1Q13 Results Regulation G Financial Reconciliations & Appendix

Charles River Laboratories International, Inc.

May 1, 2013



RMS Sales Detail

(\$ in millions)	1Q13	1Q12	ΥΟΥ 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



* Amounts may not add due to rounding.

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

(dollars in thous ands)

March 30, 2013 March 31, 2012 Research Models and Services \$ 182,489 \$ 183,152 Operating income 55,303 59,467 30,3% 32,5% Add back: 30,3% 32,5% 30,3% 32,5% Add back: 30,3% 32,5% 55,303 59,467 Operating income as a % of net sales 1.986 1.500 5 Severance related to cost-savings actions 86 Operating income, excluding specified charges (Non-GAAP) \$ 57,533 \$ 600967 Non-GAAP operating income \$ 108,749 \$ 102,829 Operating income \$ 8,060 4,174 Operating income \$ 8,060 4,174 Operating income as a % of net sales 7,4% 4,196 Add back: - - - Amortization of intangible assets related to acquisitions 2,262 2,2996 Severance related to cost-savings actions 2,11 9,11 9,135 Operating inc		Three Months Ended				
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Operating income42,76343,740Operating income as a % of net sales14.7%15.3%Add back:14.7%15.3%Amortization of intangible assets related to acquisitions297911Operating losses (2)1,1061,054Costs associated with the evaluation of acquisitions486232Convertible debt accounting5353Operating income, excluding specified charges (Non-GAAP)\$48,953\$Source50,48610,054	Total					
Operating income as a % of net sales14.7%15.3%Add back:14.7%15.3%Amortization of intangible assets related to acquisitions4,2484,496Severance related to cost-savings actions297911Operating losses (2)1,1061,054Costs associated with the evaluation of acquisitions486232Convertible debt accounting5353Operating income, excluding specified charges (Non-GAAP)\$48,953\$Source50,48650,486	Net sales	\$	291,238	\$	285,981	
Add back:Amortization of intangible assets related to acquisitions4,2484,496Severance related to cost-savings actions297911Operating losses (2)1,1061,054Costs associated with the evaluation of acquisitions486232Convertible debt accounting5353Operating income, excluding specified charges (Non-GAAP)\$48,953\$	Operating income		42,763		43,740	
Amortization of intangible assets related to acquisitions4,2484,496Severance related to cost-savings actions297911Operating losses (2)1,1061,054Costs associated with the evaluation of acquisitions486232Convertible debt accounting5353Operating income, excluding specified charges (Non-GAAP)\$48,953\$50,486	Operating income as a % of net sales		14.7%		15.3%	
Severance related to cost-savings actions297911Operating losses (2)1,1061,054Costs associated with the evaluation of acquisitions486232Convertible debt accounting5353Operating income, excluding specified charges (Non-GAAP)\$48,953\$	Add back:					
Operating losses (2)1,1061,054Costs associated with the evaluation of acquisitions486232Convertible debt accounting5353Operating income, excluding specified charges (Non-GAAP)\$ 48,953\$ 50,486	Amortization of intangible assets related to acquisitions		4,248		4,496	
Costs associated with the evaluation of acquisitions486232Convertible debt accounting5353Operating income, excluding specified charges (Non-GAAP)\$48,953\$50,486	Severance related to cost-savings actions		297		911	
Convertible debt accounting5353Operating income, excluding specified charges (Non-GAAP)\$48,953\$50,486	Operating losses (2)		1,106		1,054	
Operating income, excluding specified charges (Non-GAAP) \$ 48,953 \$ 50,486	Costs associated with the evaluation of acquisitions		486		232	
Operating income, excluding specified charges (Non-GAAP) \$ 48,953 \$ 50,486	Convertible debt accounting		53		53	
	Ũ	\$	48,953	\$	50,486	
			,		,	

(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 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> December 29, 2012		
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)

	Three Months EndedMarch 30,March 31,20132012			/larch 31,
Net income attributable to common shareholders	\$	25,578	\$	26,439
Less: Discontinued operations		155		(77)
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		(2,457)		(3,659)
Net income, excluding specified charges (Non-GAAP)	\$	33,226	\$	33,913
Weighted average shares outstanding - Basic Effect of dilutive securities:		47,658,995		48,254,950
Stock options and contingently issued restricted stock		777,054		516,793
Weighted average shares outstanding - Diluted		48,436,049		48,771,743
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

- (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 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> December 29, 2012		
Net income attributable to common shareholders	\$	18,416	
Less: Discontinued operations		4,189	
Net income from continuing operations		22,605	
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		(4,618)	
Net income, excluding specified charges (Non-GAAP)	\$	31,040	
Weighted average shares outstanding - Basic Effect of dilutive securities:		47,562,614	
Stock options and contingently issued restricted stock		694,583	
Weighted average shares outstanding - Diluted		48,257,197	
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:	Total CRL	RMS Segment	PCS Segment
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%

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, 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.



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

	2013E Guidance
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	\$2.80 - \$2.90

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, 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.

(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 Er	ded	Fiscal Year Ended
	March 30, 2013	December 29, 2012	March 31, 2012	December 28, 2013E
GAAP Interest Expense, net Exclude:	\$ 8,18	3 \$ 8,180) \$ 8,250	\$24,000-\$26,000
Convertible debt accounting, net	(3,76	0) (3,760)) (3,444)	~(7,000)
Non-GAAP Interest Expense, net	\$ 4,42	3 \$ 4,420) \$ 4,806	\$17,000-\$19,000

	Three Months Ended						
	March 30,		December 29,		, March 31,		
		2013		2012		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)	\$	(1,068)	\$	938	\$	676	

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

	Three Months Ended			Ende d
	March 30,			arch 31,
		2013		2012
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)		3,813		3,497
Income before income taxes & noncontrolling interest, excluding specified charges (Non-GAAP)	\$	45,598	\$	46,356
Provision for income taxes (GAAP)	\$	9,722	\$	8,676
Tax effect on amortization, severance and other charges		2,457		3,659
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%

- (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 PCS-Massachusetts facility.
- (3) The three months ended March 30, 2013 and March 21, 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 TAX RATE TO NON-GAAP TAX RATE (1) (dollars in thousands)

	<u>Three Months Ended</u> December 29, 2012			
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)	\$	39,258		
Provision for income taxes (GAAP)	\$	3,488		
Tax effect on amortization, severance, impairment and other charges		4,618		
Provision for income taxes (Non-GAAP)	\$	8,106		
Tax rate (GAAP)		13.3%		
Tax rate, excluding specified charges (Non-GAAP)		20.6%		

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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 GAAP TO NON-GAAP TAX RATE GUIDANCE

	Fiscal Year Ended
	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	~1.5%
items, and convertible debt accounting	
Non-GAAP Tax Rate	26.5%-27.5%

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

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

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, 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.









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