,144	29,374	25,957
Severance and executive transition costs	1,006	2,429	6,173	7,792
Site consolidation costs, impairments and other items	825	2,002	2,240	7,136
Operating losses (2)	2,654	619	5,517	2,600
Acquisition related adjustments (3)	6,693	1,236	14,513	6,688
Government billing adjustment and related expenses	141	554	477	848
Reversal of an indemnification asset associated with acquisition and corresponding interest (4)	-	-	10,411	-
Write-off of deferred financing costs and fees related to debt refinancing	-	-	721	-
Gain on bargain purchase (5)	96	-	(9,837)	-
Tax effect of non-GAAP adjustments:				
Reversal of uncertain tax position associated with acquisition and corresponding interest (4)	-	-	(10,411)	-
Tax effect of the remaining non-GAAP adjustments and certain other tax items	<u>(6,684)</u>	<u>(3,506)</u>	<u>(20,106)</u>	<u>(14,987)</u>
Net income from continuing operations attributable to common shareholders, excluding specified charges (Non-GAAP)	<u>\$ 47,318</u>	<u>\$ 38,508</u>	<u>\$ 179,335</u>	<u>\$ 164,458</u>
Weighted average shares outstanding - Basic	46,269	46,460	46,496	46,627
Effect of dilutive securities:				
Stock options, restricted stock units, performance stock units, and contingently issued restricted stock	<u>1,146</u>	<u>1,057</u>	<u>1,138</u>	<u>931</u>
Weighted average shares outstanding - Diluted	47,415	47,517	47,634	47,558
Basic earnings per share from continuing operations	\$ 0.71	\$ 0.60	\$ 3.23	\$ 2.76
Diluted earnings per share from continuing operations	\$ 0.69	\$ 0.59	\$ 3.15	\$ 2.70
Basic earnings per share from continuing operations, excluding specified charges (Non-GAAP)	\$ 1.02	\$ 0.83	\$ 3.86	\$ 3.53
Diluted earnings per share from continuing operations, excluding specified charges (Non-GAAP)	\$ 1.00	\$ 0.81	\$ 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 one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.
- (2) This item includes operating losses related primarily to the Company's Shrewsbury, Massachusetts facility.
- (3) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.
- (4) These amounts represent the reversal of an uncertain tax position and an offsetting indemnification asset related to the acquisition of BioFocus.
- (5) The amount relates to the acquisition of Sunrise Farms, Inc. and represents the excess of the estimated fair value of the net assets acquired over the preliminary purchase price.

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

For the three months ended December 26, 2015

	<u>Total CRL</u>	<u>RMS Segment</u>	<u>DSA Segment</u>	<u>MS Segment</u>
Revenue growth, reported	7.4%	(2.5%)	7.3%	26.3%
Impact of foreign exchange	(3.9%)	(4.6%)	(2.5%)	(6.1%)
Non-GAAP revenue growth, constant currency	<u>11.3%</u>	<u>2.1%</u>	<u>9.8%</u>	<u>32.4%</u>

For the twelve months ended December 26, 2015

	<u>Total CRL</u>	<u>RMS Segment</u>	<u>DSA Segment</u>	<u>MS Segment</u>
Revenue growth, reported	5.1%	(6.7%)	13.7%	10.2%
Impact of foreign exchange	(5.3%)	(6.3%)	(3.4%)	(7.6%)
Non-GAAP revenue growth, constant currency	<u>10.4%</u>	<u>(0.4%)</u>	<u>17.1%</u>	<u>17.8%</u>

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

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

	Fiscal Year Ended		
	December 27, 2014	December 26, 2015	December 31, 2016E
			Excluding WIL
Revenue growth, reported	11.3%	5.1%	8%-10%
Impact of foreign exchange	(0.1%)	(5.3%)	(~1%)
Impact of government billing adjustment	0.1%	--	--
Non-GAAP revenue growth, constant currency	11.3%	10.4%	9%-11%
Impact of acquisitions	6.3%	4.0%	~3%
Organic revenue growth, constant currency (Non-GAAP)	5.0%	6.5%	6%-8%

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

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP REVENUE AND EARNINGS PER SHARE (EPS)
Guidance for the Twelve Months Ended December 31, 2016E

	2016E Guidance
	Excluding WIL
Revenue growth, reported	8%-10%
Less: Unfavorable impact of foreign exchange	(~1%)
Revenue growth, constant currency	9%-11%
GAAP EPS estimate (1)	\$3.60 - \$3.70
Add back:	
Amortization of intangible assets	\$0.40
Charges related to global efficiency initiatives (2)	\$0.02
Acquisition-related adjustments (3)	\$0.05
Non-GAAP EPS estimate	\$4.07 - \$4.17

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

(1) GAAP EPS guidance and related adjustments do not include any acquisition-related costs and charges associated with the planned acquisition of WIL Research because the transaction has not been completed and estimates for these costs have not been finalized.

(2) 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.

(3) These adjustments are related to the evaluation and integration of acquisitions that were completed prior to 2016, and do not include any costs related to the planned acquisition of WIL Research. These adjustments primarily include transaction and certain third-party integration costs.

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

(dollars in thousands)

	<u>Twelve Months Ended</u> <u>December 26,</u> <u>2015</u>
GAAP Interest Expense, net	\$ 14,029
Exclude:	
Write-off of deferred financing costs and fees related to debt refinancing	(733)
Reversal of an indemnification asset associated with an acquisition and corresponding interest	(180)
Non-GAAP Interest Expense, net	<u>\$ 13,116</u>

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

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

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>December 26,</u>	<u>December 27,</u>	<u>December 26,</u>	<u>December 27,</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Income from continuing operations before income taxes & noncontrolling interests	\$ 49,992	\$ 40,186	\$ 195,428	\$ 177,595
Add back:				
Amortization of intangible assets and inventory step-up related to acquisitions	9,801	7,144	29,374	25,957
Severance and executive transition costs	1,006	2,429	6,173	7,792
Site consolidation costs, impairments and other items	825	2,002	2,240	7,136
Operating losses (2)	2,654	619	5,517	2,600
Acquisition related adjustments (3)	6,693	1,236	14,513	6,688
Government billing adjustment and related expenses	141	554	477	848
Reversal of an indemnification asset associated with acquisition and corresponding interest (4)	-	-	10,411	-
Write-off of deferred financing costs and fees related to debt refinancing	-	-	721	-
Gain on bargain purchase (5)	96	-	(9,837)	-
	<u>96</u>	<u>-</u>	<u>(9,837)</u>	<u>-</u>
Net income from continuing operations attributable to common shareholders, excluding specified charges (Non-GAAP)	<u>\$ 71,208</u>	<u>\$ 54,170</u>	<u>\$ 255,017</u>	<u>\$ 228,616</u>
Provision for income taxes (GAAP)	\$ 16,729	\$ 11,650	\$ 43,391	\$ 47,671
Tax effect from reversal of uncertain tax position associated with acquisition and corresponding interest (4)	-	-	10,411	-
Tax effect on amortization, severance and other charges	6,684	3,506	20,106	14,987
Provision for income taxes (Non-GAAP)	<u>\$ 23,413</u>	<u>\$ 15,156</u>	<u>\$ 73,908</u>	<u>\$ 62,658</u>
Total rate (GAAP)	33.5%	29.0%	22.2%	26.8%
Total rate, excluding specified charges (Non-GAAP)	32.9%	28.0%	29.0%	27.4%

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

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

	<u>Three Months Ended</u>		<u>Fiscal Year Ended</u>		<u>Fiscal Year Ended</u> <u>December 31,</u> <u>2016E</u> <u>Excluding WIL</u>
	<u>December 26,</u> <u>2015</u>	<u>December 27,</u> <u>2014</u>	<u>December 26,</u> <u>2015</u>	<u>December 27,</u> <u>2014</u>	
Net cash provided by operating activities	\$ 102,339	\$ 99,849	\$ 288,234	\$ 252,132	\$305,000-\$315,000
Less: Capital expenditures	<u>(28,244)</u>	<u>(27,018)</u>	<u>(63,252)</u>	<u>(56,925)</u>	<u>~(70,000)</u>
Free cash flow	<u>\$ 74,095</u>	<u>\$ 72,831</u>	<u>\$ 224,982</u>	<u>\$ 195,207</u>	<u>\$235,000-\$245,000</u>

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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)

	<u>Twelve Months Ended</u>				
	December 27, 2014	December 28, 2013	December 29, 2012	December 31, 2011	December 25, 2010
Net income (loss) attributable to common shareholders	\$ 126,698	\$ 102,828	\$ 97,295	\$ 109,566	\$ (336,669)
Less: Discontinued operations	<u>1,726</u>	<u>1,265</u>	<u>4,252</u>	<u>5,545</u>	<u>8,012</u>
Net income (loss) from continuing operations	128,424	104,093	101,547	115,111	(328,657)
Add back:					
Amortization of intangible assets related to acquisitions	25,957	17,806	18,067	21,795	24,405
Severance related to cost-savings actions	7,792	3,218	2,580	5,462	16,504
Impairment and other items (2)	7,109	21,381	3,963	473	384,896
Adjustment of acquisition-related contingent consideration and related items	-	-	-	(721)	2,865
Operating losses (3)	2,627	3,371	3,738	6,471	13,387
Costs associated with the evaluation of acquisitions	6,688	1,752	3,774	215	8,319
Government billing adjustment and related expenses	848	2,402	-	-	-
Acquisition agreement termination fee	-	-	-	-	30,000
Gain on settlement of life insurance policy	-	-	-	(7,710)	-
U.S. pension curtailment	-	-	-	-	-
Gain on sale of U.K. real estate	-	-	-	-	-
Write-off of deferred financing costs and fees related to debt refinancing	-	645	-	1,450	4,542
Loss on sale of auction rate securities	-	-	712	-	-
Convertible debt accounting, net (4)	-	6,710	14,741	13,978	12,948
Deferred tax revaluation	-	-	-	-	-
Tax benefit from disposition of Phase I clinical business	-	-	-	(11,111)	-
Massachusetts tax law change	-	-	-	-	-
Reduction of tax benefits - PCS Massachusetts	-	-	-	-	-
Costs and taxes associated with corporate legal entity restructuring and repatriation	-	-	-	1,637	15,689
Tax effect of items above	<u>(14,987)</u>	<u>(19,126)</u>	<u>(16,604)</u>	<u>(15,710)</u>	<u>(59,274)</u>
Net income, excluding specified charges (Non-GAAP)	<u>\$ 164,458</u>	<u>\$ 142,252</u>	<u>\$ 132,518</u>	<u>\$ 131,340</u>	<u>\$ 125,624</u>
Weighted average shares outstanding - Basic	46,626,997	47,740,167	47,912,135	50,823,063	62,561,294
Effect of dilutive securities:					
Stock options and contingently issued restricted stock	<u>930,709</u>	<u>749,155</u>	<u>494,185</u>	<u>495,179</u>	<u>558,229</u>
Weighted average shares outstanding - Diluted	<u>47,557,706</u>	<u>48,489,322</u>	<u>48,406,320</u>	<u>51,318,242</u>	<u>63,119,523</u>
Basic earnings (loss) per share	\$ 2.72	\$ 2.15	\$ 2.03	\$ 2.16	\$ (5.38)
Diluted earnings (loss) per share	\$ 2.66	\$ 2.12	\$ 2.01	\$ 2.14	\$ (5.38)
Basic earnings per share, excluding specified charges (Non-GAAP)	\$ 3.53	\$ 2.98	\$ 2.77	\$ 2.58	\$ 2.01
Diluted earnings per share, excluding specified charges (Non-GAAP)	\$ 3.46	\$ 2.93	\$ 2.74	\$ 2.56	\$ 1.99

See next page for footnotes to this reconciliation.

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

Footnotes to reconciliation on previous page.

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

(2) Reported results in 2014 include: (i) asset impairments and accelerated depreciation related to the consolidation of research model production operations; (ii) charges related to a dispute with a large model supplier; and (iii) a gain related to the sale of a former research model facility in France. Reported results in 2013 include: (i) accelerated depreciation related to the consolidation of research model production operations in California and Biologics Testing Solutions operations; (ii) an impairment charge related to the Company's PCS Massachusetts facility; (iii) an adjustment to prior-period accrued compensated absences; and (iv) asset impairments at certain European facilities. Reported results in 2012 include: (i) the impairment of long-lived assets for certain RMS Europe facilities; (ii) the gain on the sale of land for an RMS facility; and (iii) a write-off associated with large model inventory held at a vendor. Reported results in 2011 include: (i) asset impairments associated with certain RMS and PCS operations; (ii) gains on the disposition of RMS facilities in Michigan and Europe; (iii) costs associated with exiting a defined benefit plan in RMS Japan; and (iv) costs associated with vacating a corporate leased facility. Reported results in 2010 primarily include to goodwill and asset impairments associated with the Company's PCS business segment. Additionally, these amounts were reduced by \$4.3 million to account for the portion of the asset impairment charge associated with the non-controlling interest in the company's former PCS facility in China. Reported results in 2009 primarily include an asset impairment and costs associated with the Company's planned disposition of its PCS facility in Arkansas, as well as additional miscellaneous expenses. Reported results in 2008 primarily include a goodwill impairment related to the Company's PCS business segment, as well as asset impairments and other charged related to the sale of the Company's Vaccine business in Mexico and closure of the Company's facility in Hungary; the disposition of and accelerated exit from the Company's Worcester, MA facility; severance costs related to cost-saving actions and advisory fees incurred in connection with repatriation of accumulated foreign earnings.

(3) Operating losses are primarily related to the curtailment of operations and subsequent operating costs at the Company's PCS facilities in China, Massachusetts and Arkansas.

(4) Reported results in 2013, 2012, 2011, 2010, 2009, and 2008 include the impact of convertible debt accounting adopted at the beginning of 2009, which increased interest expense by \$6.6 million, \$14.5 million, \$13.8 million, \$12.7 million, \$11.9 million, and \$11.1 million and depreciation expense by \$0.1 million, \$0.2 million, \$0.2 million, \$0.2 million, \$0.2 million, and \$0.1 million, respectively; and capitalized interest by \$1.0 million in 2009 and \$2.8 million in 2008.

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

	Fiscal Year Ended							December 31, 2016E Excluding WIL
	December 25, 2010	December 31, 2011	December 29, 2012	December 28, 2013	December 27, 2014	December 26, 2015		
<u>Free Cash Flow Reconciliation</u>								
Net cash provided by operating activities	\$ 168,236	\$ 206,998	\$ 208,006	\$ 209,045	\$ 252,132	\$ 288,234	\$305,000-\$315,000	
Add: WuXi PharmaTech termination fee	30,000	-	-	-	-	-	-	
Less: Capital expenditures	(42,860)	(49,143)	(47,534)	(39,154)	(56,925)	(63,252)	~(70,000)	
Free cash flow	<u>\$ 155,376</u>	<u>\$ 157,855</u>	<u>\$ 160,472</u>	<u>\$ 169,891</u>	<u>\$ 195,207</u>	<u>\$ 224,982</u>	<u>\$235,000-\$245,000</u>	
<u>Free Cash Flow Per Share Calculation</u>								
Diluted shares outstanding - average	63,120	51,318	48,406	48,489	47,558	47,634	~47,500	
Free Cash Flow Per Share	\$ 2.46	\$ 3.08	\$ 3.32	\$ 3.50	\$ 4.10	\$ 4.72	\$4.95-\$5.15	

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



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of the way.

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