

# Appendix

---

## 1Q17 Results Regulation G Financial Reconciliations

---

**SCHEDULE 3 (FROM 1Q17 EARNINGS RELEASE)**  
**RECONCILIATION OF GAAP TO NON-GAAP**  
**SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)<sup>(1)</sup>**  
(in thousands, except percentages)

	<b>Three Months Ended</b>	
	<b>April 1, 2017</b>	<b>March 26, 2016</b>
<b>Research Models and Services</b>		
Revenue	\$ 127,161	\$ 123,339
Operating income	37,711	36,386
Operating income as a % of revenue	29.7%	29.5%
Add back:		
Amortization related to acquisitions	436	588
Government billing adjustment and related expenses	93	60
Site consolidation costs, impairments and other items	-	69
Total non-GAAP adjustments to operating income	<u>\$ 529</u>	<u>\$ 717</u>
Operating income, excluding non-GAAP adjustments	\$ 38,240	\$ 37,103
Non-GAAP operating income as a % of revenue	30.1%	30.1%
Depreciation and amortization	\$ 5,092	\$ 5,250
Capital expenditures	\$ 2,603	\$ 1,053
<b>Discovery and Safety Assessment</b>		
Revenue	\$ 227,758	\$ 157,983
Operating income	38,660	30,830
Operating income as a % of revenue	17.0%	19.5%
Add back:		
Amortization related to acquisitions	7,600	3,095
Severance	196	21
Acquisition related adjustments <sup>(2)</sup>	703	802
Site consolidation costs, impairments and other items	409	2,033
Total non-GAAP adjustments to operating income	<u>\$ 8,908</u>	<u>\$ 5,951</u>
Operating income, excluding non-GAAP adjustments	\$ 47,568	\$ 36,781
Non-GAAP operating income as a % of revenue	20.9%	23.3%
Depreciation and amortization	\$ 19,369	\$ 11,957
Capital expenditures	\$ 8,323	\$ 4,707
<b>Manufacturing Support</b>		
Revenue	\$ 90,844	\$ 73,546
Operating income	26,601	19,615
Operating income as a % of revenue	29.3%	26.7%
Add back:		
Amortization related to acquisitions	2,702	3,004
Severance <sup>(3)</sup>	821	-
Acquisition related adjustments <sup>(2)</sup>	26	187
Site consolidation costs, impairments and other items	-	229
Total non-GAAP adjustments to operating income	<u>\$ 3,549</u>	<u>\$ 3,420</u>
Operating income, excluding non-GAAP adjustments	\$ 30,150	\$ 23,035
Non-GAAP operating income as a % of revenue	33.2%	31.3%
Depreciation and amortization	\$ 5,962	\$ 5,976
Capital expenditures	\$ 2,292	\$ 2,129

CONTINUED ON NEXT SLIDE

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

SCHEDULE 3 (FROM 1Q17 EARNINGS RELEASE)  
 RECONCILIATION OF GAAP TO NON-GAAP  
 SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)<sup>(1)</sup>  
 (in thousands, except percentages)

	Three Months Ended	
	April 1, 2017	March 26, 2016
<b>CONTINUED FROM PREVIOUS SLIDE</b>		
<b>Unallocated Corporate Overhead</b>	\$ (33,500)	\$ (35,359)
Add back:		
Acquisition related adjustments <sup>(2)</sup>	21	3,763
Total non-GAAP adjustments to operating expense	<u>\$ 21</u>	<u>\$ 3,763</u>
Unallocated corporate overhead, excluding non-GAAP adjustments	\$ (33,479)	\$ (31,596)
<b>Total</b>		
Revenue	\$ 445,763	\$ 354,868
Operating income	69,472	51,472
Operating income as a % of revenue	15.6%	14.5%
Add back:		
Amortization related to acquisitions	10,738	6,687
Severance	1,017	21
Acquisition related adjustments <sup>(2)</sup>	750	4,752
Government billing adjustment and related expenses	93	60
Site consolidation costs, impairments and other items	<u>409</u>	<u>2,331</u>
Total non-GAAP adjustments to operating income	<u>\$ 13,007</u>	<u>\$ 13,851</u>
Operating income, excluding non-GAAP adjustments	\$ 82,479	\$ 65,323
Non-GAAP operating income as a % of revenue	18.5%	18.4%
Depreciation and amortization	\$ 32,411	\$ 24,655
Capital expenditures	\$ 15,920	\$ 8,250

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

**CHARLES RIVER LABORATORIES INTERNATIONAL, INC.**

**SCHEDULE 4 (FROM 1Q17 EARNINGS RELEASE)**  
**RECONCILIATION OF GAAP EARNINGS TO NON-GAAP EARNINGS (UNAUDITED)<sup>(1)</sup>**  
(in thousands, except per share data)

	<b>Three Months Ended</b>	
	<b>April 1, 2017</b>	<b>March 26, 2016</b>
Net income attributable to common shareholders	\$ 46,778	\$ 37,143
Less: Income (loss) from discontinued operations, net of income taxes	(4)	(26)
Net income from continuing operations attributable to common shareholders	46,782	37,169
Add back:		
Non-GAAP adjustments to operating income (Refer to Schedule 3)	13,007	13,851
Gain on divestiture of CDMO business	(10,577)	-
Tax effect of non-GAAP adjustments:		
Tax effect from divestiture of CDMO business	18,005	-
Tax effect of the remaining non-GAAP adjustments	(4,664)	(4,482)
Net income from continuing operations attributable to common shareholders, excluding non-GAAP adjustments	\$ 62,553	\$ 46,538
Weighted average shares outstanding - Basic	47,546	46,642
Effect of dilutive securities:		
Stock options, restricted stock units, performance share units and restricted stock	875	975
Weighted average shares outstanding - Diluted	48,421	47,617
Earnings per share from continuing operations attributable to common shareholders		
Basic	\$ 0.98	\$ 0.80
Diluted	\$ 0.97	\$ 0.78
Basic, excluding non-GAAP adjustments	\$ 1.32	\$ 1.00
Diluted, excluding non-GAAP adjustments	\$ 1.29	\$ 0.98

- (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.

**CHARLES RIVER LABORATORIES INTERNATIONAL, INC.**

**SCHEDULE 5 (FROM 1Q17 EARNINGS RELEASE)  
RECONCILIATION OF GAAP REVENUE GROWTH  
TO NON-GAAP REVENUE GROWTH, ORGANIC (UNAUDITED) <sup>(1)</sup>**

<b>For the three months ended April 1, 2017</b>	<b>Total CRL</b>	<b>RMS Segment</b>	<b>DSA Segment</b>	<b>MS Segment</b>
Revenue growth, reported	25.6%	3.1%	44.2%	23.5%
Decrease due to foreign exchange	2.1%	1.6%	2.5%	2.0%
Contribution from acquisitions <sup>(2)</sup>	(19.5%)	0.0%	(41.6%)	(4.9%)
<b>Non-GAAP revenue growth, organic <sup>(3)</sup></b>	<b>8.2%</b>	<b>4.7%</b>	<b>5.1%</b>	<b>20.6%</b>

- (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 those acquisitions which were completed during fiscal year 2016.
- (3) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions and foreign exchange.

**CHARLES RIVER LABORATORIES INTERNATIONAL, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP REVENUE AND EARNINGS PER SHARE (EPS)**  
**Guidance for the Twelve Months Ended December 30, 2017E**

	<b>2017E Guidance</b>	
	<b><u>REVISED</u></b>	<b><u>PRIOR</u></b>
<b>Revenue growth, reported</b>	<b>7.5%-9.0%</b>	<b>7.5%-9.0%</b>
Less: Contribution of acquisitions (1)	(~5.0%-6.0%)	(~5.0%-6.0%)
Add: Effect of CDMO divestiture	~1.0%	~1.0%
Less: Negative effect of 53rd week in 2016	~1.5%	~1.5%
Less: Negative effect of foreign exchange	~2.0%-2.5%	~2.0%-2.5%
<b>Revenue growth, organic (Non-GAAP) (2)</b>	<b><u>7.0%-8.5%</u></b>	<b><u>7.0%-8.5%</u></b>
 <b>GAAP EPS estimate</b>	 <b>\$4.18-\$4.33</b>	 <b>\$4.33-\$4.43</b>
Add back:		
Amortization of intangible assets	~\$0.58	~\$0.58
Charges related to global efficiency initiatives (3)	~\$0.02	~\$0.02
Acquisition/divestiture-related adjustments (4)	~\$0.07	~\$0.07
Net impact of CDMO divestiture (5)	~\$0.15	---
<b>Non-GAAP EPS estimate</b>	<b><u>\$5.00-\$5.15</u></b>	<b><u>\$5.00-\$5.10</u></b>

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

- (1) The contribution from acquisitions reflects only those acquisitions which were completed in 2016.
- (2) Organic revenue growth is defined as reported revenue growth adjusted for acquisitions, the divestiture of the CDMO business, the 53rd week, and foreign currency translation.
- (3) These charges relate primarily to the Company's planned efficiency initiatives in 2017, including site consolidation costs, asset impairments, and severance. Other projects in support of the global productivity and efficiency initiatives are expected, but these charges reflect only the decisions that have already been finalized.
- (4) These adjustments are related to the evaluation and integration of acquisitions and the divestiture of the CDMO business, and primarily include transaction, advisory, and certain third-party integration costs, as well as certain costs associated with acquisition-related efficiency initiatives.
- (5) These adjustments include the preliminary net gain and tax impact related to the divestiture of the CDMO business.

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

	<u>Three Months Ended</u>		<u>Fiscal Year Ended</u>
	April 1, 2017	March 26, 2016 (3)	December 30, 2017E
Net cash provided by operating activities	\$ 34,029	\$ 45,844	\$340,000-\$350,000
Addback: Tax impact of CDMO divestiture (2)	700	--	~6,500
Less: Capital expenditures	<u>(15,920)</u>	<u>(8,250)</u>	<u>(75,000-85,000)</u>
Free cash flow	<u>\$ 18,809</u>	<u>\$ 37,594</u>	<u>\$265,000-\$275,000</u>

(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.

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

**CHARLES RIVER LABORATORIES INTERNATIONAL, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
**PRIOR PERIODS RECAST TO REFLECT RETROSPECTIVE ADOPTION OF NEW ACCOUNTING STANDARDS (ASU 2016-09, ASU 2016-15, ASU 2016-18)**  
(in thousands)

	Year To Date								
	March 28, 2015	June 27, 2015	September 26, 2015	December 26, 2015	March 26, 2016	June 25, 2016	September 24, 2016	December 31, 2016	April 1, 2017
Cash flows relating to operating activities	\$ 20,839	\$ 108,022	\$ 202,886	\$ 306,833	\$ 45,844	\$ 125,956	\$ 198,252	\$ 316,899	\$ 34,029
Cash flows relating to investing activities	(12,293)	(38,561)	(256,308)	(327,616)	(6,442)	(604,776)	(617,669)	(692,672)	52,996
Cash flows relating to financing activities	(8,346)	(74,522)	(22,433)	(7,258)	(294)	510,249	404,682	380,756	(74,324)
Cash flows used in discontinued operations	(316)	(927)	(1,265)	(1,876)	(489)	(782)	(1,434)	(2,056)	(473)
Effect of exchange rate changes on cash and cash equivalents	(8,681)	(5,680)	(10,202)	(12,695)	739	6,299	4,325	(2,996)	1,705
Net change in cash and cash equivalents	<u>(8,797)</u>	<u>(11,668)</u>	<u>(87,322)</u>	<u>(42,612)</u>	<u>39,358</u>	<u>36,946</u>	<u>(11,844)</u>	<u>(69)</u>	<u>13,933</u>
Cash and cash equivalents, beginning of period <sup>(1)</sup>	<u>162,575</u>	<u>162,575</u>	<u>162,575</u>	<u>162,575</u>	<u>119,963</u>	<u>119,963</u>	<u>119,963</u>	<u>119,963</u>	<u>119,894</u>
Cash and cash equivalents, end of period <sup>(1)</sup>	<u>\$ 153,778</u>	<u>\$ 150,907</u>	<u>\$ 75,253</u>	<u>\$ 119,963</u>	<u>\$ 159,321</u>	<u>\$ 156,909</u>	<u>\$ 108,119</u>	<u>\$ 119,894</u>	<u>\$ 133,827</u>

(1) Includes restricted cash, which is reported in current and long-term other assets within the unaudited condensed consolidated balance sheets.



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

	<u>Three Months Ended</u>	
	<u>April 1, 2017</u>	<u>March 26, 2016</u>
Income from continuing operations before income taxes & noncontrolling interest	\$ 78,047	\$ 51,550
Add back:		
Amortization related to acquisitions	10,738	6,687
Severance	1,017	21
Acquisition related adjustments (2)	750	4,752
Government billing adjustment and related expenses	93	60
Site consolidation costs, impairments and other items	409	2,331
Gain on divestiture of CDMO business	<u>(10,577)</u>	<u>-</u>
Income before income taxes & noncontrolling interest, excluding specified charges (Non-GAAP)	<u>\$ 80,477</u>	<u>\$ 65,401</u>
Provision for income taxes (GAAP)	\$ 31,084	\$ 13,975
Tax effect from divestiture of CDMO business	(18,005)	-
Tax effect of the remaining non-GAAP adjustments	<u>4,664</u>	<u>4,482</u>
Provision for income taxes (Non-GAAP)	\$ 17,743	\$ 18,457
Total rate (GAAP)	39.8%	27.1%
Total rate, excluding specified charges (Non-GAAP)	22.0%	28.2%

- (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.

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

	<u><b>Fiscal Year Ended</b></u> <b>December 30,</b> <b>2017E</b>
<b>GAAP Tax Rate</b>	<b>32.0%-33.0%</b>
Net impact of divestiture of CDMO business and, to a lesser extent, other adjustments	~(4.0%)
<b>Non-GAAP Tax Rate</b>	<hr/> <hr/> <b>Low end of 28.0%-29.0%</b> <hr/> <hr/>

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

**CHARLES RIVER LABORATORIES INTERNATIONAL, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP**  
**UNALLOCATED CORPORATE OVERHEAD (UNAUDITED) <sup>(1)</sup>**  
**(in thousands, except percentages)**

	<b>Three Months Ended</b>
	<b>December 31, 2016</b>
<b>Unallocated Corporate Overhead</b>	\$ (38,958)
Add back:	
Acquisition related adjustments (2)	2,552
Total non-GAAP adjustments to operating expense	\$ 2,552
Unallocated corporate overhead, excluding non-GAAP adjustments	\$ (36,406)

- (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.

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

	<u>Three Months Ended</u> <u>December 31, 2016</u>
Income from continuing operations before income taxes & noncontrolling interest	\$ 63,725
Add back:	
Amortization related to acquisitions	12,535
Severance	336
Acquisition related adjustments (2)	3,369
Site consolidation costs, impairments and other items	4,062
Gain on bargain purchase (3)	<u>15</u>
Income before income taxes & noncontrolling interest, excluding specified charges (Non-GAAP)	<u>\$ 84,042</u>
Provision for income taxes (GAAP)	\$ 18,450
Tax effect of the remaining non-GAAP adjustments	<u>6,719</u>
Provision for income taxes (Non-GAAP)	\$ 25,169
Total rate (GAAP)	29.0%
Total rate, excluding specified charges (Non-GAAP)	29.9%

- (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 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.

**CRL**  

---

**LISTED**  

---

**NYSE**