

1Q13 Results Regulation G Financial Reconciliations & Appendix

Charles River Laboratories International, Inc.

May 1, 2013

RMS Sales Detail

(\$ in millions)	1Q13	1Q12	YOY Δ	FX%	Ex-FX Δ^*
Models ⁽¹⁾	\$103.1	\$104.9	(1.7%)	(1.8%)	0.1%
Services ⁽²⁾	\$52.2	\$56.1	(7.0%)	(1.0%)	(5.9%)
EMD	\$27.2	\$22.1	22.9%	0.2%	22.7%

(1) Includes small models, large models and Avian Vaccine.

(2) Includes DRS, GEMS, RADS and IS

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

	<u>Three Months Ended</u>	
	<u>March 30,</u>	<u>March 31,</u>
	<u>2013</u>	<u>2012</u>
Research Models and Services		
Net sales	\$ 182,489	\$ 183,152
Operating income	55,303	59,467
Operating income as a % of net sales	30.3%	32.5%
Add back:		
Amortization of intangible assets related to acquisitions	1,986	1,500
Severance related to cost-savings actions	86	-
Operating losses (2)	<u>158</u>	<u>-</u>
Operating income, excluding specified charges (Non-GAAP)	\$ 57,533	\$ 60,967
Non-GAAP operating income as a % of net sales	31.5%	33.3%
Preclinical Services		
Net sales	\$ 108,749	\$ 102,829
Operating income	8,060	4,174
Operating income as a % of net sales	7.4%	4.1%
Add back:		
Amortization of intangible assets related to acquisitions	2,262	2,996
Severance related to cost-savings actions	211	911
Operating losses (2)	<u>948</u>	<u>1,054</u>
Operating income, excluding specified charges (Non-GAAP)	\$ 11,481	\$ 9,135
Non-GAAP operating income as a % of net sales	10.6%	8.9%
Unallocated Corporate Overhead		
	\$ (20,600)	\$ (19,901)
Add back:		
Costs associated with the evaluation of acquisitions	486	232
Convertible debt accounting	<u>53</u>	<u>53</u>
Unallocated corporate overhead, excluding specified charges (Non-GAAP)	\$ (20,061)	\$ (19,616)
Total		
Net sales	\$ 291,238	\$ 285,981
Operating income	42,763	43,740
Operating income as a % of net sales	14.7%	15.3%
Add back:		
Amortization of intangible assets related to acquisitions	4,248	4,496
Severance related to cost-savings actions	297	911
Operating losses (2)	1,106	1,054
Costs associated with the evaluation of acquisitions	486	232
Convertible debt accounting	<u>53</u>	<u>53</u>
Operating income, excluding specified charges (Non-GAAP)	\$ 48,953	\$ 50,486
Non-GAAP operating income as a % of net sales	16.8%	17.7%

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

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

	<u>Three Months Ended</u> <u>December 29,</u> <u>2012</u>
Research Models and Services	
Net sales	\$ 171,836
Operating income	43,964
Operating income as a % of net sales	25.6%
Add back:	
Amortization related to acquisitions	1,870
Severance related to cost-savings actions	138
Impairment and other items (2)	883
Operating income, excluding specified charges (Non-GAAP)	\$ 46,855
Non-GAAP operating income as a % of net sales	27.3%
Preclinical Services	
Net sales	\$ 108,304
Operating income	8,670
Operating income as a % of net sales	8.0%
Add back:	
Amortization related to acquisitions	2,763
Severance related to cost-savings actions	560
Impairment and other items (2)	199
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	941
Operating income, excluding specified charges (Non-GAAP)	\$ 13,133
Non-GAAP operating income as a % of net sales	12.1%
Unallocated Corporate Overhead	\$ (17,565)
Add back:	
Costs associated with the evaluation of acquisitions	2,140
Convertible debt accounting (3)	53
Unallocated corporate overhead, excluding specified charges (Non-GAAP)	\$ (15,372)
Total	
Net sales	\$ 280,140
Operating income	35,069
Operating income as a % of net sales	12.5%
Add back:	
Amortization related to acquisitions	4,633
Severance related to cost-savings actions	698
Impairment and other items (2)	1,082
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	941
Costs associated with the evaluation of acquisitions	2,140
Convertible debt accounting (3)	53
Operating income, excluding specified charges (Non-GAAP)	\$ 44,616
Non-GAAP operating income as a % of net sales	15.9%

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- (2) The three months ended December 29, 2012 primarily include an inventory write-off associated with a dispute concerning large model inventory held at a vendor which the Company believes is non-recoverable.
- (3) Includes the impact of convertible debt accounting adopted at the beginning of 2009, which increased depreciation expense.

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

	<u>Three Months Ended</u>	
	<u>March 30,</u>	<u>March 31,</u>
	<u>2013</u>	<u>2012</u>
Net income attributable to common shareholders	\$ 25,578	\$ 26,439
Less: Discontinued operations	<u>155</u>	<u>(77)</u>
Net income from continuing operations	25,733	26,362
Add back:		
Amortization of intangible assets related to acquisitions	4,248	4,496
Severance related to cost-savings actions	297	911
Operating losses (2)	1,106	1,362
Costs associated with the evaluation of acquisitions	486	232
Loss on sale of auction rate securities	-	712
Convertible debt accounting, net (3)	3,813	3,497
Tax effect of items above	<u>(2,457)</u>	<u>(3,659)</u>
Net income, excluding specified charges (Non-GAAP)	<u>\$ 33,226</u>	<u>\$ 33,913</u>
Weighted average shares outstanding - Basic	47,658,995	48,254,950
Effect of dilutive securities:		
Stock options and contingently issued restricted stock	<u>777,054</u>	<u>516,793</u>
Weighted average shares outstanding - Diluted	<u>48,436,049</u>	<u>48,771,743</u>
Basic earnings per share	\$ 0.54	\$ 0.55
Diluted earnings per share	\$ 0.53	\$ 0.54
Basic earnings per share, excluding specified charges (Non-GAAP)	\$ 0.70	\$ 0.70
Diluted earnings per share, excluding specified charges (Non-GAAP)	\$ 0.69	\$ 0.70

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- (2) This item includes operating losses related primarily to the Company's PCS-Massachusetts facility.
- (3) The three months ended March 30, 2013 and March 31, 2012 include the impact of convertible debt accounting adopted at the beginning of 2009, which increased interest expense by \$3,760 and \$3,444 and depreciation expense by \$53 and \$53, respectively.

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

	<u>Three Months Ended</u> <u>December 29,</u> <u>2012</u>
Net income attributable to common shareholders	\$ 18,416
Less: Discontinued operations	4,189
Net income from continuing operations	<u>22,605</u>
Add back:	
Amortization related to acquisitions	4,633
Severance related to cost-savings actions	698
Impairment and other items (2)	1,075
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	694
Costs associated with the evaluation of acquisitions	2,140
Convertible debt accounting, net (3)	3,813
Tax effect	<u>(4,618)</u>
Net income, excluding specified charges (Non-GAAP)	<u>\$ 31,040</u>
Weighted average shares outstanding - Basic	47,562,614
Effect of dilutive securities:	
Stock options and contingently issued restricted stock	694,583
Weighted average shares outstanding - Diluted	<u>48,257,197</u>
Basic earnings per share	\$ 0.39
Diluted earnings per share	\$ 0.38
Basic earnings per share, excluding specified charges (Non-GAAP)	\$ 0.65
Diluted earnings per share, excluding specified charges (Non-GAAP)	\$ 0.64

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- (2) The three months ended December 29, 2012 primarily include an inventory write-off associated with a dispute concerning large model inventory held at a vendor which the Company believes is non-recoverable.
- (3) The three months ended December 29, 2012 include the impact of convertible debt accounting adopted at the beginning of 2009, which increased interest expense by \$3,760 and depreciation expense by \$53.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF NET SALES GROWTH (YEAR-OVER-YEAR) EXCLUDING THE IMPACT OF FOREIGN EXCHANGE (FX)
For the Three Months Ended March 30, 2013

For the three months ended March 30, 2013:	<u>Total CRL</u>	<u>RMS Segment</u>	<u>PCS Segment</u>
Net sales growth, reported	1.8%	(0.4%)	5.8%
Impact of foreign exchange	(1.0%)	(1.4%)	(0.2%)
Net sales growth, constant currency	2.8%	1.0%	6.0%

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CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP EARNINGS PER SHARE (EPS)
Guidance for the Twelve Months Ended December 28, 2013E

	<u>2013E Guidance</u>
GAAP EPS Estimate	\$2.45 - \$2.55
Add back:	
Amortization of intangible assets related to acquisitions	\$0.23
Operating losses (1)	\$0.05
Other items (2)	\$0.01
Convertible debt accounting	\$0.11
Non-GAAP EPS Estimate	<u><u>\$2.80 - \$2.90</u></u>

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- (1) These costs relate primarily to the Company's PCS-Massachusetts facility.
(2) Other items include severance related to cost-savings actions and costs associated with the evaluation of acquisitions.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP NET INTEREST EXPENSE AND OTHER EXPENSE/(INCOME)
(dollars in thousands)

	Three Months Ended			Fiscal Year Ended
	March 30, 2013	December 29, 2012	March 31, 2012	December 28, 2013E
GAAP Interest Expense, net	\$ 8,183	\$ 8,180	\$ 8,250	\$24,000-\$26,000
Exclude:				
Convertible debt accounting, net	(3,760)	(3,760)	(3,444)	~(7,000)
Non-GAAP Interest Expense, net	<u>\$ 4,423</u>	<u>\$ 4,420</u>	<u>\$ 4,806</u>	<u>\$17,000-\$19,000</u>

	Three Months Ended		
	March 30, 2013	December 29, 2012	March 31, 2012
GAAP Other Expense/(Income)	\$ (1,068)	\$ 684	\$ (344)
Exclude:			
Loss on auction rate securities	-	-	712
Adjustment related to PCS China	-	254	308
Non-GAAP Other Expense/(Income)	<u>\$ (1,068)</u>	<u>\$ 938</u>	<u>\$ 676</u>

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

	<u>Three Months Ended</u>	
	<u>March 30,</u>	<u>March 31,</u>
	<u>2013</u>	<u>2012</u>
Income from continuing operations before income taxes & noncontrolling interest	\$ 35,648	\$ 35,146
Add back:		
Amortization related to acquisitions	4,248	4,496
Severance related to cost-savings actions	297	911
Operating losses (2)	1,106	1,362
Costs associated with the evaluation of acquisitions	486	232
Loss on sale of Auction Rate Securities	-	712
Convertible debt accounting, net (3)	<u>3,813</u>	<u>3,497</u>
Income before income taxes & noncontrolling interest, excluding specified charges (Non-GAAP)	<u>\$ 45,598</u>	<u>\$ 46,356</u>
Provision for income taxes (GAAP)	\$ 9,722	\$ 8,676
Tax effect on amortization, severance and other charges	<u>2,457</u>	<u>3,659</u>
Provision for income taxes (Non-GAAP)	\$ 12,179	\$ 12,335
Tax rate (GAAP)	27.3%	24.7%
Tax rate, excluding specified charges (Non-GAAP)	26.7%	26.6%

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

	<u>Three Months Ended</u> <u>December 29,</u> <u>2012</u>
Net income (loss) from continuing operations before income taxes and noncontrolling interest	\$ 26,205
Add back:	
Amortization related to acquisitions	4,633
Severance related to cost-savings actions	698
Impairment and other items (2)	1,075
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	694
Costs associated with the evaluation of acquisitions	2,140
Convertible debt accounting, net (3)	3,813
Net income, excluding specified charges (Non-GAAP)	<u>\$ 39,258</u>
Provision for income taxes (GAAP)	\$ 3,488
Tax effect on amortization, severance, impairment and other charges	4,618
Provision for income taxes (Non-GAAP)	<u>\$ 8,106</u>
Tax rate (GAAP)	13.3%
Tax rate, excluding specified charges (Non-GAAP)	20.6%

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

	<u>Fiscal Year Ended</u> December 28, 2013E
GAAP Tax Rate	25.0%-26.0%
Amortization of intangible assets related to acquisitions, operating losses primarily related to PCS-Massachusetts facility, severance costs and other items, and convertible debt accounting	~1.5%
Non-GAAP Tax Rate	<hr/> 26.5%-27.5% <hr/>

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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>March 30,</u>	<u>March 31,</u>	<u>December 28,</u>
	<u>2013</u>	<u>2012</u>	<u>2013E</u>
Net cash provided by operating activities	\$ 29,977	\$ 25,277	\$215,000-\$225,000
Less: Capital expenditures	<u>(6,429)</u>	<u>(14,112)</u>	<u>~(50,000)</u>
Free cash flow	<u>\$ 23,548</u>	<u>\$ 11,165</u>	<u>\$165,000-\$175,000</u>

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