#### UNITED STATES SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

#### FORM 8-K

#### CURRENT REPORT Pursuant to Section 13 OR 15 (d) of the Securities Exchange Act of 1934

May 10, 2017 Date of Report (Date of earliest event reported)

CHARLES RIVER LABORATORIES INTERNATIONAL, INC. (Exact Name of Registrant as specified in its Charter)

Delaware (State or Other Jurisdiction of Incorporation) 001-15943 (Commission File Number) 06-1397316 (I.R.S. Employer Identification No.)

251 Ballardvale Street Wilmington, Massachusetts 01887 (Address of Principal Executive Offices) (Zip Code)

781-222-6000

(Registrant's Telephone Number, including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Uritten communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## ITEM 2.02. Results of Operations and Financial Condition

The following information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On May 10, 2017, Charles River Laboratories International, Inc. issued a press release providing financial results for the quarter ended April 1, 2017.

The press release, attached as an exhibit to this report, includes "safe harbor" language pursuant to the Private Securities Litigation Reform Act of 1995, as amended, indicating that certain statements contained in the press release are "forward-looking" rather than historic. The press release also states that these and other risks relating to Charles River are set forth in the documents filed by Charles River with the Securities and Exchange Commission.

ITEM 9.01. Financial Statements and Exhibits

- (a) Not applicable.
- (b) Not applicable.
- (c) Exhibits.
  - 99.1 Press release dated May 10, 2017.

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

# CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

Dated: May 10, 2017

By: /s/ Matthew L. Daniel

Matthew L. Daniel, Corporate Vice President, Deputy General Counsel and Assistant Secretary

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Exhibit Index

Exhibit No.

**Description** 

99.1

Press release dated May 10, 2017.

## **Charles River Laboratories Announces First-Quarter 2017 Results from Continuing Operations**

## - First-Quarter Revenue of \$445.8 Million -

## - First-Quarter GAAP EPS of \$0.97 and Non-GAAP EPS of \$1.29 -

## – Updates 2017 Guidance –

WILMINGTON, Mass.--(BUSINESS WIRE)--May 10, 2017--Charles River Laboratories International, Inc. (NYSE: CRL) today reported its results for the first quarter of 2017. Revenue from continuing operations was \$445.8 million, an increase of 25.6% from \$354.9 million in the first quarter of 2016. Revenue growth was driven primarily by the Discovery and Safety Assessment and Manufacturing Support segments. Research Models and Services revenue also increased.

The acquisitions of WIL Research, Agilux Laboratories, and Blue Stream Laboratories contributed 19.5% to consolidated firstquarter revenue growth, both on a reported basis and in constant currency. The impact of foreign currency translation reduced reported revenue growth by 2.1%. Excluding the effect of these items, organic revenue growth was 8.2%.

On a GAAP basis, first-quarter net income from continuing operations attributable to common shareholders was \$46.8 million, an increase of 25.9% from \$37.2 million for the same period in 2016. First-quarter diluted earnings per share on a GAAP basis were \$0.97, an increase of 24.4% from \$0.78 for the first quarter of 2016. The divestiture of the Contract Development and Manufacturing (CDMO) business, which was completed on February 10, 2017, reduced GAAP earnings per share by \$0.15 (net) as a result of the tax impact of the transaction, partially offset by the gain on the sale. In addition, an excess tax benefit associated with stock compensation contributed \$0.15 to GAAP earnings per share in the first quarter of 2017.

On a non-GAAP basis, net income from continuing operations was \$62.6 million for the first quarter of 2017, an increase of 34.4% from \$46.5 million for the same period in 2016. First-quarter diluted earnings per share on a non-GAAP basis were \$1.29, an increase of 31.6% from \$0.98 per share for the first quarter of 2016. On a non-GAAP basis, a favorable tax rate benefited earnings per share by \$0.10 in the first quarter of 2017, as the \$0.15 excess tax benefit associated with stock compensation was partially offset by the earnings mix.

Both the GAAP and non-GAAP earnings per share increases were driven primarily by the acquisition of new businesses, notably WIL Research, as well as higher revenue for legacy operations. Earnings per share in the first quarter also included a gain from the Company's venture capital investments, which contributed \$0.05 per share compared to a \$0.04 gain for the same period in 2016.

James C. Foster, Chairman, President and Chief Executive Officer, said, "I am very pleased to say that following an exceptional year in 2016, we are off to a strong start in the first quarter of 2017. Demand for our products and services is robust and we continue to win new business, which supports our expectation for revenue growth, operating margin expansion, and earnings per share growth in 2017. Our first-quarter results put us on track to achieve our guidance for the year."

"We have successfully implemented our strategy to become the early-stage CRO of choice as a result of a three-pronged approach. First, we are continuing to expand our unique portfolio of essential products and services, which increases our relevance to our clients' drug research, development, and manufacturing efforts. Second, we continue to expand and enhance our scientific expertise and depth, which we believe is unique and unparalleled in the early-stage CRO universe, and a strong differentiating factor. Third, we maintain an intense focus on efficiency and responsiveness, which enables us to provide exceptional, flexible service to clients without adding significant cost," Mr. Foster concluded.

# **First-Quarter Segment Results**

# **Research Models and Services (RMS)**

Revenue for the RMS segment was \$127.2 million in the first quarter of 2017, an increase of 3.1% from \$123.3 million in the first quarter of 2016. Organic revenue growth was 4.7%, driven by higher revenue for both the Research Models and Research Model Services businesses.

In the first quarter of 2017, the RMS segment's GAAP operating margin increased to 29.7% from 29.5% in the first quarter of 2016. On a non-GAAP basis, the operating margin was 30.1%, unchanged on a year-over-year basis.

# Discovery and Safety Assessment (DSA)

Revenue from continuing operations for the DSA segment was \$227.8 million in the first quarter of 2017, an increase of 44.2% from \$158.0 million in the first quarter of 2016. Growth was driven primarily by the acquisitions of WIL Research and Agilux Laboratories, which contributed 41.6% to DSA revenue growth. Organic revenue growth was 5.1%, as growth in the legacy Safety Assessment business was partially offset by lower revenue for the legacy Discovery Services business. Revenue growth was driven by demand from both global biopharmaceutical and mid-tier biotechnology clients.

In the first quarter of 2017, the DSA segment's GAAP operating margin decreased to 17.0% from 19.5% in the first quarter of 2016. The GAAP operating margin decline was due in part to amortization of intangible assets related to acquisitions. On a non-GAAP basis, the operating margin decreased to 20.9% from 23.3% in the first quarter of 2016. Both the GAAP and non-GAAP operating margins were affected by revenue mix and acquisitions.

# Manufacturing Support (Manufacturing)

Revenue for the Manufacturing segment was \$90.8 million in the first quarter of 2017, an increase of 23.5% from \$73.5 million in the first quarter of 2016. The acquisitions of Blue Stream Laboratories and WIL Research's CDMO business (divested on February 10, 2017) contributed 4.9% to Manufacturing revenue growth in the first quarter of 2017. Organic revenue increased 20.6%, driven primarily by robust growth in the Microbial Solutions and Biologics Testing Solutions businesses.

In the first quarter of 2017, the Manufacturing segment's GAAP operating margin increased to 29.3% from 26.7% in the first quarter of 2016. On a non-GAAP basis, the operating margin increased to 33.2% from 31.3% in the first quarter of 2016. Both the GAAP and non-GAAP operating margin improvement was driven by leverage from higher revenue in the Microbial Solutions and Biologics Testing Solutions businesses.

## Stock Repurchase Update

During the first quarter of 2017, the Company reinitiated stock repurchase activity, repurchasing 363,000 shares for a total of \$32.1 million. As of April 1, 2017, the Company had \$37.6 million remaining on its authorized stock repurchase program.

On May 9, 2017, the Company's Board of Directors increased the stock repurchase authorization by \$150 million, to an aggregate amount of \$1.3 billion.

# **Updates 2017 Guidance**

The Company is updating guidance for 2017, which was originally provided on February 14, 2017. The Company is reducing GAAP earnings per share guidance primarily to reflect the net impact of the divestiture of the CDMO business, and increasing the top end of the non-GAAP earnings per share guidance range, primarily to reflect the higher-than-expected excess tax benefit associated with stock compensation. The revised earnings per share guidance does not include an additional contribution from venture capital investments, or a meaningful contribution from the excess tax benefit associated with stock compensation, in the remaining three quarters in 2017. The Company is maintaining its revenue guidance for 2017.

2017 GUIDANCE (from continuing operations)	REVISED	PRIOR
Revenue growth, reported	7.5% - 9.0%	7.5% - 9.0%
Less: Contribution from acquisitions (1)	(~5.0% - 6.0%)	(~5.0% - 6.0%)
Add: Effect of CDMO divestiture	~1.0%	~1.0%
Add: Negative effect of 53 <sup>rd</sup> week in 2016	~1.5%	~1.5%
Add: Negative effect of foreign exchange	~2.0% - 2.5%	~2.0% - 2.5%
Revenue growth, organic (2)	7.0% - 8.5%	7.0% - 8.5%
GAAP EPS estimate	\$4.18-\$4.33	\$4.33-\$4.43
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	
Non-GAAP EPS estimate	\$5.00 - \$5.15	\$5.00 - \$5.10

# Footnotes to Guidance Table

(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 53<sup>rd</sup> 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.

# <u>Webcast</u>

Charles River has scheduled a live webcast on Wednesday, May 10, at 8:30 a.m. ET to discuss matters relating to this press release. To participate, please go to ir.criver.com and select the webcast link. You can also find the associated slide presentation and reconciliations of GAAP financial measures to non-GAAP financial measures on the website.

# Bank of America Merrill Lynch Conference Presentation

Charles River will present at the Bank of America Merrill Lynch 2017 Health Care Conference in Las Vegas, Nevada, on Tuesday, May 16, at 9:20 a.m. PT (12:20 p.m. ET). Management will provide an overview of Charles River's strategic focus and business developments.

A live webcast of the presentation will be available through a link that will be posted on ir.criver.com. A webcast replay will be accessible through the same website shortly after the presentation and will remain available for approximately two weeks.

# Non-GAAP Reconciliations/Discontinued Operations

The Company reports non-GAAP results in this press release, which exclude often one-time charges and other items that are outside of normal operations. A reconciliation of GAAP to non-GAAP results is provided in the schedules at the end of this press release. In addition, the Company reports results from continuing operations, which exclude results of the Phase I clinical business that was divested in 2011. The Phase I business is reported as a discontinued operation.

# **Use of Non-GAAP Financial Measures**

This press release contains non-GAAP financial measures, such as non-GAAP earnings per diluted share, which exclude the amortization of intangible assets, inventory purchase accounting adjustments, and other charges related to our acquisitions; expenses associated with evaluating and integrating acquisitions and divestitures, as well as fair value adjustments associated with contingent consideration; charges, gains, and losses attributable to businesses or properties we plan to close, consolidate, or divest; severance and other costs associated with our efficiency initiatives: gain on and tax effect of the divestiture of the CDMO business: and costs related to a U.S. government billing adjustment and related expenses. This press release also refers to our revenue in both a GAAP and non-GAAP basis: "constant currency," which we define as reported revenue growth adjusted for the impact of foreign currency translation, and "organic revenue growth," which we define as reported revenue growth adjusted for foreign currency translation, acquisitions, the divestiture, and the 53<sup>rd</sup> week. We exclude these items from the non-GAAP financial measures because they are outside our normal operations. There are limitations in using non-GAAP financial measures, as they are not prepared in accordance with generally accepted accounting principles, and may be different than non-GAAP financial measures used by other companies. In particular, we believe that the inclusion of supplementary non-GAAP financial measures in this press release helps investors to gain a meaningful understanding of our core operating results and future prospects without the effect of these often one-time charges, and is consistent with how management measures and forecasts the Company's performance, especially when comparing such results to prior periods or forecasts. We believe that the financial impact of our acquisitions and divestitures (and in certain cases, the evaluation of such acquisitions and divestitures, whether or not ultimately consummated) is often large relative to our overall financial performance, which can adversely affect the comparability of our results on a period-toperiod basis. In addition, certain activities and their underlying associated costs, such as business acquisitions, generally occur periodically but on an unpredictable basis. We calculate non-GAAP integration costs to include third-party integration costs incurred post-acquisition. Presenting revenue on a constant-currency basis allows investors to measure our revenue growth exclusive of foreign currency exchange fluctuations more clearly. Non-GAAP results also allow investors to compare the Company's operations against the financial results of other companies in the industry who similarly provide non-GAAP results. The non-GAAP financial measures included in this press release 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. Reconciliations of the non-GAAP financial measures used in this press release to the most directly comparable GAAP financial measures are set forth in this press release, and can also be found on the Company's website at ir.criver.com.

# **Caution Concerning Forward-Looking Statements**

This press release 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 future financial performance including revenue (on both a reported, constant-currency, and organic growth basis), operating margins, earnings per share, the expected impact of foreign exchange rates, and the expected benefit of our life science venture capital investments; the future demand for drug discovery and development products and services, including our expectations for future revenue trends; our expectations with respect to the impact of acquisitions on the Company, our service offerings, client perception, strategic relationships, revenue, revenue growth rates, and earnings; the development and performance of our services and products; market and industry conditions including the outsourcing of services and spending trends by our clients; the potential outcome of and impact to our business and financial operations due to litigation and legal proceedings; and Charles River's future performance as delineated in our forward-looking guidance, and particularly our expectations with respect to revenue, the impact of foreign exchange, and enhanced efficiency initiatives. 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 efficiency initiatives on an effective and timely basis (including divestitures and site closures); 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 clients; the ability to convert backlog to revenue; special interest groups; contaminations; industry trends; new displacement technologies; USDA and FDA regulations; changes in law; continued availability of products and supplies; loss of key personnel; interest rate and foreign currency exchange rate fluctuations (including the impact of Brexit); 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 14, 2017, 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 news release except as required by law.

# **About Charles River**

Charles River provides essential products and services to help pharmaceutical and biotechnology companies, government agencies and leading academic institutions around the globe accelerate their research and drug development efforts. Our dedicated employees are focused on providing clients with exactly what they need to improve and expedite the discovery, early-stage development and safe manufacture of new therapies for the patients who need them. To learn more about our unique portfolio and breadth of services, visit <u>www.criver.com</u>.

## SCHEDULE 1 CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED) (in thousands, except for per share data)

445,763           274,064           91,490           10,737           69,472           202           (6,983)           15,356           78,047           31,084	<u>Ma</u> \$	rch 26, 2016 354,868 214,100 82,944 6,352 51,472 263
274,064 91,490 10,737 69,472 202 (6,983) 15,356 78,047	\$	214,100 82,944 6,352 51,472 263
91,490 10,737 69,472 202 (6,983) 15,356 78,047		82,944 6,352 51,472 263
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202 (6,983) 15,356 78,047		263
(6,983) 15,356 78,047		
15,356 78,047		
78,047		(4,211)
,		4,026
31,084		51,550
		13,975
46,963		37,575
(4)		(26)
46,959		37,549
181		406
46,778	\$	37,143
0.98	\$	0.80
-	\$	-
0.98	\$	0.80
0.97	\$	0.78
-	\$	-
0.97	\$	0.78
		46,642
47,546		47,617
		0.97 \$ 47,546

#### SCHEDULE 2 CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (in thousands)

	Apr	April 1, 2017		December 31, 2016		
Assets						
Current assets:						
Cash and cash equivalents	\$	131,524	\$	117,626		
Trade receivables, net		383,748		364,050		
Inventories		98,482		95,833		
Prepaid assets		42,495		34,315		
Other current assets		43,872		45,008		
Total current assets		700,121		656,832		
Property, plant and equipment, net		746,951		755,827		
Goodwill		756,022		787,517		
Client relationships, net		299,477		320,157		
Other intangible assets, net		70,336		74,291		
Deferred tax asset		30,306		28,746		
Other assets		93,862		88,430		
Total assets	\$	2,697,075	\$	2,711,800		
Liabilities, Redeemable Noncontrolling Interest and Equity Current liabilities:						
Current portion of long-term debt and capital leases	\$	27,308	\$	27,313		
Accounts payable	ψ	60,987	Ψ	68,485		
Accrued compensation		63,309		93,471		
Deferred revenue		127,591		127,731		
Accrued liabilities		84,093		84,470		
Other current liabilities		18,460		26,500		
Current liabilities of discontinued operations		1,626		1,623		
Total current liabilities		383,374		429,593		
Long-term debt, net and capital leases		1,170,063		1,207,696		
Deferred tax liabilities		83,930		55,717		
Other long-term liabilities		160,663		159,239		
Long-term liabilities of discontinued operations		5,300		5,771		
Total liabilities		1,803,330		1,858,016		
Redeemable noncontrolling interest		14,698		14,659		
Total equity attributable to common shareholders		876,431		836,768		
Noncontrolling interests		2,616		2,357		
Total liabilities, redeemable noncontrolling interest and equity	\$	2,697,075	\$	2,711,800		

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

April 1.2017March 26.2016Revenue\$ 127.161\$ 123.201Operating income\$ 127.161\$ 123.201Operating income on a % of revenue $37.711$ $36.806$ Add back $29.7\%$ $29.5\%$ A moritization related to acquisitions $406$ $306$ Site consolitations costs, impaired related to acquisitions $5$ $52.92$ $5$ Total and-GAAP adjustments and other items $302.40$ $5$ $37.103$ Non-GAAP adjustments $5$ $50.92$ $5$ $57.923$ Operating income excluding more AAP adjustments $5$ $50.92$ $5$ $52.92$ Capital expenditures $5$ $20.93$ $5$ $157.983$ $5$ Discovery and Safety Assessment $5$ $22.758$ $5$ $157.983$ $5$ Revenue $36.60$ $30.300$ $30.300$ $30.300$ $30.205$ $5.551$ $150.92$ $5.551$ $150.92$ $5.551$ $157.984$ $5$ $30.230$			Three	Months Ende	ed
Revenue         S         127,161         S         123,339           Operating income s a % of revenue         29,7%         29,5%         29,717         59,592         5         7,717         30,1%         30,3%         30,3%         30,3%         30,3%         30,3%         30,3%         30,3%         30,3%         30,3%         30,3%         30,3%         30,3%         30,3%         30,3%         30		A			
Operating income as 3% of revenue     37,711     36,386       Operating income as as % of revenue     29,7%     29,5%       Ad back:     436     588       Amontation related to acquisitions     60       Operating income as as % of revenue     93     60       Operating income as as % of revenue     5     5,022     \$       Depreciation and amontation     5     5,022     \$     \$       Depreciation and amontation     5     5,022     \$     \$       Depreciation and amontation     5     5,022     \$     \$       Revenue     30,015     30,015     30,015       Depreciation and amontation     5     5,022     \$     \$       Operating income     \$     22,77,58     \$     \$       Operating income     \$     2,707     \$     \$       Operating income     \$     2,707     \$     \$       Operating income     \$     9,700     30,015     \$       Operating income     \$     9,700     30,020     \$       Operating income     \$     9,700     30,020     \$       Operating income     \$     9,700     30,020     \$       Operating income     \$     9,020     \$     \$					
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Operating income, excluding non-GAAP adjustments $$$ $32,40$ $$$ $37,103$ Non-GAAP operating income as a % of revenue $30.1\%$ $30.1\%$ $30.1\%$ $30.1\%$ Depreciation and anontization $$$ $5,022$ $$$ $5,520$ Capital expenditures $$$ $227,758$ $$$ $5,526$ Discovery and Safety Assessment $$$ $227,758$ $$$ $5,526$ Revenue $$$ $38,660$ $30.830$ $30.830$ Operating income as a % of revenue $$$ $38,660$ $30.830$ Operating income as a % of revenue $70.0\%$ $10.57$ $802$ Ad back: $70.0\%$ $10.57$ $802$ Ster consolidation cess, impairments and other items $409$ $2.033$ Total on-GAAP adjustments (2) $703$ $802$ Operating income, excluding non-GAAP adjustments $$$ $$$ Operating income, excluding non-GAAP adjustments $$$ $$$ Operating income, excluding non-GAAP adjustments $$$ $$$ Operating income as a % of revenue $$$ $$$ $$$ Operating income as a % of revenue $$$ $$$ $$$ Operating income as a % of revenue $$$ $$$ $$$ Operating income as a % of revenue $$$ $$$ $$$ Operating income as a % of revenue $$$ $$$ $$$ Operating income as a % of revenue $$$ $$$ $$$ Operating income as a % of revenue $$$ $$$ $$$ Operating income as a % of revenue $$$ $$$	-	<u>_</u>	-		
Non-GAAP operating income as a % of revenue         30.1%         30.1%         30.1%           Depreciation and anonization Capital expenditures         \$ 5,260         \$ 5,250           Discovery and Safety Assessment Revenue         \$ 227,758         \$ 175,983           Operating income Operating income         \$ 0,660         30.8%         30.8%           Operating income Operating income         \$ 0,075         \$ 17.0%         30.9%           Amoritzation related adjustments (2)         70.0         30.05           Amoritzation related adjustments (2)         70.3         802           Sic consolidation cosk, majumitents and other items         409         2.033           Total non-GAAP adjustments (2)         70.3         802           Sic consolidation cosk, majumitents and other items         5         4.7,688         \$ 36,788           Non-GAAP operating income as a % of revenue         \$ 47,568         \$ 36,788         \$ 36,788           Non-GAAP operating income as a % of revenue         \$ 20,9%         \$ 23.37         \$ 24,756           Capital expenditures         \$ 31,557         \$ 36,781         \$ 30.150         \$ 37,556           Capital expenditures         \$ 3,23%         \$ 3,25%         3,25%         \$ 3,25%           Add back:         \$ 30,159         \$ 30,15					
Capital expenditures         \$         2,603         \$         1,053           Discovery and Safety Assessment         Revenue         38,660         \$         38,680         \$         38,680         38,880         38,880         38,880         39,880         39,880         39,880         39,880         39,583         39,595		ψ	· ·	Φ	30.1%
Revenue         \$         227,788         \$         157,983           Operating income as % of revenue         38,660         30,830           Operating income as % of revenue         17,0%         19,57           Add back:         7,600         30,955           Acquisition related adjustments <sup>(2)</sup> 19,6         21           Acquisition related adjustments and other items         409         2,033           Total non-GAAP adjustments to operating income         \$         8,908         \$         36,738           Depreciation and amortization         \$         4,99         2,033         \$         4,707           Depreciation and amortization         \$         8,323         \$         11,957           Capital expenditures         \$         9,0844         \$         7,356           Depreciation and amortization         \$         9,0844         \$         7,356           Operating income as % of revenue         2,001         \$         19,365         22,3%         26,772         3,004           Acquisition related adjustments c <sup>(1)</sup> \$         2,601         \$         7,546         \$         7,546         \$         7,546         \$         7,546         \$         7,546         \$         7,546<					
$\begin{array}{llllllllllllllllllllllllllllllllllll$	Discovery and Safety Assessment				
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Capital expenditures         \$         8,323         \$         4,707           Manufacturing Support         Revenue         \$         90,844         \$         73,546           Operating income         26,601         29,3%         26,77           Add back:         29,3%         26,77           Add back:         29,3%         26,77           Add back:         29,3%         20,702         3,004           Severance <sup>(3)</sup> 821         -         20,376           Acquisition related adjustments <sup>(2)</sup> 26         187           Site consolidation costs, inpairments and other items         -         229           Total non-GAAP adjustments (0)         \$         33,549         \$         34,200           Operating income excluding non-GAAP adjustments         \$         33,254         \$         23,035           Non-GAAP operating income as a % of revenue         \$         33,254         \$         23,035           Non-GAAP adjustments to operating income as a % of revenue         \$         33,254         \$         23,035           Non-GAAP adjustments co         \$         33,254         \$         23,035         33,254         \$         23,035           Non-GAAP adjustments co         \$ <td></td> <td>\$</td> <td></td> <td>\$</td> <td>23.3%</td>		\$		\$	23.3%
Capital expenditures         \$         8,323         \$         4,707           Manufacturing Support         Revenue         \$         90,844         \$         73,546           Operating income         26,601         29,3%         26,77           Add back:         29,3%         26,77           Add back:         29,3%         26,77           Add back:         29,3%         20,702         3,004           Severance <sup>(3)</sup> 821         -         20,376           Acquisition related adjustments <sup>(2)</sup> 26         187           Site consolidation costs, inpairments and other items         -         229           Total non-GAAP adjustments (0)         \$         33,549         \$         34,200           Operating income excluding non-GAAP adjustments         \$         33,254         \$         23,035           Non-GAAP operating income as a % of revenue         \$         33,254         \$         23,035           Non-GAAP adjustments to operating income as a % of revenue         \$         33,254         \$         23,035           Non-GAAP adjustments co         \$         33,254         \$         23,035         33,254         \$         23,035           Non-GAAP adjustments co         \$ <td>Depreciation and amortization</td> <td>\$</td> <td>19,369</td> <td>\$</td> <td>11,957</td>	Depreciation and amortization	\$	19,369	\$	11,957
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Unallocated Corporate Overhead\$ (33,500)\$ (35,359)Add back:Acquisition related adjustments (2)213,763Total non-GAAP adjustments to operating expense\$ 21\$ 3,763Unallocated corporate overhead, excluding non-GAAP adjustments\$ (33,479)\$ (31,596)Total	Depreciation and amortization	\$	5,962	\$	5,976
Add back:       Acquisition related adjustments <sup>(2)</sup> 21       3,763         Total non-GAAP adjustments to operating expense       \$       21       \$,763         Unallocated corporate overhead, excluding non-GAAP adjustments       \$       (33,479)       \$       (31,596)         Total       Total       Total       Total       \$       (31,596)       \$	Capital expenditures	\$	2,292	\$	2,129
Acquisition related adjustments <sup>(2)</sup> 21     3,763       Total non-GAAP adjustments to operating expense     \$     21     \$     3,763       Unallocated corporate overhead, excluding non-GAAP adjustments     \$     (33,479)     \$     (31,596)		\$	(33,500)	\$	(35,359)
Total non-GAAP adjustments to operating expense\$21\$3,763Unallocated corporate overhead, excluding non-GAAP adjustments\$(33,479)\$(31,596)Total					
Unallocated corporate overhead, excluding non-GAAP adjustments       \$ (33,479)       \$ (31,596)         Total       • (31,596)       • (31,596)		¢		¢	
					(31,596)
Revenue \$ 445,763 \$ 354,868	Total				
		\$		\$	
	Operating income as a % of revenue				51,472 14.5%
Add back: Amortization related to acquisitions 10,738 6,687	Amortization related to acquisitions				
Severance         1,017         21           Acquisition related adjustments <sup>(2)</sup> 750         4,752					
Acquisition related adjustments (2)7504,752Government billing adjustment and related expenses9360					
Site consolidation costs, impairments and other items				_	
Total non-GAAP adjustments to operating income \$ 13,007 \$ 13,851					
Operating income, excluding non-GAAP adjustments\$ 82,479\$ 65,323Non-GAAP operating income as a % of revenue18.5%18.4%		\$	· · ·	\$	65,323 18.4%
Depreciation and amortization \$ 32,411 \$ 24,655	Depreciation and amortization	\$		\$	24,655
Capital expenditures \$ 15,920 \$ 8,250	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.

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

		Three Mo	onths End	ed
	Apri	l 1, 2017	Marcl	n 26, 2016
Net income attributable to common shareholders Less: Income (loss) from discontinued operations, net of income taxes	\$	46,778 (4)	\$	37,143 (26)
Net income from continuing operations attributable to common shareholders Add back:		46,782		37,169
Non-GAAP adjustments to operating income (Refer to Schedule 3) Gain on divestiture of CDMO business Tax effect of non-GAAP adjustments:		13,007 (10,577)		13,851 -
Tax effect from divestiture of CDMO business Tax effect of the remaining non-GAAP adjustments		18,005 (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 Effect of dilutive securities:		47,546		46,642
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	¢	0.00	¢	0.00
Basic Diluted	\$ \$	0.98 0.97	\$ \$	0.80 0.78
Basic, excluding non-GAAP adjustments Diluted, excluding non-GAAP adjustments	\$ \$	1.32 1.29	\$ \$	1.00 0.98
	Ψ	1.25	Ψ	0.50

(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.

#### SCHEDULE 5 RECONCILIATION OF GAAP REVENUE GROWTH TO NON-GAAP REVENUE GROWTH, ORGANIC (UNAUDITED)<sup>(1)</sup>

For the three months ended April 1, 2017	Total CRL	RMS Segment	DSA Segment	MS Segment
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%)
Non-GAAP revenue growth, organic <sup>(3)</sup>	8.2%	4.7%	5.1%	20.6%

(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 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.

#### SCHEDULE 6 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (in thousands)

	Three Months Ended					
	Apr	il 1, 2017	March 26, 2016			
Cash flows relating to operating activities	\$	34,029	\$	45,844		
Cash flows relating to investing activities		52,996		(6,442)		
Cash flows relating to financing activities		(74,324)		(294)		
Cash flows used in discontinued operations		(473)		(489)		
Effect of exchange rate changes on cash and cash equivalents		1,705		739		
Net change in cash and cash equivalents		13,933		39,358		
Cash and cash equivalents, beginning of period $^{(1)}$		119,894		119,963		
Cash and cash equivalents, end of period <sup>(2)</sup>	\$	133,827	\$	159,321		

(1) Includes restricted cash of \$2.3 million and \$2.0 million as of December 31, 2016 and December 26, 2015, respectively, which are reported in current and long-term other assets within the unaudited condensed consolidated balance sheets.

(2) Includes restricted cash balances of \$2.3 million and \$1.9 million as of April 1, 2017 and March 26 2016, respectively, which are reported in current and long-term other assets within the unaudited condensed consolidated balance sheets.

## CONTACT:

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