UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED March 27, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO

Commission File No. 001-15943

charles river

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware			**06-1397316**
(State or Other Jurisdiction of Incorporation or Organization)			(I.R.S. Employer Identification No.)
251 Ballardvale Street	**Wilmington**	**Massachusetts**	**01887**
(Address of Principal Executive Offices)			(Zip Code)

(Registrant’s telephone number, including area code): **(781) 222-6000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Ticker symbol(s)**	**Name of each exchange on which registered**
Common stock, $0.01 par value	CRL	New York Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files. Yes ☑ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by a 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of April 23, 2021, there were 50,252,814 shares of the Registrant’s common stock outstanding.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 27, 2021

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Special Note on Factors Affecting Future Results

This Quarterly Report on Form 10-Q contains forward-looking statements regarding future events and the future results of Charles River Laboratories International, Inc. that are based on our current expectations, estimates, forecasts and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as “expect,” “anticipate,” “target,” “goal,” “project,” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “likely,” “may,” “designed,” “would,” “future,” “can,” “could,” and other similar expressions which are predictions of, indicate future events and trends or which do not relate to historical matters, are intended to identify such forward-looking statements. These statements are based on our current expectations and beliefs and involve a number of risks, uncertainties and assumptions that are difficult to predict.

For example, we may use forward-looking statements when addressing topics such as: the COVID-19 pandemic, its duration, its impact on our business, results of operations, financial condition, liquidity, use of our borrowings, business practices, operations, suppliers, third party service providers, customers, employees, industry, ability to meet future performance obligations, ability to efficiently implement advisable safety precautions, and internal controls over financial reporting; the COVID-19 pandemic’s impact on demand, the global economy and financial markets; goodwill and asset impairments still under review; changes and uncertainties in the global economy; future demand for drug discovery and development products and services, including the outsourcing of these services; our expectations regarding stock repurchases, including the number of shares to be repurchased, expected timing and duration, the amount of capital that may be expended and the treatment of repurchased shares; the impact of unauthorized access into our information systems, including the timing and effectiveness of any enhanced security and monitoring; present spending trends and other cost reduction activities by our clients; future actions by our management; the outcome of contingencies; changes in our business strategy, business practices and methods of generating revenue; the development and performance of our services and products; market and industry conditions, including competitive and pricing trends; our strategic relationships with leading pharmaceutical and biotechnology companies, venture capital investments, and opportunities for future similar arrangements; our cost structure; the impact of acquisitions; our expectations with respect to revenue growth and operating synergies (including the impact of specific actions intended to cause related improvements); the impact of specific actions intended to improve overall operating efficiencies and profitability (and our ability to accommodate future demand with our infrastructure), including gains and losses attributable to businesses we plan to close, consolidate, divest or repurpose; changes in our expectations regarding future stock option, restricted stock, performance share units, and other equity grants to employees and directors; expectations with respect to foreign currency exchange; assessing (or changing our assessment of) our tax positions for financial statement purposes; and our liquidity. In addition, these statements include the impact of economic and market conditions on us and our clients; the effects of our cost saving actions and the steps to optimize returns to shareholders on an effective and timely basis; and our ability to withstand the current market conditions.

Forward-looking statements are predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document, or in the case of statements incorporated by reference, on the date of the document incorporated by reference.

Factors that might cause or contribute to such differences include, but are not limited to, those discussed in our Annual Report on Form 10-K for the year ended December 26, 2020, under the sections entitled “Our Strategy,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and in this Quarterly Report on Form 10-Q, under the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors,” in our press releases, and other financial filings with the Securities and Exchange Commission. We have no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or risks. New information, future events, or risks may cause the forward-looking events we discuss in this report not to occur.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(in thousands, except per share amounts)

	Three Months Ended	
	March 27, 2021	March 28, 2020
Service revenue	$ 626,581	$ 546,592
Product revenue	197,985	160,467
Total revenue	824,566	707,059
Costs and expenses:		
Cost of services provided (excluding amortization of intangible assets)	423,975	372,824
Cost of products sold (excluding amortization of intangible assets)	92,313	82,174
Selling, general and administrative	155,733	129,901
Amortization of intangible assets	28,842	27,879
Operating income	123,703	94,281
Other income (expense):		
Interest income	35	316
Interest expense	(29,719)	(15,067)
Other expense, net	(27,717)	(24,071)
Income from operations, before income taxes	66,302	55,459
Provision for income taxes	2,367	4,622
Net income	63,935	50,837
Less: Net income attributable to noncontrolling interests	2,405	68
Net income attributable to common shareholders	$ 61,530	$ 50,769
Earnings per common share		
Net income attributable to common shareholders:		
Basic	$ 1.23	$ 1.03
Diluted	$ 1.20	$ 1.02
Weighted-average number of common shares outstanding:		
Basic	49,980	49,189
Diluted	51,075	49,966

See Notes to Unaudited Condensed Consolidated Financial Statements.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(in thousands)

	Three Months Ended	
	March 27, 2021	March 28, 2020
Net income	$ 63,935	$ 50,837
Other comprehensive income (loss):		
Foreign currency translation adjustment and other	9,829	(44,855)
Amortization of net loss and prior service benefit included in net periodic cost for pension and other post-retirement benefit plans	988	1,374
Comprehensive income, before income taxes	74,752	7,356
Less: Income tax benefit related to items of other comprehensive income	(1,025)	(2,039)
Comprehensive income, net of income taxes	75,777	9,395
Less: Comprehensive income (loss) related to noncontrolling interests, net of income taxes	2,390	(476)
Comprehensive income attributable to common shareholders, net of income taxes	$ 73,387	$ 9,871

See Notes to Unaudited Condensed Consolidated Financial Statements.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands, except per share amounts)

	March 27, 2021	December 26, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 465,411	$ 228,424
Trade receivables, net of allowances for doubtful accounts of $7,278 and $6,702, respectively	610,566	617,740
Inventories	193,584	185,695
Prepaid assets	81,726	96,712
Other current assets	71,922	72,560
Total current assets	1,423,209	1,201,131
Property, plant and equipment, net	1,117,003	1,124,358
Operating lease right-of-use assets, net	197,668	178,220
Goodwill	1,890,630	1,809,168
Client relationships, net	712,384	721,505
Other intangible assets, net	83,181	66,094
Deferred tax assets	35,457	37,729
Other assets	349,431	352,626
Total assets	$ 5,808,963	$ 5,490,831
Liabilities, Redeemable Noncontrolling Interests and Equity		
Current liabilities:		
Current portion of long-term debt and finance leases	$ 2,932	$ 50,214
Accounts payable	127,129	122,475
Accrued compensation	164,748	206,823
Deferred revenue	213,032	207,942
Accrued liabilities	198,188	149,820
Other current liabilities	97,347	102,477
Total current liabilities	803,376	839,751
Long-term debt, net and finance leases	2,202,334	1,929,571
Operating lease right-of-use liabilities	173,015	155,595
Deferred tax liabilities	207,011	217,031
Other long-term liabilities	207,008	205,215
Total liabilities	3,592,744	3,347,163
Commitments and contingencies (Notes 2, 9, 11, 12, 16 and 17)		
Redeemable noncontrolling interests	28,035	25,499
Equity:		
Preferred stock, $0.01 par value; 20,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.01 par value; 120,000 shares authorized; 50,350 shares issued and 50,216 shares outstanding as of March 27, 2021, and 49,767 shares issued and outstanding as of December 26, 2020	504	498
Additional paid-in capital	1,659,524	1,627,564
Retained earnings	686,944	625,414
Treasury stock, at cost, 134 and 0 shares, as of March 27, 2021 and December 26, 2020, respectively	(36,028)	—
Accumulated other comprehensive loss	(127,017)	(138,874)
Total equity attributable to common shareholders	2,183,927	2,114,602
Noncontrolling interest	4,257	3,567
Total equity	2,188,184	2,118,169
Total liabilities, redeemable noncontrolling interests and equity	$ 5,808,963	$ 5,490,831

See Notes to Unaudited Condensed Consolidated Financial Statements.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Three Months Ended	
	March 27, 2021	**March 28, 2020**
Cash flows relating to operating activities		
Net income	$ 63,935	$ 50,837
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	61,508	57,260
Stock-based compensation	13,189	10,960
Debt extinguishment and financing costs	26,907	—
Deferred income taxes	(9,125)	(2,973)
Loss on venture capital and strategic equity investments, net	16,719	12,035
Other, net	496	10,495
Changes in assets and liabilities:		
Trade receivables, net	5,598	(32,136)
Inventories	(11,404)	4,076
Accounts payable	9,622	(10,003)
Accrued compensation	(37,360)	(45,245)
Deferred revenue	5,006	6,065
Customer contract deposits	(5,446)	4,454
Other assets and liabilities, net	30,584	2,765
Net cash provided by operating activities	170,229	68,590
Cash flows relating to investing activities		
Acquisition of businesses and assets, net of cash acquired	(94,197)	(382,250)
Capital expenditures	(28,030)	(25,721)
Purchases of investments and contributions to venture capital investments	(16,550)	(7,121)
Proceeds from sale of investments	—	2,504
Other, net	781	(1,097)
Net cash used in investing activities	(137,996)	(413,685)
Cash flows relating to financing activities		
Proceeds from long-term debt and revolving credit facility	1,954,011	1,409,793
Proceeds from exercises of stock options	19,612	22,608
Payments on long-term debt, revolving credit facility, and finance lease obligations	(1,714,195)	(925,109)
Purchase of treasury stock	(36,028)	(23,675)
Payment of debt extinguishment and financing costs	(28,680)	—
Other, net	—	(4,405)
Net cash provided by financing activities	194,720	479,212
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	10,953	290
Net change in cash, cash equivalents, and restricted cash	237,906	134,407
Cash, cash equivalents, and restricted cash, beginning of period	233,119	240,046
Cash, cash equivalents, and restricted cash, end of period	$ 471,025	$ 374,453
Supplemental cash flow information:		
Cash and cash equivalents	$ 465,411	$ 372,433
Restricted cash included in Other current assets	4,012	444
Restricted cash included in Other assets	1,602	1,576
Cash, cash equivalents, and restricted cash, end of period	$ 471,025	$ 374,453

See Notes to Unaudited Condensed Consolidated Financial Statements.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
(in thousands)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Equity Attributable to Common Shareholders	Noncontrolling Interest	Total Equity
	Shares	Amount				Shares	Amount			
December 26, 2020	**49,767**	**$ 498**	**$ 1,627,564**	**$ 625,414**	**$ (138,874)**	**—**	**$ —**	**$ 2,114,602**	**$ 3,567**	**$ 2,118,169**
Net income	—	—	—	61,530	—	—	—	61,530	690	62,220
Other comprehensive income	—	—	—	—	11,857	—	—	11,857	—	11,857
Adjustment of redeemable noncontrolling interest to redemption value	—	—	(835)	—	—	—	—	(835)	—	(835)
Issuance of stock under employee compensation plans	583	6	19,606	—	—	—	—	19,612	—	19,612
Acquisition of treasury shares	—	—	—	—	—	134	(36,028)	(36,028)	—	(36,028)
Stock-based compensation	—	—	13,189	—	—	—	—	13,189	—	13,189
March 27, 2021	**50,350**	**$ 504**	**$ 1,659,524**	**$ 686,944**	**$ (127,017)**	**134**	**$ (36,028)**	**$ 2,183,927**	**$ 4,257**	**$ 2,188,184**

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Equity Attributable to Common Shareholders	Noncontrolling Interest	Total Equity
	Shares	Amount				Shares	Amount			
December 28, 2019	**48,936**	**$ 489**	**$ 1,531,785**	**$ 280,329**	**$ (178,019)**	**—**	**$ —**	**$ 1,634,584**	**$ 3,244**	**$ 1,637,828**
Net income	—	—	—	50,769	—	—	—	50,769	399	51,168
Other comprehensive loss	—	—	—	—	(40,898)	—	—	(40,898)	—	(40,898)
Buy-out and contingent consideration recognition in connection with redeemable noncontrolling interest	—	—	(2,379)	—	—	—	—	(2,379)	—	(2,379)
Issuance of stock under employee compensation plans	694	7	22,616	—	—	—	—	22,623	—	22,623
Acquisition of treasury shares	—	—	—	—	—	144	(23,675)	(23,675)	—	(23,675)
Stock-based compensation	—	—	10,960	—	—	—	—	10,960	—	10,960
March 28, 2020	**49,630**	**$ 496**	**$ 1,562,982**	**$ 331,098**	**$ (218,917)**	**144**	**$ (23,675)**	**$ 1,651,984**	**$ 3,643**	**$ 1,655,627**

See Notes to Unaudited Condensed Consolidated Financial Statements.

1. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements are unaudited and have been prepared by Charles River Laboratories International, Inc. (the Company) in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). The year-end condensed consolidated balance sheet data was derived from the Company's audited consolidated financial statements, but does not include all disclosures required by U.S. GAAP. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for fiscal year 2020. The unaudited condensed consolidated financial statements, in the opinion of management, reflect all normal and recurring adjustments necessary for a fair statement of the Company's financial position and results of operations.

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in accordance with U.S. GAAP requires that the Company make estimates and judgments that may affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, judgments, and methodologies. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Changes in estimates are reflected in reported results in the period in which they become known.

On March 11, 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. The COVID-19 pandemic is dynamic, and its ultimate scope, duration and effects are uncertain. This pandemic has and continues to result in, and any future epidemic or pandemic crises may potentially result in, direct and indirect adverse effects on the Company's industry and customers, which in turn has (with respect to COVID-19) and may (with respect to future epidemics or crises) impact the Company's business, results of operations and financial condition. Further, the COVID-19 pandemic may also affect the Company's operating and financial results in a manner that is not presently known to the Company or that the Company currently does not expect to present significant risks to its operations or financial results. As of the date of issuance of these unaudited condensed consolidated financial statements, the Company is not aware of any specific event or circumstance that would require the Company to update estimates, judgments or revise the carrying value of any assets or liabilities. These estimates may change, as new events occur and additional information is obtained, and are recognized in the condensed consolidated financial statements as soon as they become known. Actual results could differ from those estimates and any such differences may be material to the Company's condensed consolidated financial statements.

Consolidation

The Company's unaudited condensed consolidated financial statements reflect its financial statements and those of its subsidiaries in which the Company holds a controlling financial interest. For consolidated entities in which the Company owns or is exposed to less than 100% of the economics, the Company records net income (loss) attributable to noncontrolling interests in its consolidated statements of income equal to the percentage of the economic or ownership interest retained in such entities by the respective noncontrolling parties. Intercompany balances and transactions are eliminated in consolidation.

The Company's fiscal year is typically based on 52-weeks, with each quarter composed of 13 weeks ending on the last Saturday on, or closest to, March 31, June 30, September 30, and December 31.

Segment Reporting

The Company reports its results in three reportable segments: Research Models and Services (RMS), Discovery and Safety Assessment (DSA), and Manufacturing Support (Manufacturing). The Company's RMS reportable segment includes the Research Models, Research Model Services, and Research Products businesses. Research Models includes the commercial production and sale of small research models, as well as the supply of large research models. Research Model Services includes: Genetically Engineered Models and Services (GEMS), which performs contract breeding and other services associated with genetically engineered models; Research Animal Diagnostic Services (RADS), which provides health monitoring and diagnostics services related to research models; and Insourcing Solutions (IS), which provides colony management of its clients' research operations (including recruitment, training, staffing, and management services). Research Products supplies controlled, consistent, customized primary cells and blood components derived from normal and mobilized peripheral blood, bone marrow, and cord blood. The Company's DSA reportable segment includes services required to take a drug through the early development process including discovery services, which are non-regulated services to assist clients with the identification, screening, and selection of a lead compound for drug development, and regulated and non-regulated (GLP and non-GLP) safety assessment services. The Company's Manufacturing reportable segment includes Microbial Solutions, which provides *in vitro* (non-animal) lot-release testing products, microbial detection products, and species identification services; Biologics Testing Services (Biologics), which performs specialized testing of biologics; and Avian Vaccine Services (Avian), which supplies specific-pathogen-free chicken eggs and chickens.

Summary of Significant Accounting Policies
The Company’s significant accounting policies are described in Note 1, “Description of Business and Summary of Significant Accounting Policies” in the Company’s Annual Report on Form 10-K for fiscal year 2020.

Newly Adopted Accounting Pronouncements
In January 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-01, “Investments-Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815).” ASU 2020-01 states any equity security transitioning from the alternative method of accounting under Topic 321 to the equity method, or vice versa, due to an observable transaction will be remeasured immediately before the transition. In addition, the ASU clarifies the accounting for certain non-derivative forward contracts or purchased call options to acquire equity securities stating such instruments will be measured using the fair value principles of Topic 321 before settlement or exercise. This standard became effective for the Company in the three months ended March 27, 2021 and did not have a significant impact on the unaudited condensed consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.” ASU 2019-12 simplifies the accounting for income taxes by removing exceptions within the general principles of Topic 740 regarding the calculation of deferred tax liabilities, the incremental approach for intraperiod tax allocation, and calculating income taxes in an interim period. In addition, the ASU adds clarifications to the accounting for franchise tax (or similar tax), which is partially based on income, evaluating tax basis of goodwill recognized from a business combination, and reflecting the effect of any enacted changes in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. This standard became effective for the Company in the three months ended March 27, 2021 and did not have a significant impact on the unaudited condensed consolidated financial statements and related disclosures.

Newly Issued Accounting Pronouncements
In March 2020, the FASB issued ASU 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting.” The ASU, including subsequently issued updates, offers temporary optional expedients and exceptions for applying U.S. GAAP to modifications to agreements such as loans, debt securities, derivatives, and borrowings which reference LIBOR or another reference rate that will partially discontinue after December 31, 2021 and fully cease by June 30, 2023. The expedients and exceptions provided by the standard do not apply to modifications made and hedging relationships entered into or evaluated after that, except for hedging relationships existing as of the phase-out date that an entity has elected certain optional expedients for and are retained through the end of the hedging relationship. The ASU is effective until the replacement for LIBOR is completed. The interest rate on the Company’s revolving credit facility, which was amended and restated in April 2021 (see Note 9. Long-term debt and finance lease obligations) matures in fiscal year 2026, is linked to LIBOR and alternative interest rates when LIBOR is discontinued. The Company is currently evaluating the impact this new standard will have on the consolidated financial statements and related disclosures, but does not believe there will be a material impact upon adoption.

2. BUSINESS COMBINATIONS

Retrogenix Limited

On March 30, 2021 (second fiscal quarter of 2021), the Company acquired Retrogenix Limited (Retrogenix) for approximately £35 million in cash (or approximately $48 million based on current exchange rates), subject to customary closing adjustments. In addition to the initial purchase price, the transaction includes a potential additional payment of up to £5 million based on future performance (or approximately $7 million based on current exchange rates). Retrogenix is an early-stage contract research organization providing specialized bioanalytical services utilizing its proprietary cell microarray technology. The acquisition of Retrogenix enhances the Company's scientific expertise with additional large molecule and cell therapy discovery capabilities. The acquisition was funded through a combination of available cash and proceeds from the Company's Credit Facility. This business will be reported as part of the Company's DSA reportable segment. Due to the limited time between the acquisition date and the filing of this Quarterly Report on Form 10-Q, it is not practicable for the Company to disclose the preliminary allocation of the purchase price to assets acquired and liabilities assumed. The Company incurred transaction and integration costs in connection with the acquisition of $0.8 million during the three months ended March 27, 2021, which were included in Selling, general and administrative expenses within the unaudited condensed consolidated statements of income.

Cognate BioServices, Inc.

On March 29, 2021 (second fiscal quarter of 2021), the Company acquired Cognate BioServices, Inc. (Cognate BioServices) for approximately $875 million in cash, subject to customary closing adjustments. Cognate BioServices is a cell and gene therapy contract development and manufacturing organization (CDMO) offering comprehensive manufacturing solutions for cell therapies, as well as for the production of plasmid DNA and other inputs in the CDMO value chain. The acquisition of Cognate BioServices establishes the Company as a scientific partner for cell and gene therapy development, testing, and manufacturing, providing clients with an integrated solution from basic research and discovery through cGMP production. The acquisition was funded through a combination of available cash and proceeds from the Company's Credit Facility and recently issued Senior Notes. This business will be reported as part of the Company's Manufacturing reportable segment. Due to the limited time between the acquisition date and the filing of this Quarterly Report on Form 10-Q, it is not practicable for the Company to disclose either the preliminary allocation of the purchase price to assets acquired and liabilities assumed or the pro forma consolidated results of operations as if the Cognate BioServices acquisition had occurred as of the beginning of the period immediately preceding the period of acquisition after giving effect to certain adjustments. The Company incurred transaction and integration costs in connection with the acquisition of $7.2 million during the three months ended March 27, 2021, which were included in Selling, general and administrative expenses within the unaudited condensed consolidated statements of income.

Distributed Bio, Inc.

On December 31, 2020, the Company acquired Distributed Bio, Inc. (Distributed Bio), a next-generation antibody discovery company with technologies specializing in enhancing the probability of success for delivering high-quality, readily formattable antibody fragments to support antibody and cell and gene therapy candidates to biopharmaceutical clients. The acquisition of Distributed Bio expands the Company's capabilities with an innovative, large-molecule discovery platform, and creates an integrated, end-to-end platform for therapeutic antibody and cell and gene therapy discovery and development. The preliminary purchase price of Distributed Bio was $97.0 million, net of $0.8 million in cash, subject to certain post-closing adjustments that may change the purchase price. The total consideration includes $80.8 million cash paid, settlement of $3.0 million in convertible promissory notes previously invested by the Company during prior fiscal years, and $14.0 million of contingent consideration, which is estimated using a Monte Carlo Simulation model (the maximum contingent contractual payments are up to $21.0 million based on future performance and milestone achievements over a one-year period). The acquisition was funded through a combination of available cash and proceeds from the Company's Credit Facility. This business is reported as part of the Company's DSA reportable segment.

The preliminary purchase price allocation of $97.0 million, net of $0.8 million of cash acquired was as follows:

	December 31, 2020
	(in thousands)
Trade receivables	$ 2,722
Other current assets (excluding cash)	221
Property, plant and equipment	2,382
Goodwill	71,585
Definite-lived intangible assets	24,540
Other long-term assets	2,055
Current liabilities	(2,823)
Deferred tax liabilities	(2,529)
Other long-term liabilities	(1,123)
Total purchase price allocation	$ 97,030

The preliminary purchase price allocation is subject to change as additional information becomes available concerning the fair value and tax basis of the assets acquired and liabilities assumed, including certain contracts and obligations. Any additional adjustments to the purchase price allocation will be made as soon as practicable but no later than one year from the date of acquisition.

The breakout of definite-lived intangible assets acquired was as follows:

	Definite-Lived Intangible Assets	Weighted Average Amortization Life
	(in thousands)	(in years)
Client relationships	$ 16,080	9
Developed technology	3,940	5
Other intangible assets	4,520	4
Total definite-lived intangible assets	$ 24,540	7

The goodwill resulting from the transaction is primarily attributable to the potential growth of the Company’s DSA business from new customers introduced to Distributed Bio and the assembled workforce of the acquired business. The goodwill attributable to Distributed Bio is not deductible for tax purposes.

The Company incurred transaction and integration costs in connection with the acquisition of $0.7 million during the three months ended March 27, 2021, which were primarily included in Selling, general and administrative expenses within the unaudited condensed consolidated statements of income.

Pro forma financial information as well as the disclosure of actual revenue and operating income (loss) have not been included because Distributed Bio's financial results are not significant when compared to the Company’s consolidated financial results.

Cellero, LLC

On August 6, 2020, the Company acquired Cellero, LLC (Cellero), a provider of cellular products for cell therapy developers and manufacturers worldwide. The addition of Cellero enhances the Company’s unique, comprehensive solutions for the high-growth cell therapy market, strengthening the ability to help accelerate clients’ critical programs from basic research and proof-of-concept to regulatory approval and commercialization. It also expands the Company’s access to high-quality, human-derived biomaterials with Cellero’s donor sites in the United States. The purchase price for Cellero was $37.4 million in cash. The acquisition was funded through available cash. This business is reported as part of the Company’s RMS reportable segment.

The preliminary purchase price allocation of $36.9 million, net of $0.5 million of cash acquired was as follows:

		August 6, 2020
		(in thousands)
Trade receivables	$	1,500
Inventories		551
Other current assets (excluding cash)		182
Property, plant and equipment		1,648
Goodwill		19,457
Definite-lived intangible assets		16,230
Other long-term assets		849
Current liabilities		(1,360)
Deferred tax liabilities		(1,467)
Other long-term liabilities		(740)
Total purchase price allocation	$	36,850

The preliminary purchase price allocation is subject to change as additional information becomes available concerning the fair value and tax basis of the assets acquired and liabilities assumed, including certain contracts and obligations. From the date of the acquisition through March 27, 2021, the Company recorded measurement-period adjustments related to the acquisition that resulted in an immaterial change to the purchase price allocation on a consolidated basis. Any additional adjustments to the purchase price allocation will be made as soon as practicable but no later than one year from the date of acquisition.

The breakout of definite-lived intangible assets acquired was as follows:

		Definite-Lived Intangible Assets	Weighted Average Amortization Life
		(in thousands)	(in years)
Client relationships	$	14,740	13
Other intangible assets		1,490	3
Total definite-lived intangible assets	$	16,230	12

The goodwill resulting from the transaction, $10.8 million of which is deductible for tax purposes due to a prior asset acquisition, is primarily attributable to the potential growth of the Company’s RMS business from customers introduced through Cellero and the assembled workforce of the acquired business.

The Company incurred integration costs in connection with the acquisition of $0.4 million for the three months ended March 27, 2021, which were primarily included in Selling, general and administrative expenses within the unaudited condensed consolidated statements of income.

Pro forma financial information as well as the disclosure of actual revenue and operating income (loss) have not been included because Cellero's financial results are not significant when compared to the Company’s consolidated financial results.

HemaCare Corporation

On January 3, 2020, the Company acquired HemaCare Corporation (HemaCare), a business specializing in the production of human-derived cellular products for the cell therapy market. The acquisition of HemaCare expands the Company’s comprehensive portfolio of early-stage research and manufacturing support solutions to encompass the production and customization of high-quality, human derived cellular products to better support clients’ cell therapy programs. The purchase price of HemaCare was $379.8 million in cash. The acquisition was funded through a combination of available cash and proceeds from the Company’s Credit Facility. This business is reported as part of the Company’s RMS reportable segment.

The purchase price allocation of $376.7 million, net of $3.1 million of cash acquired was as follows:

	January 3, 2020
	(in thousands)
Trade receivables	$ 6,451
Inventories	8,468
Other current assets (excluding cash)	3,494
Property, plant and equipment	10,033
Goodwill	210,196
Definite-lived intangible assets	183,540
Other long-term assets	5,920
Current liabilities	(5,188)
Deferred tax liabilities	(38,529)
Other long-term liabilities	(7,664)
Total purchase price allocation	$ 376,721

From the date of the acquisition through December 26, 2020, the Company recorded measurement-period adjustments related to the acquisition that resulted in an immaterial change to the purchase price allocation on a consolidated basis. No further adjustments will be made to the purchase price allocation.

The breakout of definite-lived intangible assets acquired was as follows:

	Definite-Lived Intangible Assets	Weighted Average Amortization Life
	(in thousands)	(in years)
Client relationships	$ 170,390	19
Trade name	7,330	10
Other intangible assets	5,820	3
Total definite-lived intangible assets	$ 183,540	18

The goodwill resulting from the transaction is primarily attributable to the potential growth of the Company's RMS business from customers introduced through HemaCare and the assembled workforce of the acquired business. The goodwill attributable to HemaCare is not deductible for tax purposes.

The Company incurred transaction and integration costs in connection with the acquisition of $0.1 million and $5.7 million for the three months ended March 27, 2021 and March 28, 2020, respectively, which were primarily included in Selling, general and administrative expenses within the unaudited condensed consolidated statements of income.

The following selected unaudited pro forma consolidated results of operations are presented as if the HemaCare acquisition had occurred as of the beginning of the period immediately preceding the period of acquisition, which is December 30, 2018, after giving effect to certain adjustments. For the three months ended March 28, 2020, these adjustments included additional amortization of intangible assets and depreciation of fixed assets of $0.2 million, elimination of intercompany activity and other one-time costs, and the tax impacts of these adjustments.

	Three Months Ended March 28, 2020
	(in thousands) (unaudited)
Revenue	$ 707,077
Net income attributable to common shareholders	55,705

These unaudited pro forma results of operations have been prepared for comparative purposes only, and they do not purport to be indicative of the results of operations that actually would have resulted had the acquisition occurred on the dates indicated or that may result in the future. No effect has been given for synergies, if any, that may be realized through the acquisition.

Other Acquisition

On March 3, 2021, the Company acquired certain assets from a distributor that supports the Company's DSA reportable segment. The preliminary purchase price was $35.6 million, which includes $19.7 million in cash paid ($5.5 million of which was paid in fiscal 2020), subject to customary closing adjustments, and $15.9 million of contingent consideration, which is estimated using a Monte Carlo Simulation model (the maximum contingent contractual payments are up to $17.5 million based on future performance over a three-year period). The fair value of the net assets acquired included $17.3 million of goodwill, $15.2 million attributed to supplier relationships (to be amortized over a 4-year period), and $3.0 million of property, plant, and equipment. The business is reported as part of the Company's DSA reportable segment. Pro forma information and transaction and integration costs have not been presented because such information is not material to the financial statements.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

The following table disaggregates the Company's revenue by major business line and timing of transfer of products or services:

	Three Months Ended	
	March 27, 2021	March 28, 2020
	(in thousands)	
Timing of Revenue Recognition:		
RMS		
Services and products transferred over time	$ 64,896	$ 60,041
Services and products transferred at a point in time	112,014	85,955
Total RMS revenue	176,910	145,996
DSA		
Services and products transferred over time	500,468	438,564
Services and products transferred at a point in time	710	119
Total DSA revenue	501,178	438,683
Manufacturing		
Services and products transferred over time	50,568	37,314
Services and products transferred at a point in time	95,910	85,066
Total Manufacturing revenue	146,478	122,380
Total revenue	$ 824,566	$ 707,059

RMS

The RMS business generates revenue through the commercial production and sale of research models, research products, and the provision of services related to the maintenance and monitoring of research models and management of clients' research operations. Revenue from the sale of research models and products is recognized at a point in time when the customer obtains control of the product, which may be upon shipment or upon delivery based on the shipping terms of a contract. Revenue generated from research models services is recognized over time and is typically based on a right-to-invoice measure of progress (output method) as invoiced amounts correspond directly to the value of the Company's performance to date.

DSA

The Discovery and Safety Assessment business provides a full suite of integrated drug discovery services directed at the identification, screening and selection of a lead compound for drug development and offers a full range of safety assessment services including bioanalysis, drug metabolism, pharmacokinetics, toxicology and pathology. Discovery and Safety Assessment services revenue is generally recognized over time using the cost-to-cost or right to invoice measures of progress, primarily representing fixed fee service contracts and per unit service contracts, respectively.

Manufacturing

The Manufacturing business includes Microbial Solutions, which provides *in vitro* (non-animal) lot-release testing products, microbial detection products, and species identification services; Biologics Testing Services (Biologics), which performs specialized testing of biologics; and Avian Vaccine Services (Avian), which supplies specific-pathogen-free chicken eggs and chickens. Species identification service revenue is generally recognized at a point in time as identifications are completed by the Company. Biologics service revenue is generally recognized over time using the cost-to-cost measure of progress. Microbial Solutions and Avian product sales are generally recognized at a point in time when the customer obtains control of the product, which may be upon shipment or upon delivery based on the contractual shipping terms of a contract.

Transaction Price Allocated to Future Performance Obligations

The Company discloses the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied as of March 27, 2021. Excluded from the disclosure is the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which revenue is recognized at the amount to which the Company has the right to invoice for services performed. The Company has assessed future performance obligations with respect to the COVID-19 pandemic uncertainties and believes there is an insignificant impact on the ability to meet future performance obligations and the amount of revenue to be recognized.

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially satisfied) as of March 27, 2021:

	Revenue Expected to be Recognized in Future Periods				
	Less than 1 Year	1 to 3 Years	4 to 5 Years	Beyond 5 Years	Total
	(in thousands)				
DSA	$ 212,919	$ 120,893	$ 4,404	$ 122	$ 338,338
Manufacturing	8,724	3,170	—	—	11,894
Total	$ 221,643	$ 124,063	$ 4,404	$ 122	$ 350,232

Contract Balances from Contracts with Customers

The timing of revenue recognition, billings and cash collections results in billed receivables (client receivables), contract assets (unbilled revenue), and contract liabilities (current and long-term deferred revenue and customer contract deposits) on the unaudited condensed consolidated balance sheets. The Company's payment terms are generally 30 days in the United States and consistent with prevailing practice in international markets. A contract asset is recorded when a right to consideration in exchange for goods or services transferred to a customer is conditioned other than the passage of time. Client receivables are recorded separately from contract assets since only the passage of time is required before consideration is due. A contract liability is recorded when consideration is received, or such consideration is unconditionally due, from a customer prior to transferring goods or services to the customer under the terms of a contract. Contract liabilities are recognized as revenue after control of the products or services is transferred to the customer and all revenue recognition criteria have been met. The following table provides information about client receivables, contract assets, and contract liabilities from contracts with customers:

	March 27, 2021	December 26, 2020
	(in thousands)	
Balances from contracts with customers:		
Client receivables	$ 463,800	$ 489,042
Contract assets (unbilled revenue)	154,044	135,400
Contract liabilities (current and long-term deferred revenue)	233,075	227,417
Contract liabilities (customer contract deposits)	36,652	42,244

When the Company does not have the unconditional right to advanced billings, both advanced client payments and unpaid advanced client billings are excluded from deferred revenue, with the advanced billings also being excluded from client receivables. The Company excluded approximately $19 million and $16 million of unpaid advanced client billings from both client receivables and deferred revenue in the accompanying unaudited condensed consolidated balance sheets as of March 27, 2021 and December 26, 2020, respectively. Advanced client payments of approximately $37 million and $42 million have been presented as customer contract deposits within other current liabilities in the accompanying unaudited condensed consolidated balance sheets as of March 27, 2021 and December 26, 2020, respectively.

Other changes in the contract asset and the contract liability balances during the three months ended March 27, 2021 and March 28, 2020 were as follows:

(i) Changes due to business combinations:

See Note 2. "Business Combinations" for the Company's recent acquisitions.

(ii) Cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained), or a contract modification:

During the three months ended March 27, 2021 and March 28, 2020, immaterial cumulative catch-up adjustments to revenue were recorded.

(iii) A change in the time frame for a right to consideration to become unconditional (that is, for a contract asset to be recorded as a client receivable):

Approximately 60% of unbilled revenue as of December 26, 2020 was billed during the three months ended March 27, 2021. Approximately 60% of unbilled revenue as of December 28, 2019, which was $122 million, was billed during the three months ended March 28, 2020.

(iv) A change in the time frame for a performance obligation to be satisfied (that is, for the recognition of revenue arising from a contract liability):

Approximately 60% of contract liabilities as of December 26, 2020 were recognized as revenue during the three months ended March 27, 2021. Approximately 60% of contract liabilities as of December 28, 2019, which was $193 million, were recognized as revenue during the three months ended March 28, 2020.

4. SEGMENT INFORMATION

The Company’s three reportable segments are RMS, DSA, and Manufacturing. The following table presents revenue and other financial information by reportable segment:

	Three Months Ended	
	March 27, 2021	March 28, 2020
	(in thousands)	
RMS		
Revenue	$ 176,910	$ 145,996
Operating income	44,935	27,373
Depreciation and amortization	9,679	8,752
Capital expenditures	2,983	5,412
DSA		
Revenue	$ 501,178	$ 438,683
Operating income	90,949	72,283
Depreciation and amortization	44,608	41,330
Capital expenditures	17,040	14,729
Manufacturing		
Revenue	$ 146,478	$ 122,380
Operating income	49,437	41,112
Depreciation and amortization	6,569	6,366
Capital expenditures	7,110	5,161

Reconciliations of segment operating income, depreciation and amortization, and capital expenditures to the respective consolidated amounts are as follows:

	Operating Income		Depreciation and Amortization		Capital Expenditures	
	March 27, 2021	March 28, 2020	March 27, 2021	March 28, 2020	March 27, 2021	March 28, 2020
	(in thousands)					
Three Months Ended:						
Total reportable segments	$ 185,321	$ 140,768	$ 60,856	$ 56,448	$ 27,133	$ 25,302
Unallocated corporate	(61,618)	(46,487)	652	812	897	419
Total consolidated	$ 123,703	$ 94,281	$ 61,508	$ 57,260	$ 28,030	$ 25,721

Revenue for each significant product or service offering is as follows:

	Three Months Ended	
	March 27, 2021	March 28, 2020
	(in thousands)	
RMS	$ 176,910	$ 145,996
DSA	501,178	438,683
Manufacturing	146,478	122,380
Total revenue	$ 824,566	$ 707,059

A summary of unallocated corporate expense consists of the following:

	Three Months Ended	
	March 27, 2021	March 28, 2020
	(in thousands)	
Stock-based compensation	$ 7,642	$ 6,704
Compensation, benefits, and other employee-related expenses	27,362	21,980
External consulting and other service expenses	7,356	2,469
Information technology	4,095	3,716
Depreciation	652	812
Acquisition and integration	10,560	6,983
Other general unallocated corporate	3,951	3,823
Total unallocated corporate expense	$ 61,618	$ 46,487

Other general unallocated corporate expense consists of costs associated with departments such as senior executives, corporate accounting, legal, tax, human resources, treasury, and investor relations.

Revenue by geographic area is as follows:

	U.S.	Europe	Canada	Asia Pacific	Other	Consolidated
	(in thousands)					
Three Months Ended:						
March 27, 2021	$ 448,482	$ 237,535	$ 77,107	$ 59,446	$ 1,996	$ 824,566
March 28, 2020	406,712	190,262	76,633	31,829	1,623	707,059

Included in the Other category above are operations located in Brazil and Israel. Revenue represents sales originating in entities physically located in the identified geographic area.

5. SUPPLEMENTAL BALANCE SHEET INFORMATION

The composition of trade receivables, net is as follows:

	March 27, 2021	December 26, 2020
	(in thousands)	
Client receivables	$ 463,800	$ 489,042
Unbilled revenue	154,044	135,400
Total	617,844	624,442
Less: Allowance for doubtful accounts	(7,278)	(6,702)
Trade receivables, net	$ 610,566	$ 617,740

The composition of inventories is as follows:

	March 27, 2021	December 26, 2020
	(in thousands)	
Raw materials and supplies	$ 26,726	$ 28,317
Work in process	32,619	36,755
Finished products	134,239	120,623
Inventories	$ 193,584	$ 185,695

The composition of other current assets is as follows:

	March 27, 2021	December 26, 2020
	(in thousands)	
Prepaid income tax	$ 66,885	$ 68,462
Short-term investments	1,025	1,024
Restricted cash	4,012	3,074
Other current assets	$ 71,922	$ 72,560

The composition of other assets is as follows:

	March 27, 2021	December 26, 2020
	(in thousands)	
Venture capital investments	$ 175,506	$ 197,100
Strategic equity investments	35,772	24,704
Life insurance policies	46,258	43,827
Other long-term income tax assets	22,827	23,485
Restricted cash	1,602	1,621
Long-term pension assets	33,435	31,915
Other	34,031	29,974
Other assets	$ 349,431	$ 352,626

The composition of other current liabilities is as follows:

	March 27, 2021	December 26, 2020
	(in thousands)	
Current portion of operating lease right-of-use liabilities	$ 25,868	$ 24,674
Accrued income taxes	24,952	24,884
Customer contract deposits	36,652	42,244
Other	9,875	10,675
Other current liabilities	$ 97,347	$ 102,477

The composition of other long-term liabilities is as follows:

	March 27, 2021	December 26, 2020
	(in thousands)	
U.S. Transition Tax	$ 48,781	$ 48,781
Long-term pension liability, accrued executive supplemental life insurance retirement plan and deferred compensation plan	74,223	74,233
Long-term deferred revenue	20,043	19,475
Other	63,961	62,726
Other long-term liabilities	$ 207,008	$ 205,215

6. VENTURE CAPITAL AND STRATEGIC EQUITY INVESTMENTS

Venture capital investments were $175.5 million and $197.1 million as of March 27, 2021 and December 26, 2020, respectively. The Company's total commitment to the venture capital funds as of March 27, 2021 was $149.3 million, of which the Company funded $99.7 million through that date. The Company received distributions totaling $9.3 million and $0.9 million for the three months ended March 27, 2021 and March 28, 2020, respectively. The Company recognized net losses of $16.4 million and $12.2 million related to the venture capital investments for the three months ended March 27, 2021 and March 28, 2020, respectively, primarily driven by decreases in fair value of publicly-held investments.

The Company also invests, with minority positions, directly in equity of predominantly privately-held companies. Strategic equity investments were $35.8 million and $24.7 million as of March 27, 2021 and December 26, 2020, respectively. The Company recognized insignificant gains and losses for the three months ended March 27, 2021 and March 28, 2020, respectively.

7. FAIR VALUE

The Company has certain financial assets and liabilities recorded at fair value, which have been classified as Level 1, 2, or 3 within the fair value hierarchy:

- Level 1 - Fair values are determined utilizing prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access,
- Level 2 - Fair values are determined by utilizing quoted prices for identical or similar assets and liabilities in active markets or other market observable inputs such as interest rates, yield curves, and foreign currency spot rates,
- Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The fair value hierarchy level is determined by asset and class based on the lowest level of significant input. The observability of inputs may change for certain assets or liabilities. This condition could cause an asset or liability to be reclassified between levels. The Company recognizes transfers between levels within the fair value hierarchy, if any, at the end of each quarter. During the three months ended March 27, 2021 and March 28, 2020, there were no transfers between levels.

Valuation methodologies used for assets and liabilities measured or disclosed at fair value are as follows:

- Cash equivalents - Valued at market prices determined through third-party pricing services;
- Foreign currency forward contracts - Valued using market observable inputs, such as forward foreign exchange points and foreign exchanges rates;
- Life insurance policies - Valued at cash surrender value based on the fair value of underlying investments;
- Debt instruments - The book value of the Company’s term and revolving loans, which are variable rate loans carried at amortized cost, approximates the fair value based on current market pricing of similar debt. The book values of the Company’s Senior Notes, which are fixed rate debt, are carried at amortized cost. Fair values of the Senior Notes are based on quoted market prices and on borrowing rates available to the Company; and
- Contingent consideration - Valued based on a probability weighting of the future cash flows associated with the potential outcomes.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	March 27, 2021			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Cash equivalents	$ —	$ 6,172	$ —	$ 6,172
Other assets:				
Life insurance policies	—	38,250	—	38,250
Total assets measured at fair value	$ —	$ 44,422	$ —	$ 44,422
Other liabilities measured at fair value:				
Contingent consideration	$ —	$ —	$ 33,163	$ 33,163
Total liabilities measured at fair value	$ —	$ —	$ 33,163	$ 33,163

	December 26, 2020			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Cash equivalents	$ —	$ 2,273	$ —	$ 2,273
Other assets:				
Life insurance policies	—	35,770	—	35,770
Total assets measured at fair value	$ —	$ 38,043	$ —	$ 38,043
Other liabilities measured at fair value:				
Contingent consideration	$ —	$ —	$ 2,328	$ 2,328
Total liabilities measured at fair value	$ —	$ —	$ 2,328	$ 2,328

Contingent Consideration

The following table provides a rollforward of the contingent consideration related to the Company's business combinations. See Note 2, "Business Combinations."

	Three Months Ended	
	March 27, 2021	March 28, 2020
	(in thousands)	
Beginning balance	$ 2,328	$ 712
Additions	29,990	2,131
Fair value adjustments	917	—
Payments	—	(218)
Foreign currency	(72)	(62)
Ending balance	$ 33,163	$ 2,563

The Company estimates the fair value of contingent consideration obligations through valuation models, such as probability-weighted and option pricing models, that incorporate probability adjusted assumptions and simulations related to the achievement of the milestones and the likelihood of making related payments. The unobservable inputs used in the fair value measurements include the probabilities of successful achievement of certain financial targets, forecasted results or targets, volatilities, discount rates, and risk-free rates. Increases or decreases in these assumptions may result in a higher or lower fair value measurement, respectively.

Debt Instruments

The book value of the Company's term and revolving loans, which are variable rate loans carried at amortized cost, approximates the fair value based on current market pricing of similar debt. As the fair value is based on significant other observable inputs, including current interest and foreign currency exchange rates, it is deemed to be Level 2 within the fair value hierarchy.

The book value of the Company's Senior Notes are fixed rate obligations carried at amortized cost. Fair value is based on quoted market prices as well as borrowing rates available to the Company. As the fair value is based on significant other observable outputs, it is deemed to be Level 2 within the fair value hierarchy. The book value and fair value of the Company's Senior Notes is summarized below:

	March 27, 2021		December 26, 2020	
	Book Value	Fair Value	Book Value	Fair Value
5.5% Senior Notes due 2026	$ —	$ —	$ 500,000	$ 523,100
4.25% Senior Notes due 2028	500,000	513,750	500,000	523,750
3.75% Senior Notes due 2029	500,000	501,250	—	—
4.0% Senior Notes due 2031	500,000	504,350	—	—

8. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The following table provides a rollforward of the Company's goodwill:

		Adjustments to Goodwill		
	December 26, 2020	Acquisitions	Foreign Exchange	March 27, 2021
		(in thousands)		
RMS	$ 287,759	$ —	$ (169)	$ 287,590
DSA	1,378,130	88,611	(7,726)	1,459,015
Manufacturing	143,279	—	746	144,025
Goodwill	$ 1,809,168	$ 88,611	$ (7,149)	$ 1,890,630

The increase in goodwill during the three months ended March 27, 2021 related primarily to the acquisition of Distributed Bio in the DSA reportable segment.

Intangible Assets, Net

The following table displays intangible assets, net by major class:

	March 27, 2021			December 26, 2020		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	(in thousands)					
Backlog	$ 610	$ (152)	$ 458	$ 29,233	$ (29,233)	$ —
Technology	133,667	(85,610)	48,057	130,907	(81,305)	49,602
Trademarks and trade names	12,231	(2,112)	10,119	15,870	(5,648)	10,222
Other	28,736	(4,189)	24,547	20,903	(14,633)	6,270
Other intangible assets	175,244	(92,063)	83,181	196,913	(130,819)	66,094
Client relationships	1,152,499	(440,115)	712,384	1,137,331	(415,826)	721,505
Intangible assets	$ 1,327,743	$ (532,178)	$ 795,565	$ 1,334,244	$ (546,645)	$ 787,599

The increase in intangible assets, net during the three months ended March 27, 2021 related primarily to the acquisition of Distributed Bio.

9. LONG-TERM DEBT AND FINANCE LEASE OBLIGATIONS

Long-term debt, net and finance leases consists of the following:

	March 27, 2021	December 26, 2020
	(in thousands)	
Term loans	$ —	$ 146,875
Revolving facility	694,135	814,752
5.5% Senior Notes due 2026	—	500,000
4.25% Senior Notes due 2028	500,000	500,000
3.75% Senior Notes due 2029	500,000	—
4.0% Senior Notes due 2031	500,000	—
Other debt	369	3,457
Finance leases (Note 16)	28,844	29,047
Total debt and finance leases	2,223,348	1,994,131
Less:		
Current portion of long-term debt	109	47,196
Current portion of finance leases (Note 16)	2,823	3,018
Current portion of long-term debt and finance leases	2,932	50,214
Long-term debt and finance leases	2,220,416	1,943,917
Debt discount and debt issuance costs	(18,082)	(14,346)
Long-term debt, net and finance leases	$ 2,202,334	$ 1,929,571

As of March 27, 2021 and December 26, 2020, the weighted average interest rate on the Company’s debt was 3.09% and 3.11%, respectively.

Term Loans and Revolving Facility (Credit Facility)

As of and for the three months ended March 27, 2021, the Company had a credit facility consisting of a $750 million term loan and a $2.05 billion multi-currency revolving facility. The term loan facility matured in 19 quarterly installments with the last installment due March 26, 2023. During the three months ended March 27, 2021, the Company prepaid the remaining amount of the term loan, or $146.9 million, with proceeds from an unregistered private offering (see 2029 and 2031 Senior Notes below). The revolving facility matured on March 26, 2023, and required no scheduled payment before that date. Approximately $0.2 million of deferred financing costs were expensed upon prepayment of the term loan.

The interest rates applicable to the term loan and revolving facility under the Credit Facility were, at the Company’s option, equal to either the base rate (which is the higher of (1) the prime rate, (2) the federal funds rate plus 0.50%, or (3) the one-month adjusted LIBOR rate plus 1.0%) or the adjusted LIBOR rate, plus an interest rate margin based upon the Company's leverage ratio.

In April 2021, the Company amended and restated the Credit Facility increasing the capacity of the revolving credit facility and extending the maturity date to April 2026, which requires no scheduled payment before that date. The amended and restated Credit Facility provides for a $3.0 billion multi-currency revolving facility. No additional term loan was borrowed. Certain amendments were made in connection with the prospective discontinuation of LIBOR and certain other changes in law since the execution of the Company's existing credit agreement and makes certain other amendments to certain other covenants and terms.

The interest rates applicable to the amended and restated revolving facility are equal to (A) for revolving loans denominated in U.S. dollars, at the Company's option, either the base rate (which is the higher of (1) the prime rate, (2) the federal funds rate plus 0.50%, or (3) the one-month adjusted LIBOR rate plus 1%) or the adjusted LIBOR rate, (B) for revolving loans denominated in euros, the adjusted EURIBOR rate and (C) for revolving loans denominated in sterling, the daily simple SONIA rate, in each case, plus an interest rate margin based upon the Company's leverage ratio.

The Credit Facility includes certain customary representations and warranties, events of default, notices of material adverse changes to the Company's business and negative and affirmative covenants. These covenants include (1) maintenance of a ratio of consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) less capital expenditures to consolidated cash interest expense, for any period of four consecutive fiscal quarters, of no less than 3.50 to 1.0 as well as (2) maintenance of a ratio of consolidated indebtedness to consolidated EBITDA for any period of four consecutive fiscal quarters, of no more than 4.25 to 1.0. As of March 27, 2021, the Company was compliant with all covenants under the Credit Agreement.

The obligations of the Company under the Credit Facility are collateralized by substantially all of the assets of the Company.

During the three months ended March 27, 2021 and March 28, 2020, the Company had multiple U.S. dollar denominated loans borrowed by a non-U.S. Euro functional currency entity under the Company's Credit Facility, which ranged from $300 million to $400 million each. This resulted in foreign currency losses recognized in Other income, net of $13.4 million and $4.2 million during the three months ended March 27, 2021 and March 28, 2020, respectively, related to the remeasurement of the underlying debt. The Company entered into foreign exchange forward contracts to limit its foreign currency exposures related to these borrowings and recognized gains of $14.0 million and $6.1 million during the three months ended March 27, 2021 and March 28, 2020, respectively, within Interest expense. As of March 27, 2021, the Company did not have any outstanding borrowings in a currency different than its respective functional currency. See Note 14, "Foreign Currency Contracts", for further discussion.

Base Indenture for Senior Notes

The Company enters into certain indentures in order to issue senior notes and is subject to certain affirmative and negative covenants. The Company has the following Senior Notes in the current and prior fiscal periods.

2026 Senior Notes

In fiscal year 2018, the Company issued $500 million of 5.5% Senior Notes due in 2026 (2026 Senior Notes) in an unregistered offering. Interest on the 2026 Senior Notes was payable semi-annually on April 1 and October 1. On March 23, 2021, the Company prepaid the $500 million 2026 Seniors Notes along with $21 million of related debt extinguishment costs and $13 million of accrued interest using proceeds from additional senior notes issued on the same day (see 2029 and 2031 Senior Notes). The payment of the 2026 Senior Notes was accounted for as a debt extinguishment. Approximately $21 million of debt extinguishment costs and $5 million of deferred financing costs write-offs were recorded in Interest expense for the three months ended March 27, 2021.

2028 Senior Notes

In fiscal year 2019, the Company issued $500 million of 4.25% Senior Notes due in 2028 (2028 Senior Notes) in an unregistered offering. Interest on the 2028 Senior Notes is payable semi-annually on May 1 and November 1.

2029 Senior Notes and 2031 Senior Notes

In the three months ended March 27, 2021, the Company issued $1 billion split between $500 million of 3.75% Senior Notes due in 2029 (2029 Senior Notes), and $500 million of 4.00% Senior Notes due in 2031 (2031 Senior Notes), in an unregistered offering. Interest on the 2029 and 2031 Senior Notes is payable semi-annually on March 15 and September 15. Approximately $10 million of deferred financing costs were capitalized as part of this debt issuance. Proceeds from the 2029 and 2031 Senior Notes were used as follows: prepay the $500 million 2026 Senior Notes, $21 million of debt extinguishment costs, and $13 million of accrued interest; prepay the $146.9 million remaining term loan; pay down $135 million of the revolving facility; and pay for a portion of the Cognate BioServices acquisition, which occurred on March 29, 2021.

Principal Maturities

Principal maturities of existing debt, giving effect to the amended and restated Credit Agreement, for the periods set forth in the table below, are as follows:

	Principal (in thousands)
2021 (excluding the three months ended March 27, 2021)	$ 109
2022	—
2023	—
2024	260
2025	—
Thereafter	2,194,135
Total	$ 2,194,504

Letters of Credit
As of March 27, 2021 and December 26, 2020, the Company had $16.8 million and $16.0 million, respectively, in outstanding letters of credit.

10. EQUITY AND NONCONTROLLING INTERESTS

Earnings Per Share
The following table reconciles the numerator and denominator in the computations of basic and diluted earnings per share:

	Three Months Ended March 27, 2021	Three Months Ended March 28, 2020
	(in thousands)	
Numerator:		
Net income	$ 63,935	$ 50,837
Less: Net income attributable to noncontrolling interests	2,405	68
Net income attributable to common shareholders	$ 61,530	$ 50,769
Denominator:		
Weighted-average shares outstanding - Basic	49,980	49,189
Effect of dilutive securities:		
Stock options, restricted stock units and performance share units	1,095	777
Weighted-average shares outstanding - Diluted	51,075	49,966

Options to purchase less than 0.1 million and 0.4 million shares for the three months ended March 27, 2021 and March 28, 2020, respectively, as well as a non-significant number of restricted stock units (RSUs) and performance share units (PSUs), were not included in computing diluted earnings per share because their inclusion would have been anti-dilutive. Basic weighted-average shares outstanding for both the three months ended March 27, 2021 and March 28, 2020 excluded the impact of 0.6 million shares of non-vested RSUs and PSUs.

Treasury Shares
During the three months ended March 27, 2021 and March 28, 2020, the Company did not repurchase any shares under its authorized stock repurchase program. As of March 27, 2021, the Company had $129.1 million remaining on the authorized stock repurchase program.

The Company’s stock-based compensation plans permit the netting of common stock upon vesting of RSUs and PSUs in order to satisfy individual statutory tax withholding requirements. During the three months ended March 27, 2021 and March 28, 2020, the Company acquired 0.1 million shares for $36.0 million and 0.1 million shares for $23.7 million, respectively, from such netting.

Accumulated Other Comprehensive Income (Loss)

Changes to each component of accumulated other comprehensive income (loss), net of income taxes, are as follows:

	Foreign Currency Translation Adjustment and Other	Pension and Other Post-Retirement Benefit Plans	Total
		(in thousands)	
December 26, 2020	$ (73,884)	$ (64,990)	$ (138,874)
Other comprehensive income before reclassifications	9,844	—	9,844
Amounts reclassified from accumulated other comprehensive income	—	988	988
Net current period other comprehensive income	9,844	988	10,832
Income tax (benefit) expense	(1,270)	245	(1,025)
March 27, 2021	$ (62,770)	$ (64,247)	$ (127,017)

Nonredeemable Noncontrolling Interest

The Company has an investment in an entity whose financial results are consolidated in the Company's unaudited condensed consolidated financial statements, as it has the ability to exercise control over this entity. The interest of the noncontrolling party in this entity has been recorded as noncontrolling interest within Equity in the accompanying unaudited condensed consolidated balance sheets. The activity within the nonredeemable noncontrolling interest was not significant during the three months ended March 27, 2021 and March 28, 2020.

Redeemable Noncontrolling Interests

The Company has a 92% equity interest in Vital River with an 8% redeemable noncontrolling interest. The Company has the right to purchase, and the noncontrolling interest holders have the right to sell, the remaining 8% equity interest at a contractually defined redemption value, subject to a redemption floor, which represents a derivative embedded within the equity instrument. These rights are exercisable beginning in 2022 and are accelerated in certain events. The redeemable noncontrolling interest is measured at the greater of the amount that would be paid if settlement occurred as of the balance sheet date based on the contractually defined redemption value ($18.7 million as of March 27, 2021) and the carrying amount adjusted for net income (loss) attributable to the noncontrolling interest. As the noncontrolling interest holders have the ability to require the Company to purchase the remaining 8% interest, the noncontrolling interest is classified in the mezzanine section of the unaudited condensed consolidated balance sheets, which is presented above the equity section and below liabilities. The amount that the Company could be required to pay to purchase the remaining 8% equity interest is not limited.

As part of the Citoxlab acquisition in 2019, the Company acquired an approximate 90% equity interest in a subsidiary that was fully consolidated under the voting interest model, which included an approximate 10% redeemable noncontrolling interest. In February 2020, the Company purchased the remaining approximate 10% noncontrolling interest for approximately $4 million and assumption of a contingent consideration liability payable to the former shareholders. See Note 7. "Fair Value".

In 2019, the Company acquired an 80% equity interest that is fully consolidated under the voting interest model, which includes a 20% redeemable noncontrolling interest. The Company has the right to purchase, and the noncontrolling interest holders have the right to sell, the remaining 20% equity interest at its appraised value. These rights are exercisable beginning in 2022. The redeemable noncontrolling interest is measured at the greater of the amount that would be paid if settlement occurred as of the balance sheet date based on the appraised value and the carrying amount adjusted for net income (loss) attributable to the noncontrolling interest or a predetermined floor value. As the noncontrolling interest holders have the ability to require the Company to purchase the remaining 20% interest, the noncontrolling interest is classified in the mezzanine section of the unaudited condensed consolidated balance sheets, which is presented above the equity section and below liabilities. The amount that the Company could be required to pay to purchase the remaining 20% equity interest is not limited.

The following table provides a rollforward of the activity related to the Company's redeemable noncontrolling interests:

	Three Months Ended	
	March 27, 2021	March 28, 2020
	(in thousands)	
Beginning balance	$ 25,499	$ 28,647
Adjustment to Vital River redemption value	835	—
Purchase of a 10% redeemable noncontrolling interest	—	(3,732)
Net income (loss) attributable to noncontrolling interests	1,716	(332)
Foreign currency translation	(15)	(544)
Ending balance	$ 28,035	$ 24,039

11. INCOME TAXES

The Company's effective tax rates for the three months ended March 27, 2021 and March 28, 2020 were 3.6% and 8.3%, respectively. For the three months ended March 27, 2021, the decrease was primarily attributable to increased tax benefit from stock-based compensation deductions in the first quarter of 2021 compared to the corresponding period in 2020.

For the three months ended March 27, 2021, the Company's unrecognized tax benefits increased by $0.3 million to $25.3 million, primarily due to an additional quarter of Canadian Scientific Research and Experimental Development Credit Reserves, state tax positions, and unfavorable foreign exchange, partially offset by decreases due to dispositions. The accrued interest on unrecognized tax benefits was $2.4 million at March 27, 2021. The Company estimates that it is reasonably possible that the unrecognized tax benefits will decrease by approximately $1.0 million over the next twelve-month period, primarily due to expiring statutes of limitations.

The Company conducts business in a number of tax jurisdictions. As a result, it is subject to tax audits on a regular basis including, but not limited to, such major jurisdictions as the U.S., the U.K., China, France, Germany, and Canada. With few exceptions, the Company is no longer subject to U.S. and international income tax examinations for years before 2017.

The Company and certain of its subsidiaries have ongoing tax controversies in the U.S., France, China, Germany, India, and Canada. The Company does not anticipate resolution of these audits will have a material impact on its consolidated financial statements.

12. PENSION AND OTHER POST-RETIREMENT BENEFIT PLANS

The following table provides the components of net periodic cost for the Company's pension, deferred compensation and executive supplemental life insurance retirement plans:

	Three Months Ended	
	March 27, 2021	March 28, 2020
	(in thousands)	
Service cost	$ 911	$ 797
Interest cost	1,344	2,355
Expected return on plan assets	(1,983)	(2,981)
Amortization of prior service cost (credit)	(128)	(125)
Amortization of net loss	1,110	1,586
Other adjustments	—	125
Net periodic cost	$ 1,254	$ 1,757

Service cost is recorded as an operating expense within the accompanying unaudited condensed consolidated statements of income. All other components of net periodic costs are recorded in Other expense, net in the accompanying unaudited condensed consolidated statements of income. The net periodic cost for the Company's other post-retirement benefit plan for the three months ended March 27, 2021 and March 28, 2020 was not significant.

13. STOCK-BASED COMPENSATION

The Company has stock-based compensation plans under which employees and non-employee directors may be granted stock-based awards such as stock options, restricted stock, RSUs, and PSUs.

The following table provides stock-based compensation by the financial statement line item in which it is reflected:

	Three Months Ended	
	March 27, 2021	March 28, 2020
	(in thousands)	
Cost of revenue	$ 2,713	$ 2,035
Selling, general and administrative	10,476	8,925
Stock-based compensation, before income taxes	13,189	10,960
Provision for income taxes	(1,987)	(1,551)
Stock-based compensation, net of income taxes	$ 11,202	$ 9,409

During the three months ended March 27, 2021, the Company granted an insignificant amount of stock options and RSUs.

14. FOREIGN CURRENCY CONTRACTS

Cross currency loans

The Company periodically enters into foreign exchange forward contracts to limit its foreign currency exposure related to U.S. dollar denominated loans borrowed by a non-U.S. Euro functional currency entity under the Company's Credit Facility. These contracts are not designated as hedging instruments. Any gains or losses on these forward contracts are recognized immediately within Interest expense in the unaudited condensed consolidated statements of income.

The Company had no open forward contracts related to a U.S. dollar denominated loan borrowed by a non-U.S. Euro functional currency at March 27, 2021 or December 26, 2020.

The following table summarizes the effect of the foreign exchange forward contracts entered into to limit the Company's foreign currency exposure related to U.S. dollar denominated loans borrowed by a non-U.S. Euro functional currency entity under the Credit Facility on the Company's unaudited condensed consolidated statements of income:

	March 27, 2021		March 28, 2020	
Location of gain (loss)	Financial statement caption amount	Amount of gain (loss)	Financial statement caption amount	Amount of gain (loss)
	(in thousands)			
Three Months Ended:				
Interest expense	$ (29,719)	$ 13,977	$ (15,067)	$ 6,067

Intercompany loans

The Company periodically enters into foreign exchange forward contracts to limit its foreign currency exposure related to certain intercompany loans. These contracts are not designated as hedging instruments. Any gains or losses on forward contracts associated with intercompany loans are recognized immediately in Other income (expense), net and are largely offset by the remeasurement of the underlying intercompany loans.

The Company did not enter into foreign currency forward contracts related to certain intercompany loans during 2021 and 2020. The Company settled one foreign currency forward contract related to certain intercompany loans in 2020, and recognized an immaterial loss during the three months ended March 28, 2020 recognized in Other expense, net.

15. RESTRUCTURING AND ASSET IMPAIRMENTS

Global Restructuring Initiatives

In recent fiscal years, the Company has undertaken productivity improvement initiatives within all reportable segments at various locations across the U.S., Canada, Europe, and China. This includes workforce right-sizing and scalability initiatives, resulting in severance and transition costs; and cost related to the consolidation of facilities, resulting in asset impairment and accelerated depreciation charges.

The following table presents a summary of restructuring costs related to these initiatives within the unaudited condensed consolidated statements of income.

	Three Months Ended					
	March 27, 2021			March 28, 2020		
	Severance and Transition Costs	Asset Impairments and Other Costs	Total	Severance and Transition Costs	Asset Impairments and Other Costs	Total
	(in thousands)					
Cost of services provided and products sold (excluding amortization of intangible assets)	$ 523	$ 40	$ 563	$ 247	$ 229	$ 476
Selling, general and administrative	39	147	186	83	—	83
Total	$ 562	$ 187	$ 749	$ 330	$ 229	$ 559

The following table presents restructuring costs by reportable segment for these productivity improvement initiatives:

	Three Months Ended	
	March 27, 2021	March 28, 2020
	(in thousands)	
RMS	$ 7	$ 220
DSA	559	83
Manufacturing	334	256
Unallocated corporate	(151)	—
Total	$ 749	$ 559

Rollforward of restructuring activities

The following table provides a rollforward for all of the Company’s severance and transition costs and certain lease related costs related to all restructuring activities:

	Three Months Ended	
	March 27, 2021	March 28, 2020
	(in thousands)	
Beginning balance	$ 5,816	$ 6,406
Expense (excluding non-cash charges)	749	517
Payments / utilization	(2,465)	(4,243)
Other non-cash adjustments	(1,831)	—
Foreign currency adjustments	(48)	(149)
Ending balance	$ 2,221	$ 2,531

As of March 27, 2021 and March 28, 2020, $2.2 million and $2.4 million, respectively, of severance and other personnel related costs liabilities and lease obligation liabilities were included in accrued compensation and accrued liabilities within the Company’s unaudited condensed consolidated balance sheets. As of March 28, 2020, $0.1 million, were included in other long-term liabilities within the Company’s unaudited condensed consolidated balance sheets.

16. LEASES

Operating and Finance Leases

Right-of-use lease assets and lease liabilities are reported in the Company's unaudited condensed consolidated balance sheets as follows:

	March 27, 2021	December 26, 2020
	(in thousands)	
Operating leases		
Operating lease right-of-use assets, net	$ 197,668	$ 178,220
Other current liabilities	$ 25,868	$ 24,674
Operating lease right-of-use liabilities	173,015	155,595
Total operating lease liabilities	$ 198,883	$ 180,269
Finance leases		
Property, plant and equipment, net	$ 31,437	$ 31,614
Current portion of long-term debt and finance leases	$ 2,823	$ 3,018
Long-term debt, net and finance leases	26,021	26,029
Total finance lease liabilities	$ 28,844	$ 29,047

The components of operating and finance lease costs were as follows:

	Three Months Ended	
	March 27, 2021	March 28, 2020
	(in thousands)	
Operating lease costs	$ 9,352	$ 8,077
Finance lease costs:		
Amortization of right-of-use assets	848	951
Interest on lease liabilities	328	340
Short-term lease costs	950	589
Variable lease costs	883	1,045
Sublease income	(374)	(586)
Total lease costs	$ 11,987	$ 10,416

Other information related to leases was as follows:

Supplemental cash flow information

	Three Months Ended	
	March 27, 2021	March 28, 2020
	(in thousands)	
Cash flows included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 8,503	$ 6,974
Operating cash flows from finance leases	328	340
Finance cash flows from finance leases	942	1,572
Non-cash leases activity:		
Right-of-use lease assets obtained in exchange for new operating lease liabilities	$ 25,968	$ 25,407
Right-of-use lease assets obtained in exchange for new finance lease liabilities	86	593

Lease term and discount rate

	As of March 27, 2021	As of March 28, 2020
Weighted-average remaining lease term (in years)		
Operating lease	8.7	8.4
Finance lease	12.4	12.7
Weighted-average discount rate		
Operating lease	3.9 %	4.2 %
Finance lease	4.5 %	4.5 %

At the lease commencement date, the discount rate implicit in the lease is used to discount the lease liability if readily determinable. If not readily determinable or leases do not contain an implicit rate, the Company's incremental borrowing rate is used as the discount rate, which is based on the information available at the lease commencement date and represents a rate that would be incurred to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments in a similar economic environment.

As of March 27, 2021, maturities of operating and finance lease liabilities for each of the following five years and a total thereafter were as follows:

	Operating Leases	Finance Leases
	(in thousands)	
2021 (excluding the three months ended March 27, 2021)	$ 24,996	$ 3,078
2022	30,659	3,738
2023	28,248	3,411
2024	27,113	3,181
2025	24,635	2,902
Thereafter	101,665	21,597
Total minimum future lease payments	237,316	37,907
Less: Imputed interest	38,433	9,063
Total lease liabilities	$ 198,883	$ 28,844

Total minimum future lease payments (predominantly operating leases) of approximately $108 million for leases that have not commenced as of March 27, 2021, as the Company does not yet control the underlying assets, are not included in the unaudited condensed consolidated financial statements. These leases are expected to commence between fiscal years 2021 and 2024 with lease terms of approximately 8 to 15 years.

17. COMMITMENTS AND CONTINGENCIES

Litigation

Various lawsuits, claims and proceedings of a nature considered normal to its business are pending against the Company. While the outcome of any of these proceedings cannot be accurately predicted, the Company does not believe the ultimate resolution of any of these existing matters would have a material adverse effect on the Company's business or financial condition.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and related notes of this Quarterly Report on Form 10-Q and our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for fiscal year 2020. The following discussion contains forward-looking statements. Actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ materially from those projected in the forward-looking statements include, but are not limited to, those discussed in Item 1A, "Risk Factors" included elsewhere within this Form 10-Q. Certain percentage changes may not recalculate due to rounding.

Overview

We are a full service, early-stage contract research organization (CRO). For over 70 years, we have been in the business of providing the research models required in research and development of new drugs, devices, and therapies. Over this time, we have built upon our original core competency of laboratory animal medicine and science (research model technologies) to develop a diverse portfolio of discovery and safety assessment services, both Good Laboratory Practice (GLP) and non-GLP, that enable us to support our clients from target identification through non-clinical development. We also provide a suite of products and services to support our clients' manufacturing activities. Utilizing our broad portfolio of products and services enables our clients to create a more flexible drug development model, which reduces their costs, enhances their productivity and effectiveness, and increases speed to market.

Our client base includes all major global biopharmaceutical companies, many biotechnology companies, CROs, agricultural and industrial chemical companies, life science companies, veterinary medicine companies, contract manufacturing companies, medical device companies, and diagnostic and other commercial entities, as well as leading hospitals, academic institutions, and government agencies around the world.

Segment Reporting

Our three reportable segments are Research Models and Services (RMS), Discovery and Safety Assessment (DSA), and Manufacturing Support (Manufacturing). Our RMS reportable segment includes the Research Models, Research Model Services, and Research Products businesses. Research Models includes the commercial production and sale of small research models, as well as the supply of large research models. Research Model Services includes: Genetically Engineered Models and Services (GEMS), which performs contract breeding and other services associated with genetically engineered models; Research Animal Diagnostic Services (RADS), which provides health monitoring and diagnostics services related to research models; and Insourcing Solutions (IS), which provides colony management of our clients' research operations (including recruitment, training, staffing, and management services). Research Products supplies controlled, consistent, customized primary cells and blood components derived from normal and mobilized peripheral blood, bone marrow, and cord blood. Our DSA reportable segment includes services required to take a drug through the early development process including discovery services, which are non-regulated services to assist clients with the identification, screening, and selection of a lead compound for drug development, and regulated and non-regulated (GLP and non-GLP) safety assessment services. Our Manufacturing reportable segment includes Microbial Solutions, which provides *in vitro* (non-animal) lot-release testing products, microbial detection products, and species identification services; Biologics Testing Services (Biologics), which performs specialized testing of biologics; and Avian Vaccine Services (Avian), which supplies specific-pathogen-free chicken eggs and chickens.

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. The COVID-19 pandemic is dynamic, and its ultimate scope, duration and effects are uncertain. This pandemic has had and may continue to result in direct and indirect adverse effects on our industry and customers, which in turn has impacted our business, results of operations, and financial condition. Further, the COVID-19 pandemic may also affect our operating and financial results in ways that are and are not presently known to us, or that we currently do not expect to present significant risks to our operations or financial results but which may in fact turn out to negatively affect us to a magnitude greater than anticipated. Refer to Item 1A, Risk Factors disclosed in our Annual Report on Form 10-K for fiscal 2020 for risk factors reflecting the impact of the COVID-19 pandemic. Additionally, refer to Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations disclosed in our Annual Report on Form 10-K for fiscal 2020 for our assessment of the impact of the COVID-19 pandemic experienced during fiscal 2020 regarding our business continuity plans and actions taken; supply chain; financial condition and results of global operations; liquidity, capital and financial resources; recoverability and/or impairment of assets; and internal controls over financial reporting in a remote work environment. There have been no material changes to our assessment of the COVID-19 pandemic during the three months ended March 27, 2021 and how it may continue to affect us in subsequent periods.

Recent Acquisitions

Our strategy is to augment internal growth of existing businesses with complementary acquisitions. Our recent acquisitions are described below.

On March 30, 2021 (second fiscal quarter of 2021), we acquired Retrogenix Limited (Retrogenix) for approximately £35 million in cash (or approximately $48 million based on current exchange rates), subject to customary closing adjustments. In addition to the initial purchase price, the transaction includes a potential additional payment of up to £5 million based on future performance (or approximately $7 million based on current exchange rates). Retrogenix is an early-stage CRO providing specialized bioanalytical services utilizing its proprietary cell microarray technology. The acquisition of Retrogenix enhances our scientific expertise with additional large molecule and cell therapy discovery capabilities. The acquisition was funded through a combination of available cash and proceeds from our Credit Facility. This business will be reported as part of our DSA reportable segment.

On March 29, 2021 (second fiscal quarter of 2021), we acquired Cognate BioServices, Inc. (Cognate BioServices) for approximately $875 million in cash, subject to customary closing adjustments. Cognate BioServices is a cell and gene therapy contract development and manufacturing organization (CDMO) offering comprehensive manufacturing solutions for cell therapies, as well as for the production of plasmid DNA and other inputs in the CDMO value chain. The acquisition of Cognate BioServices establishes us as a scientific partner for cell and gene therapy development, testing, and manufacturing, providing clients with an integrated solution from basic research and discovery through cGMP production. The acquisition was funded through a combination of available cash as well as proceeds from our Credit Facility and recently issued Senior Notes. This business will be reported as part of our Manufacturing reportable segment.

On March 3, 2021, we acquired certain assets from a distributor that supports our DSA reportable segment. The preliminary purchase price was $35.6 million, which includes $19.7 million in cash paid ($5.5 million of which was paid in fiscal 2020), subject to customary closing adjustments, and $15.9 million of contingent consideration (the maximum contingent contractual payments are up to $17.5 million). The business is reported as part of our DSA reportable segment.

On December 31, 2020, we acquired Distributed Bio, Inc. (Distributed Bio), a next-generation antibody discovery company with technologies specializing in enhancing the probability of success for delivering high-quality, readily formattable antibody fragments to support antibody and cell and gene therapy candidates to biopharmaceutical clients. The acquisition of Distributed Bio expands our capabilities with an innovative, large-molecule discovery platform, and creates an integrated, end-to-end platform for therapeutic antibody and cell and gene therapy discovery and development. The preliminary purchase price of Distributed Bio was $97.0 million, net of $0.8 million in cash, subject to certain post-closing adjustments. The total consideration includes $80.8 million cash paid, settlement of $3.0 million in convertible promissory notes previously invested by us during prior fiscal years, and $14.0 million of contingent consideration (the maximum contingent contractual payments are up to $21.0 million). The acquisition was funded through a combination of available cash and proceeds from our Credit Facility. This business is reported as part of our DSA reportable segment.

On August 6, 2020, we acquired Cellero, LLC (Cellero), a provider of cellular products for cell therapy developers and manufacturers worldwide. The addition of Cellero enhances our unique, comprehensive solutions for the high-growth cell therapy market, strengthening our ability to help accelerate clients' critical programs from basic research and proof-of-concept to regulatory approval and commercialization. It also expands our access to high-quality, human-derived biomaterials with Cellero's donor sites in the United States. The purchase price for Cellero was $37.4 million in cash. The acquisition was funded through available cash. This business is reported as part of our RMS reportable segment.

On January 3, 2020, we acquired HemaCare Corporation (HemaCare), a business specializing in the production of human-derived cellular products for the cell therapy market. The acquisition of HemaCare expands our comprehensive portfolio of early-stage research and manufacturing support solutions to encompass the production and customization of high-quality, human derived cellular products to better support clients' cell therapy programs. The purchase price of HemaCare was $379.8 million in cash. The acquisition was funded through a combination of available cash and proceeds from our Credit Facility. This business is reported as part of our RMS reportable segment.

Overview of Results of Operations and Liquidity

Revenue for the three months ended March 27, 2021 was $824.6 million compared to $707.1 million in the corresponding period in 2020. This increase of $117.5 million, or 16.6%, was primarily due to the increased demand across all of our segments, principally DSA, and by the positive effect of changes in foreign currency exchange rates which increased revenue by $21.1 million, or 2.9%, when compared to the corresponding period in 2020.

In the three months ended March 27, 2021, our operating income and operating income margin were $123.7 million and 15.0%, respectively, compared with $94.3 million and 13.3%, respectively, in the corresponding period of 2020. The increases in operating income and operating income margin were due to the contribution of higher revenue across all of our segments, principally DSA and RMS, partially offset by higher acquisition related costs compared to the same period in 2020.

Net income attributable to common shareholders increased to $61.5 million in the three months ended March 27, 2021, from $50.8 million in the corresponding period of 2020. The increase in Net income attributable to common shareholders was primarily due to the increase in operating income described above, partially offset by debt extinguishment costs associated with the repayment of the 2026 Senior Notes and related write-off of deferred financing costs, as compared to the corresponding period in 2020.

During the first three months of 2021, our cash flows from operations was $170.2 million compared with $68.6 million for the same period in 2020. The increase was driven by higher net income and certain favorable changes in working capital items, including the timing of vendor and supplier payments and collections of net contract balances from contracts with customers (collectively trade receivables, net; deferred revenue; and customer contract deposits) compared to the same period in 2020.

In the three months ended March 27, 2021, we issued $1 billion split between $500 million of 3.75% Senior Notes due in 2029 (2029 Senior Notes), and $500 million of 4.00% Senior Notes due in 2031 (2031 Senior Notes), in an unregistered offering. Interest on the 2029 and 2031 Senior Notes is payable semi-annually on March 15 and September 15. Proceeds from the 2029 and 2031 Senior Notes were used as follows: prepay the $500 million 2026 Senior Notes, $21 million of debt extinguishment costs, and $13 million of accrued interest; prepay the $146.9 million remaining term loan; pay down $135 million of the revolving facility; and pay for a portion of the Cognate BioServices acquisition, which occurred on March 29, 2021. Additionally, in April 2021, we amended and restated our Credit Facility by extending the maturity date to April 2026 and increasing the amount of our multi-currency revolving facility from $2.05 billion to $3.0 billion.

Results of Operations

Three Months Ended March 27, 2021 Compared to the Three Months Ended March 28, 2020

Revenue and Operating Income

The following tables present consolidated revenue by type and by reportable segment:

	Three Months Ended			
	March 27, 2021	March 28, 2020	$ change	% change
	(in millions, except percentages)			
Service revenue	$ 626.6	$ 546.6	$ 80.0	14.6 %
Product revenue	198.0	160.5	37.5	23.4 %
Total revenue	$ 824.6	$ 707.1	$ 117.5	16.6 %

	Three Months Ended				
	March 27, 2021	March 28, 2020	$ change	% change	Impact of FX
	(in millions, except percentages)				
RMS	$ 176.9	$ 146.0	$ 30.9	21.2 %	4.2 %
DSA	501.2	438.7	62.5	14.2 %	2.3 %
Manufacturing	146.5	122.4	24.1	19.7 %	4.1 %
Total revenue	$ 824.6	$ 707.1	$ 117.5	16.6 %	2.9 %

The following table presents operating income by reportable segment:

	Three Months Ended			
	March 27, 2021	March 28, 2020	$ change	% change
	(in millions, except percentages)			
RMS	$ 44.9	$ 27.4	$ 17.5	64.2 %
DSA	91.0	72.3	18.7	25.8 %
Manufacturing	49.4	41.1	8.3	20.2 %
Unallocated corporate	(61.6)	(46.5)	(15.1)	32.5 %
Total operating income	$ 123.7	$ 94.3	$ 29.4	31.2 %
Operating income % of revenue	15.0 %	13.3 %		1.7 %

The following presents and discusses our consolidated financial results by each of our reportable segments:

RMS

	Three Months Ended				
	March 27, 2021	March 28, 2020	$ change	% change	Impact of FX
	(in millions, except percentages)				
Revenue	$ 176.9	$ 146.0	$ 30.9	21.2 %	4.2 %
Cost of revenue (excluding amortization of intangible assets)	105.3	95.9	9.4	9.9 %	
Selling, general and administrative	22.6	19.1	3.5	17.8 %	
Amortization of intangible assets	4.1	3.6	0.5	13.0 %	
Operating income	$ 44.9	$ 27.4	$ 17.5	64.2 %	
Operating income % of revenue	25.4 %	18.7 %		6.7 %	

RMS revenue increased $30.9 million due primarily to higher research model product revenue across all geographies, most notably China, as we recovered from the impact of the COVID-19 pandemic compared to the corresponding period in 2020; higher research model services revenue, specifically our GEMS business; the acquisition of Cellero, which contributed $2.6 million to product revenue; and the effect of changes in foreign currency exchange rates.

RMS operating income increased $17.5 million compared to the corresponding period in 2020. RMS operating income as a percentage of revenue for the three months ended March 27, 2021 was 25.4%, an increase of 6.7% from 18.7% for the corresponding period in 2020. Operating income and operating income as a percentage of revenue increased primarily due to the contribution of higher revenue described above.

DSA

	Three Months Ended				
	March 27, 2021	March 28, 2020	$ change	% change	Impact of FX
	(in millions, except percentages)				
Revenue	$ 501.2	$ 438.7	$ 62.5	14.2 %	2.3 %
Cost of revenue (excluding amortization of intangible assets)	340.1	301.1	39.0	12.9 %	
Selling, general and administrative	47.6	43.3	4.3	10.1 %	
Amortization of intangible assets	22.5	22.0	0.5	2.4 %	
Operating income	$ 91.0	$ 72.3	$ 18.7	25.8 %	
Operating income % of revenue	18.1 %	16.5 %		1.6 %	

DSA revenue increased $62.5 million due primarily to service revenue which increased in both the Safety Assessment and Discovery Services businesses due to demand from biotechnology and global biopharmaceutical clients, increased pricing of services, and the effect of changes in foreign currency exchange rates. DSA revenue was not significantly impacted by the COVID-19 pandemic during the three months ended March 27, 2021 and March 28, 2020.

DSA operating income increased $18.7 million during the three months ended March 27, 2021 compared to the corresponding period in 2020. DSA operating income as a percentage of revenue for the three months ended March 27, 2021 was 18.1%, an increase of 1.6% from 16.5% for the corresponding period in 2020. Operating income and operating income as a percentage of revenue increased primarily due to the contribution of higher revenue described above.

Manufacturing

	Three Months Ended				
	March 27, 2021	March 28, 2020	$ change	% change	Impact of FX
	(in millions, except percentages)				
Revenue	$ 146.5	$ 122.4	$ 24.1	19.7 %	4.1 %
Cost of revenue (excluding amortization of intangible assets)	70.9	58.0	12.9	22.1 %	
Selling, general and administrative	24.0	21.0	3.0	14.3 %	
Amortization of intangible assets	2.2	2.3	(0.1)	(1.5)%	
Operating income	$ 49.4	$ 41.1	$ 8.3	20.2 %	
Operating income % of revenue	33.8 %	33.6 %		0.2 %	

Manufacturing revenue increased $24.1 million due primarily to higher service revenue in the Biologics business, increased demand for endotoxin products in our Microbial Solutions business, and the effect of changes in foreign currency exchange rates. Overall, Manufacturing revenue was not significantly impacted by the COVID-19 pandemic during the three months ended March 27, 2021 and March 28, 2020.

Manufacturing operating income increased $8.3 million during the three months ended March 27, 2021 compared to the corresponding period in 2020. Manufacturing operating income as a percentage of revenue for the three months ended March 27, 2021 was 33.8%, an increase of 0.2% from 33.6% for the corresponding period in 2020. The increases were due primarily to the contribution of higher revenue in our Biologics business in the three months ended March 27, 2021 compared to the same period in 2020.

Unallocated Corporate

	Three Months Ended			
	March 27, 2021	March 28, 2020	$ change	% change
	(in millions, except percentages)			
Unallocated corporate	$ 61.6	$ 46.5	$ 15.1	32.5 %
Unallocated corporate % of revenue	7.5 %	6.6 %		0.9 %

Unallocated corporate costs consist of selling, general and administrative expenses that are not directly related or allocated to the reportable segments. The increase in unallocated corporate costs of $15.1 million, or 32.5%, compared to the corresponding period in 2020 is primarily related to an increase in compensation, benefits, and other employee-related expenses, and increased costs associated with the evaluation and integration of our recent acquisition activity. Costs as a percentage of revenue for the three months ended March 27, 2021 was 7.5%, an increase of 0.9% from 6.6% for the corresponding period in 2020.

Interest Income

Interest income, which represents earnings on cash, cash equivalents, and time deposits was less than $0.1 million and $0.3 million for the three months ended March 27, 2021 and the corresponding period in 2020, respectively.

Interest Expense

Interest expense for the three months ended March 27, 2021 was $29.7 million, an increase of $14.6 million, or 97.2%, compared to $15.1 million for the corresponding period in 2020. The increase was due primarily to $26 million of debt extinguishment costs associated with the repayment of the 2026 Senior Notes and related write-off of deferred financing costs incurred in the three months ended March 27, 2021, partially offset by a higher foreign currency gain recognized in connection with a debt-related foreign exchange forward contract in the three months ended March 27, 2021 as compared to the corresponding period in 2020.

Other Expense, Net

Other expense, net, was $27.7 million for the three months ended March 27, 2021, an increase of $3.6 million compared to $24.1 million for the corresponding period in 2020. The increase was due primarily to higher foreign currency losses recognized in connection with a U.S. dollar denominated loan borrowed by a non-U.S. entity with a different functional currency in the three months ended March 27, 2021 as compared to the corresponding period in 2020, and higher venture capital investment losses in the three months ended March 27, 2021 as compared to the corresponding period in 2020, primarily driven by our publicly-held investments; partially offset by higher gains on our life insurance investments for the three months ended March 27, 2021 as compared to losses incurred during the corresponding period in 2020.

Income Taxes

Income tax expense for the three months ended March 27, 2021 was $2.4 million, a decrease of $2.2 million compared to $4.6 million for the corresponding period in 2020. Our effective tax rate was 3.6% for the three months ended March 27, 2021, compared to 8.3% for the corresponding period in 2020. The decrease in our effective tax rate in the 2021 period compared to the 2020 period was primarily related to increased tax benefit from stock-based compensation deductions in the first quarter of 2021.

Liquidity and Capital Resources

We currently require cash to fund our working capital needs, capital expansion, acquisitions, and to pay our debt, lease, venture capital investment, and pension obligations. Our principal sources of liquidity have been our cash flows from operations, supplemented by long-term borrowings. Based on our current business plan, we believe that our existing funds, when combined with cash generated from operations and our access to financing resources, are sufficient to fund our operations for the foreseeable future.

The following table presents our cash, cash equivalents and short-term investments:

	March 27, 2021	December 26, 2020
	(in millions)	
Cash and cash equivalents:		
Held in U.S. entities	$ 218.9	$ 11.8
Held in non-U.S. entities	246.5	216.6
Total cash and cash equivalents	465.4	228.4
Short-term investments:		
Held in non-U.S. entities	1.0	1.0
Total cash, cash equivalents and short-term investments	$ 466.4	$ 229.4

Borrowings

As of March 27, 2021, we had a credit facility, which consisted of a $750.0 million term loan, which was fully repaid as of March 27, 2021, and a $2.05 billion multi-currency revolving facility. The term loan facility matured in 19 quarterly installments with the last installment due March 26, 2023. The revolving facility was set to mature on March 26, 2023, and required no scheduled payment before that date.

In April 2021, we amended and restated the Credit Facility creating a $3.0 billion multi-currency revolving facility, which extends the maturity date to April 2026 and requires no scheduled payment before that date. The Credit Facility provides for a $3.0 billion multi-currency revolving facility.

We also have certain indentures that allow for senior notes offerings:

- In 2018, we raised $500.0 million of 5.5% Senior Notes due in 2026 (2026 Senior Notes) in an unregistered offering. Interest on the 2026 Senior Notes was payable semi-annually on April 1 and October 1. On March 23, 2021, we repaid the $500.0 million 2026 Senior Notes with proceeds from our 2029 and 2031 Senior Notes (see below).
- In 2019, we raised $500.0 million of 4.25% Senior Notes due in 2028 (2028 Senior Notes) in an unregistered offering. Interest on the 2028 Senior Notes is payable semi-annually on May 1 and November 1.
- In March 2021, we raised $1.0 billion of senior notes split between $500 million of 3.75% Senior Notes due in 2029 (2029 Senior Notes), and $500 million of 4.00% Senior Notes due in 2031 (2031 Senior Notes) in an unregistered offering. Interest on the 2029 and 2031 Senior Notes is payable semi-annually on March 15 and September 15.

Amounts outstanding under our Credit Facility and our Senior Notes were as follows:

	March 27, 2021	December 26, 2020
	(in millions)	
Term loans	$ —	$ 146.9
Revolving facility	694.1	814.8
5.5% Senior Notes due 2026	—	500.0
4.25% Senior Notes due 2028	500.0	500.0
3.75% Senior Notes due 2029	500.0	—
4.0% Senior Notes due 2031	500.0	—
Total	$ 2,194.1	$ 1,961.7

During the three months ended March 27, 2021, the interest rates applicable to the term loan and revolving facility under the Credit Facility are, at our option, equal to either the base rate (which is the higher of (1) the prime rate, (2) the federal funds rate plus 0.50%, or (3) the one-month adjusted LIBOR rate plus 1.0%) or the adjusted LIBOR rate, plus an interest rate margin based upon our leverage ratio.

Repurchases of Common Stock

During the three months ended March 27, 2021, we did not repurchase any shares under our authorized stock repurchase program. As of March 27, 2021, we had $129.1 million remaining on the authorized $1.3 billion stock repurchase program and we do not intend to repurchase shares for the remainder of 2021. Our stock-based compensation plans permit the netting of common stock upon vesting of restricted stock, restricted stock units, and performance share units in order to satisfy individual statutory tax withholding requirements. During the three months ended March 27, 2021, we acquired 0.1 million shares for $36.0 million through such netting.

Cash Flows

The following table presents our net cash provided by operating activities:

	Three Months Ended	
	March 27, 2021	March 28, 2020
	(in millions)	
Net income	$ 63.9	$ 50.8
Adjustments to reconcile net income to net cash provided by operating activities	109.7	87.8
Changes in assets and liabilities	(3.4)	(70.0)
Net cash provided by operating activities	$ 170.2	$ 68.6

Net cash provided by cash flows from operating activities represents the cash receipts and disbursements related to all of our activities other than investing and financing activities. Operating cash flow is derived by adjusting our net income for (1) non-cash operating items such as depreciation and amortization, stock-based compensation, debt extinguishment and financing costs, deferred income taxes, gains and/or losses on venture capital and strategic equity investments, as well as (2) changes in operating assets and liabilities, which reflect timing differences between the receipt and payment of cash associated with transactions and when they are recognized in our results of operations. For the three months ended March 27, 2021, compared to the three months ended March 28, 2020, the increase in net cash provided by operating activities was driven by higher net income and certain favorable changes in working capital items, including the timing of vendor and supplier payments and collections of net contract balances from contracts with customers (collectively trade receivables, net; deferred revenue; and customer contract deposits) compared to the same period in 2020.

The following table presents our net cash used in investing activities:

		Three Months Ended	
		March 27, 2021	March 28, 2020
		(in millions)	
Acquisitions of businesses and assets, net of cash acquired	$	(94.2)	$ (382.3)
Capital expenditures		(28.0)	(25.7)
Investments, net		(16.6)	(4.6)
Other, net		0.8	(1.1)
Net cash used in investing activities	$	(138.0)	$ (413.7)

For the three months ended March 27, 2021, the primary use of cash used in investing activities related to the acquisition of Distributed Bio and certain assets from a distributor, capital expenditures to support the growth of the business, and investments in certain venture capital and strategic equity investments. For the three months ended March 28, 2020, the primary use of cash used in investing activities related to the acquisition of HemaCare, capital expenditures to support the growth of the business, and investments in certain venture capital and strategic equity investments.

The following table presents our net cash provided by financing activities:

		Three Months Ended	
		March 27, 2021	March 28, 2020
		(in millions)	
Proceeds from long-term debt and revolving credit facility	$	1,954.0	$ 1,409.8
Payments on long-term debt, revolving credit facility, and finance lease obligations		(1,714.2)	(925.1)
Proceeds from exercises of stock options		19.6	22.6
Purchase of treasury stock		(36.0)	(23.7)
Payment of debt extinguishment and financing costs		(28.7)	—
Other, net		—	(4.4)
Net cash provided by financing activities	$	194.7	$ 479.2

For the three months ended March 27, 2021, net cash provided by financing activities reflected the net proceeds of $239.8 million on our Credit Facility, Senior Notes, and finance lease obligations. Included in the net proceeds are the following amounts:

- Proceeds of $1 billion from the issuance of the 2029 and 2031 Senior Notes, which were used to prepay our $500 million 2026 Senior Notes;
- Payments of approximately $147 million on our term loan and net payments of $85 million to our revolving credit facility throughout the three months ended March 27, 2021;
- Payments of $766 million partially offset by $739 million of proceeds in connection with a non-U.S. Euro functional currency entity repaying Euro loans and replacing the Euro loans with U.S. dollar denominated loans. A series of forward currency contracts were executed to mitigate any foreign currency gains or losses on the U.S. dollar denominated loans. These proceeds and payments are presented as gross financing activities.

Net cash provided by financing activities also reflected proceeds from exercises of employee stock options of $19.6 million, offset by treasury stock purchases of $36.0 million made due to the netting of common stock upon vesting of stock-based awards in order to satisfy individual statutory tax withholding requirements. Additionally we paid $21 million of debt extinguishment costs associated with the 2026 Senior Notes repayment and $8 million of debt financing costs associated with the 2029 and 2031 Senior Notes issuances.

For the three months ended March 28, 2020, net cash provided by financing activities reflected the net proceeds of $484.7 million on our Credit Facility and finance lease obligations. Included in the net proceeds are the following amounts:

- Proceeds of approximately $415 million from our revolving Credit Facility to fund our recent acquisitions. Additionally, towards the end of the fiscal quarter, we borrowed an additional $150 million from our revolving Credit Facility to secure available cash in response to uncertainties due to the COVID-19 pandemic; partially offset by,
- Payments of approximately $10 million on our term loan and payments of $70 million to our revolving Credit Facility in the normal course of business throughout the fiscal quarter;
- Additionally, we had $798 million of gross payments, partially offset by $794 million of gross proceeds in connection with a non-U.S. Euro functional currency entity repaying Euro loans and replacing the Euro loans with U.S. dollar

denominated loans. A series of forward currency contracts were executed to mitigate any foreign currency gains or losses on the U.S. dollar denominated loans. These proceeds and payments are presented as gross financing activities.

Net cash provided by financing activities also reflected proceeds from exercises of employee stock options of $22.6 million, offset by treasury stock purchases of $23.7 million made due to the netting of common stock upon vesting of stock-based awards in order to satisfy individual statutory tax withholding requirements.

Contractual Commitments and Obligations

The disclosure of our contractual commitments and obligations was reported in our Annual Report on Form 10-K for fiscal 2020. There have been no material changes from the contractual commitments and obligations previously disclosed in our Annual Report on Form 10-K for fiscal 2020 other than the changes described in Note 2, “Business Combinations,” Note 7, “Fair Value,” Note 9, “Long-Term Debt and Finance Lease Obligations,” Note 16, “Leases,” and Note 17, “Commitments and Contingencies,” in our notes to the unaudited condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

As of March 27, 2021, we did not have any significant off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K promulgated under the Exchange Act, except as disclosed below.

Venture Capital Investments
We invest in several venture capital funds that invest in start-up companies, primarily in the life sciences industry. Our total commitment to the funds as of March 27, 2021 was $149.3 million, of which we funded $99.7 million through March 27, 2021. Refer to Note 6, “Venture Capital and Strategic Equity Investments” in this Quarterly Report on Form 10-Q for additional information.

Letters of Credit
Our off-balance sheet commitments related to our outstanding letters of credit as of March 27, 2021 were $16.8 million.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements prepared in accordance with generally accepted accounting principles in the U.S. The preparation of these financial statements requires us to make certain estimates and assumptions that may affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses during the reported periods and related disclosures. These estimates and assumptions are monitored and analyzed by us for changes in facts and circumstances, and material changes in these estimates could occur in the future. We base our estimates on our historical experience, trends in the industry, and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from our estimates under different assumptions or conditions.

We believe that the application of our accounting policies, each of which require significant judgments and estimates on the part of management, are the most critical to aid in fully understanding and evaluating our reported financial results. Our significant accounting policies are described in Note 1, “Description of Business and Summary of Significant Accounting Policies” to our Annual Report on Form 10-K for fiscal year 2020.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements please refer to Note 1, “Basis of Presentation,” in this Quarterly Report on Form 10-Q. Other than as discussed in Note 1, “Basis of Presentation,” we did not adopt any other new accounting pronouncements during the three months ended March 27, 2021 that had a significant effect on our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk from changes in interest rates and currency exchange rates, which could affect our future results of operations and financial condition. We manage our exposure to these risks through our regular operating and financing activities.

Interest Rate Risk

We are exposed to changes in interest rates while conducting normal business operations as a result of ongoing financing activities. As of March 27, 2021, our debt portfolio was comprised primarily of floating interest rate borrowings. A 100-basis point increase in interest rates would increase our annual pre-tax interest expense by $6.9 million.

Foreign Currency Exchange Rate Risk

We operate on a global basis and have exposure to some foreign currency exchange rate fluctuations for our financial position, results of operations, and cash flows.

While the financial results of our global activities are reported in U.S. dollars, our foreign subsidiaries typically conduct their operations in their respective local currency. The principal functional currencies of the Company's foreign subsidiaries are the Euro, British Pound and Canadian Dollar. During the three months ended March 27, 2021, the most significant drivers of foreign currency translation adjustment the Company recorded as part of Other comprehensive income (loss) were the Canadian Dollar, Euro, British Pound, Hungarian Forint, and Japanese Yen.

Fluctuations in the foreign currency exchange rates of the countries in which we do business will affect our financial position, results of operations, and cash flows. As the U.S. dollar strengthens against other currencies, the value of our non-U.S. revenue, expenses, assets, liabilities, and cash flows will generally decline when reported in U.S. dollars. The impact to net income as a result of a U.S. dollar strengthening will be partially mitigated by the value of non-U.S. expenses, which will decline when reported in U.S. dollars. As the U.S. dollar weakens versus other currencies, the value of the non-U.S. revenue, expenses, assets, liabilities, and cash flows will generally increase when reported in U.S. dollars. For the three months ended March 27, 2021, our revenue would have increased by $28.7 million and our operating income would have increased by $0.7 million, if the U.S. dollar exchange rate had strengthened by 10%, with all other variables held constant.

We attempt to minimize this exposure by using certain financial instruments in accordance with our overall risk management and our hedge policy. We do not enter into speculative derivative agreements.

During the three months ended March 27, 2021, we entered into foreign exchange forward contracts to limit our foreign currency exposure related to a U.S. dollar denominated loan borrowed by a non-U.S. Euro functional currency entity under our Credit Facility. Refer to Note 14, "Foreign Currency Contracts" in this Quarterly Report on Form 10-Q for additional information regarding this type of forward contracts.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Based on their evaluation, required by paragraph (b) of Rules 13a-15 or 15d-15, promulgated by the Securities Exchange Act of 1934, as amended (Exchange Act), the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act, are effective, at a reasonable assurance level, as of March 27, 2021, to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurances of achieving the desired control objectives, and management necessarily was required to apply its judgment in designing and evaluating the controls and procedures.

(b) Changes in Internal Controls Over Financial Reporting

The Company continued to execute a plan to centralize certain accounting transaction processing functions to internal shared service centers during the three months ended March 27, 2021. There were no other material changes in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of the Exchange Act Rules 13a-15 or 15d-15 that occurred during the quarter ended March 27, 2021 that materially affected, or were reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Please refer to Note 17, “Commitments and Contingencies” in our notes to the unaudited condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for fiscal year 2020, which could materially affect our business, financial condition, and/or future results. The risks described in our Annual Report on Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and/or operating results. There have been no material changes to the risk factors set forth in our Annual Report on Form 10-K for fiscal year 2020, except as disclosed below.

Contract development and manufacturing services create a risk of liability.

The acquisition of Cognate will expand Charles River’s business into the contract development and manufacturing organization (“CDMO”) market, which entails additional risks of liability, including potential product liability claims, errors and omissions claims in connection with Charles River’s services and potential liability under indemnification agreements between Charles River and its officers and directors.

Charles River customers’ failure to receive or maintain regulatory approval for their product candidates could negatively impact Charles River’s revenue and profitability.

Charles River will have significant business which will materially depend upon the regulatory approval of the products it will manufacture for its CDMO customers. As such, if these customers experience a delay in, or failure to receive, approval for any of their product candidates or fail to maintain regulatory approval of their products that Charles River develops or manufactures, Charles River’s revenue and profitability could be materially adversely affected. Additionally, if the Food and Drug Administration or a comparable foreign regulatory authority does not approve of Charles River’s facilities for the manufacture of a customer product, observes significant deficiencies or violations at its facilities or withdraws such approval in the future, Charles River’s customers may choose to identify alternative manufacturing facilities and/or relationships, which could significantly impact Charles River’s CDMO capacity and capabilities and results of operations therefrom.

Charles River’s CDMO business, financial condition and results of operations may be adversely affected if the products Charles River manufactures for its customers do not gain market acceptance.

If the products Charles River manufactures for its customers do not gain market acceptance or production volumes of key products that Charles River manufactures for its customers decline, financial condition and results of operations may be adversely affected. For Charles River’s CDMO business, Charles River will depend on, and have no control over, market acceptance for the products that Charles River will manufacture for its customers. Consumer demand for these products could be adversely affected by, among other things, delays in securing regulatory approvals, the emergence of competing or alternative products, including generic drugs, the emergence of new safety data for such products, the loss of patent and other intellectual property rights protection, reductions in private and government payment product subsidies or changing product marketing strategies.

Charles River will have various competitors in the CDMO market which could result in a decrease in the fees paid for Charles River’s services and may adversely affect its results of operations and financial condition.

Charles River’s competition in the CDMO market will include full-service contract manufacturers and large pharmaceutical companies offering third-party manufacturing services to fill their excess capacity. Also, large pharmaceutical companies have been seeking to divest portions of their manufacturing capacity, and any such divested businesses may compete with Charles River in the future. Furthermore, many of Charles River’s CDMO competitors may have substantially greater financial, marketing, technical or other resources than Charles River does. Moreover, additional competition may emerge, particularly in lower-cost jurisdictions such as India and China, which could, among other things, result in a decrease in the fees paid for Charles River’s services, which may adversely affect Charles River’s results of operations and financial condition.

Manufacturing services are highly complex and failure to provide quality and timely services to Charles River’s new customers, could adversely impact its business.

The development and manufacturing services Charles River will be offering will be highly complex, due in part to strict regulatory requirements. A failure of its quality control systems in its facilities could cause problems in connection with facility operations for a variety of reasons, including equipment malfunction, viral contamination, failure to follow specific manufacturing instructions, protocols and standard operating procedures, problems with raw materials or environmental factors.

Such issues could affect production of a single manufacturing run or manufacturing campaigns, requiring the destruction of products, or could halt manufacturing operations altogether. In addition, any failure to meet required quality standards may result in Charles River's failure to timely deliver products to its customers which, in turn, could damage Charles River's reputation for quality and service. Any such incident could, among other things, lead to increased costs, lost revenue, reimbursement to customers for lost drug substances, damage to and possibly termination of customer relationships, time and expense spent investigating and remediating the cause and, depending on the cause, similar losses with respect to other manufacturing runs. In addition, such issues could subject Charles River to litigation, the cost of which could be significant.

CDMO operations are dependent upon the supply of necessary raw materials and supplies from third parties, and any inability to obtain such raw materials or supplies could adversely impact Charles River's business, results of operations and financial condition.

Charles River's CDMO operations will require various raw materials supplied primarily by third parties. Charles River or its customers will specify the raw materials and other items required to manufacture their product and, in some cases, the customers will specify the suppliers from whom Charles River must purchase these raw materials. In certain instances, the raw materials and other items may only be supplied by a limited number of suppliers or in limited quantities. If third-party suppliers do not supply raw materials or other items on a timely basis, it may cause a manufacturing run to be delayed or canceled which could materially adversely affect Charles River's results of operations and financial condition.

Furthermore, third-party suppliers may fail to provide Charles River with raw materials and other items that meet the qualifications and specifications required by Charles River or its customers. If third-party suppliers are not able to provide Charles River with raw materials that meet its or its customers' specifications on a timely basis, Charles River may be unable to manufacture its product or it could prevent Charles River from delivering products to its customers within required time frames. Any such delay in delivering its products may create liability for Charles River to its customers for breach of contract or cause Charles River to experience order cancellations and loss of customers. In the event that Charles River manufactures products with components or raw materials that do not meet its qualifications and specifications or those of its customers or governmental or regulatory authorities, Charles River may become subject to product liability claims caused by defective raw materials or components from a third-party supplier or from a customer.

The failure to successfully obtain, maintain and enforce intellectual property rights and defend against challenges to intellectual property rights could adversely affect us.

Many of our services, products and processes rely on intellectual property. In some cases, that intellectual property is owned by another party and licensed to us, sometimes exclusively. To protect our intellectual property rights, we primarily rely upon trade secret law, confidentiality agreements and policies, invention assignments and other contractual arrangements, along with patent, copyright and trademark laws. Existing laws of certain countries outside of the United States in which we operate offer only limited protection, and these are subject to change at any time. In addition, the agreements upon which we rely to protect our intellectual property might be breached, or might not be fully enforceable. Our intellectual property rights might not prevent our competitors from independently developing intellectual property that is similar to or duplicative of ours. Also, enforcing our intellectual property rights might also require substantial time, money and oversight, and we might not be successful in enforcing our rights. If we are unable to obtain or maintain the proprietary rights to our intellectual property, if we are unable to prevent attempted infringement against our intellectual property, or if we are unable to defend against claims that we are infringing on another party's intellectual property, we could be adversely affected. These adverse effects could include us having to abandon, alter or delay the deployment of products, services or processes that rely on such intellectual property; having to procure and pay for licenses from the holders of intellectual property rights that we seek to use; and having to pay damages, fines, court costs and attorney's fees in connection with intellectual property litigation.

Similarly, the customers of Cognate BioServices and its subsidiaries, which we acquired in the second quarter of 2021, also rely on intellectual property for the production of their products, the manufacture of which has been contracted to Cognate BioServices. Failure by such customers to obtain, maintain and enforce such intellectual property rights and defend against challenges to their intellectual property rights could have a material adverse effect, including reduced revenue as a result in a delay or cancellation of the manufacture of products that rely on such intellectual property, and having to pay legal expenses in connection with intellectual property litigation in which we are named as a party.

Further, the drug discovery and development industry has a history of patent and other intellectual property litigation and these lawsuits will likely continue. Legal proceedings relating to intellectual property are expensive, take significant time, and divert management's attention from other business concerns, whether we win or lose. If we do not prevail in an infringement lawsuit brought against us, we may have to pay substantial damages, including treble damages, and we could be required to stop the infringing activity or obtain a license to use technology on unfavorable terms.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information relating to the purchases of shares of our common stock during the three months ended March 27, 2021.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
				(in thousands)
December 27, 2020 to January 23, 2021	—	$ —	—	$ 129,105
January 24, 2021 to February 20, 2021	91,179	260.87	—	129,105
February 21, 2021 to March 27, 2021	42,882	285.47	—	129,105
Total	134,061		—	

Our Board of Directors have authorized up to an aggregate amount of $1.3 billion for our stock repurchase program. During the three months ended March 27, 2021, we did not repurchase any shares of common stock under our stock repurchase program or in open market trading. As of March 27, 2021, we had $129.1 million remaining on the authorized stock repurchase program.

Additionally, our stock-based compensation plans permit the netting of common stock upon vesting of restricted stock, restricted stock units, and performance share units in order to satisfy individual statutory tax withholding requirements.

Item 6. Exhibits

(a) Exhibits	Description of Exhibits
10.1*	Agreement between David Ross Smith and Charles River Discovery Research Services UK Limited effective December 1, 2020
10.2*	Executive Incentive Compensation Program effective January 1, 2021
10.3*	Charles River Laboratories amended and restated Deferred Compensation Plan, as amended
31.1+	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2+	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1+	Certification of the Principal Executive Officer and the Principal Financial Officer required by Rule 13a-14(a) of 15d-14(a) of the Exchange Act
101.INS	eXtensible Business Reporting Language (XBRL) Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Label Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document

* Management contract or compensatory plan, contract or arrangement.
+ Furnished herein.

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, thereunto duly authorized.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

May 4, 2021	/s/ JAMES C. FOSTER
	James C. Foster *Chairman, President and Chief Executive Officer*
May 4, 2021	/s/ DAVID R. SMITH
	David R. Smith *Corporate Executive Vice President and Chief Financial Officer*

Exhibit 10.1

Private & Confidential

Charles River Discovery Research Services Uk Limited (1)

&

David Ross Smith (2)

SERVICE AGREEMENT

MILLS & REEVE

THIS AGREEMENT IS A DEED and is made on 2020

BETWEEN:

(1) **Charles River Discovery Research Services UK Limited** (Registered Company Number 04622227) whose registered office is at Robinson Building Chesterford Research Park, Little Chesterford, Saffron Walden CB10 1XL ("**Employer**"/ "**we**"/ "**us**"), and

(2) **David Ross Smith** who is based at the address notified separately ("**Executive**"/ "**you**").

IT IS AGREED as follows:

1 <u>Definitions and interpretation</u>

1.1 In this Agreement unless the context otherwise requires the following expressions have the following meanings:

"**Board**" means the Board of Directors from time to time of the Group;

"Compensation Committee" means the committee responsible for determining the remuneration of the Board;

"**Confidential Information**" shall have the meaning given to it in clause 12.2;

"**Data Protection Legislation**" means the General Data Protection Regulation (EU) 2016/679 ("**GDPR**"), Data Protection Act 2018 ("**DPA**"), and the Privacy and Electronic Communications (EC Directive) Regulations 2003 (or any successor to the GDPR, DPA, or Privacy and Electronic Communications Regulations) and the applicable guidance or codes of practice issued by the Information Commissioner's Office from time to time;

"Effective Date" means 1 December 2020;

"**Employer Intellectual Property**" means any Intellectual Property made, created or discovered by you during the Employment (whether or not in the course of the Employment or during normal hours of work or using our facilities) which:

(a) in any way affects or relates to the business of the Employer or any Group Company; or

(b) is capable of being used or adapted for use in or in connection with such business;

"**Employment**" means your employment under this Agreement;

"**ERA**" means the Employment Rights Act 1996;

"**Group**" means the Employer and the Group Companies;

"**Group Company**" means any company which is for the time being a subsidiary or holding company of the Employer and any subsidiary of any such holding company and for the purposes of this Agreement the terms "**subsidiary**" and "**holding**

company" shall have the meanings ascribed to them by section 1159 Companies Act 2006;

"**Intellectual Property**" means all intellectual and industrial property rights which may now or in the future subsist in any country of the world, including without limitation:

(a) patents, utility models, supplementary protection certificates and any other rights in inventions, discoveries and improvements;

(b) registered and unregistered trademarks, including any trade, brand or business names and get-ups(s), rights to sue for passing off or unfair competition and rights in domain names, devices and logos;

(c) registered and unregistered design rights;

(d) copyright (including all such rights in any information, know-how or techniques relating to the Employer's business, and in any computer software and typographical rights) database rights and moral rights;

(e) all industrial, commercial and technical and accounts records and information (wherever located) relating to the activities of the Employer;

(f) the Confidential Information; and

(g) applications for registration and the right to apply for any registration of the above in any country in the world;

"**WTR**" means the Working Time Regulations 1998.

1.2 References to clauses and schedules are unless otherwise stated to clauses of and schedules to this Agreement and words in the singular include the plural and in the plural include the singular.

1.3 A reference to a statute, statutory provision or regulation:

(a) is a reference to it as amended, extended or re-enacted from time to time (including as a result of the exercise of powers conferred on Ministers under the European Union (Withdrawal) Act 2018 or any similar legislation); and

(b) shall in the case of a statue or statutory provision include all subordinate legislation made from time to time under that statute or statutory provision.

1.4 The headings to the clauses are for convenience only and shall not affect the construction or interpretation of this Agreement.

2 <u>Appointment</u>

2.1 You will continue to be employed as, and act as, Corporate Executive Vice President and Chief Financial Officer of the Group. You recognise that this position is one of trust and confidence and that you will have access to Confidential Information. This is a key position in which you have a special obligation to further the interests of the Employer and any Group Company and to develop its or their businesses.

2.2 We may appoint any other person or persons to act jointly with you in any position to which you may be assigned during the Employment at any time after you have been suspended in accordance with clause 17.3 below or if either party give notice to terminate the Employment.

3 Duration of the Employment

3.1 The Employment shall commence on the Effective Date and shall continue, subject to the provisions of this Agreement, unless and until terminated by either party giving to the other written notice consistent with the statutory minimum notice period required by section 86 of the ERA, which for you is one week, and which for the Employer is one week for each year of service, up to a maximum of 12 weeks.

3.2 We shall have the discretion to terminate the Employment lawfully with immediate effect or on notice less than that required by clause 3.1 by notifying you that we are exercising our right under this clause 3.2 and that we will make within 28 days a payment in lieu of notice ("**Payment in Lieu**") to you (or a first instalment thereof). The Payment in Lieu shall be a sum equal to, but no more than, the basic annual salary under clause 5.1 in respect of that part of the period of notice in clause 3.1 which we have not given to you less any appropriate tax and other statutory deductions.

3.3 For the avoidance of doubt, the Payment in Lieu under clause 3.2 shall not include:

3.3.1 any bonus or commission payments that might otherwise have been due;

3.3.2 any benefits you would have been entitled to receive; or

3.3.3 any holiday entitlement that would have accrued,

during the period by reference to which the payment is made ("**Relevant Period**").

3.4 The Payment in Lieu under clause 3.2 may be made in installments on the day on which the salary under clause 5.1 would have been payable if the Employment had continued throughout the Relevant Period.

3.5 Notwithstanding the fact that we have purported to exercise our discretion to make a Payment in Lieu under clause 3.2, you shall nonetheless not be entitled to any such payment if we would have been entitled to terminate the Employment without notice in accordance with clause 14.1. In that case we shall be entitled to recover from you any Payment in Lieu already made.

3.6 At any time following service of notice of termination in accordance with clause 3.1 (whether given by us or you), we shall be entitled, by written notice to you, to place you on leave ("**Garden Leave**") for the whole or any part of the period of the Employment remaining after the service of such notice.

3.7 During any period of Garden Leave:

3.7.1 we shall be under no obligation to assign any duties to you and may revoke any powers you hold on behalf of the Employer or any Group Company and may remove you from any office held by you in the Employer or any Group Company;

3.7.2 we may require you to carry out alternative duties or to only perform such specific duties as are expressly assigned to you, at such location (including your home) as we may decide;

3.7.3 you shall ensure that the CEO of the Group (or such other person as may be nominated by the Board) knows where you will be and how you can be contacted during each working day (except during any periods taken as holiday in the usual way);

3.7.4 we shall be entitled to exclude you from our premises and to instruct you not to contact (or attempt to contact) the employees, agents, clients or customers of the Employer or of any Group Company;

3.7.5 your entitlement to receive your normal salary and other contractual benefits shall continue, subject always to the relevant scheme or policy relating to such benefits; and

3.7.6 you shall remain our employee and shall be bound by the terms of the Employment (other than to perform your duties under this Agreement unless specifically required to do so). In particular, but without limitation, you will remain bound by your obligations of loyalty and good faith, of exclusive service and of confidentiality, which preclude you taking up any other employment.

4 Scope of the Employment

4.1 During the Employment you shall:

4.1.1 unless prevented by ill-health or incapacity devote the whole of your time, attention and skill to the business and affairs of the Employer or any Group Company in respect of which you undertake duties and use your best endeavours to promote their interests provided that the Board may at any time require you to cease performing and exercising all or any of such duties, functions or powers in accordance with the terms of this Agreement;

4.1.2 faithfully and diligently perform such duties and exercise such powers consistent with your position as may from time to time be assigned to or vested in you by the Board;

4.1.3 obey the reasonable and lawful directions of the Board;

4.1.4 abide by any statutory, fiduciary or common law duties to the Employer or any Group Company of which you are a director including but not limited to the general duties owed by a director under section 171 to 177 of the Companies Act 2006 (as amended, extended or re-enacted from time to time);

4.1.5 not do anything that would cause you to be disqualified from acting as a director;

4.1.6 comply with any Memorandum and Articles of Association and all other Group rules, regulations, policies and procedures from time to time in force;

4.1.7 report to the CEO of the Group (or their delegate) and shall further keep the Board at all times promptly and fully informed (in writing if so requested) of your conduct of the business of the Employer and any Group Company and provide such explanations in connection with it as the Board may require;

4.1.8 comply with all requirements, recommendations or regulations relating to dealing in the securities of Employer or any Group Company including any share dealing code issued by the Group and any code of practice, policies or procedures manual issued by us (as amended from time to time) relating to dealing in the securities of Employer or any Group Company;

4.1.9 neither commit nor attempt to commit the criminal offence of insider dealing;

4.1.10 not engage in any form of facilitating tax evasion, whether under UK law or under the law of any foreign country. You must immediately report to the Board any request or demand from a third party to facilitate the evasion of tax or any concerns that such a request or demand may have been made;

4.1.11 not without the written consent of the Board make or seek to make on your behalf or (otherwise than properly in the performance of your duties to the Employer) on behalf of any other person, firm or company any contract or other arrangement of a commercial nature with any actual or prospective customer, contractor or supplier of the Employer or any Group Company; and

4.1.12 immediately disclose to a member of the Board your own actual or prospective wrongdoing (including any breach of clauses 11, 12 and 16 of this Agreement) and the wrongdoing of any other employee of the Employer or any Group Company.

4.2 You shall if and so long as we require and without any further remuneration carry out your duties on behalf of any Group Company. The duties attendant on any such appointment will be carried out by you as if they were duties to be performed by you on behalf of the Employer under this Agreement.

4.3 We are not obliged to ensure that you remain a statutory director of any company in the Group, and your removal from the Board in accordance with the articles of association or otherwise will not be a breach of this Agreement by us.

4.4 Subject to any regulations issued by the Employer, you shall not be entitled to receive or obtain directly or indirectly any discount, rebate or commission in respect of any sale or purchase of goods effected or other business transacted (whether or not by you) by or on behalf of the Employer or any Group Company and if you (or any firm or company in which you are interested) shall obtain any such discount, rebate or commission you shall account to the Employer or the relevant Group Company for the amount received by you (or a due proportion of the amount received by such company or firm having regard to the extent of your interest therein).

4.5 You must comply with the Bribery Act 2010 and related procedures at all times. In particular you shall not during the term of this Agreement without the consent of the Board seek or accept from any actual or prospective customer, contractor or supplier of the Employer or any Group Company any gift, gratuity or benefit of more than a trivial value or any hospitality otherwise than properly in the performance of your duties to the Employer or any Group Company of a kind and value.

5. Remuneration and expenses

5.1 We shall pay you a basic salary at the rate of £452,428 per annum (or such other sum as may from time to time be agreed) payable by equal monthly instalments in arrears on the last day of each calendar month by credit transfer to your bank account. You will continue to be eligible for merit increases to your salary subject to the annual approval and/or modification of the Compensation Committee.

5.2 You be eligible to participate in the Charles River Executive Incentive Compensation Program (**"EICP"**) with specific performance objectives established annually. You will be eligible to participate in the EICP for the current calendar year and the targeted bonus under this program will equate to 70% of your basic salary under clause 5.1 (as amended from time to time), subject to the terms and conditions of the EICP. The Compensation Committee shall review the EICP annually and shall be entitled, at its sole and absolute discretion, to modify the rules and terms of the EICP (including the target bonus percentages and the way bonuses are calculated). No bonus shall be payable at any time after notice has been given or received (for any reason whatsoever).

5.3 You will be eligible to receive an annual equity award as and when authorised by the Compensation Committee, such award to be of the amount and subject to those conditions or terms as determined by the Compensation Committee from time to time and subject to the execution of such award documentation as may be required from time to time. From 1 January 2021 onwards any equity award value shall be planned in GBP and converted to $USD, using the exchange rate on the date of the date of the approval of the award by the Compensation Committee.

5.4 We shall reimburse you in respect of all expenses reasonably incurred by you in the proper performance of your duties, subject to you providing such receipts or other evidence as we may require and to you complying with the Employer's policies on expenses as communicated to you from time to time.

6 Holidays

6.1 You shall be entitled, in addition to all bank and public holidays normally observed in England, to unlimited working days' holiday, in each Holiday Year (being the period from January 1 to 31 December). This includes your entitlement under the WTR which shall be deemed to have been taken first. You are required to take a minimum of 28 working days holiday (including bank and public holidays) in each Holiday Year. You may only take your holiday at such times as are agreed with the Board. Regulations 15(1) to 15(4) WTR shall not apply to the Employment.

6.2 You shall be entitled to be paid at the rate of 1/260th of the annual remuneration set out in clause 5.1 for each day of holiday to which you are entitled under this clause.

6.3 In the Holiday Year in which the Employment terminates, the Company will evaluate your entitlement to holiday pay on a pro rata basis, based on the 28 annual statutory holidays. If you have any unused holiday entitlement based on the date of termination, the Employer may either require you to take such unused holidays during any notice period (including any period of Garden Leave) or make payment in lieu of it.

7 Sickness benefits

7.1 On condition that you comply with clause 7.2 and subject to our right to terminate this Agreement (whether on grounds of ill health or otherwise), during any period(s) of absence on medical grounds within any rolling period of 12 months you will be entitled to continue to receive your basic salary under clause 5.1 in accordance with the following:

7.1.1 during the first 20 weeks of any period or periods of absence, we will continue to pay 100% of your basic salary;

7.1.2 thereafter you will have no entitlement to your salary during any further period of absence.

7.2 You shall if required:

7.2.1 supply us with medical certificates covering any period of sickness or incapacity;

7.2.2 consent to the application by us to any medical practitioner treating you for a medical report, and the provision of such a report to us; and

7.2.3 undergo at any time at our expense a medical examination by a doctor appointed by us.

7.3 Payment in respect of any other or further period of absence shall be at our discretion. Any payment to you pursuant to clause 7.1 shall be subject to set off by us in respect of any Statutory Sick Pay and any Social Security Sickness Benefit or other benefits to which you may be entitled.

7.4 If your absence shall be occasioned wholly or partly by any act or omission of a third party in respect of which damages or compensation are recoverable, then you shall not be entitled to any remuneration (other than Statutory Sick Pay) but we may in our absolute discretion advance sums not exceeding the remuneration to which you would otherwise be entitled against your entitlement to damages or compensation (including interest at such rate as you are entitled to recover in respect of a claim for loss of earnings) and you shall:

7.4.1 notify us immediately of all the relevant circumstances and of any claim, compromise, settlement or judgement made or awarded in connection with it; and

7.4.2 if we so require, refund to us any amount received by you from any such third party provided that the refund shall be no more than the amount which you had recovered in respect of remuneration (plus interest).

8 UK benefits

8.1 We will make an annual contribution to such pension scheme(s) as may be agreed with you of 13% of your basic salary under clause 5.1 (as amended from time to time). We may restrict our contributions under this clause 8.1 to ensure that neither the annual allowance nor the lifetime allowance, as defined in the Finance Act 2004, are exceeded and you will make full disclosure on demand from us at any time and from time to time of all your other pension arrangements to enable us to establish that our contributions under this clause 8.1 will not cause those limits to be exceeded. We do not undertake to provide a defined amount of pension for or in respect of you but only to pay contributions as aforesaid. No Contracting-Out Certificate under the Pensions Schemes Act 1993 is in force with regard to the Employment.

8.2 During the Employment you shall be eligible to participate in the life assurance scheme which the Employer establishes for the benefit of its employees subject to the insurer accepting you for cover under the relevant policy and subject to the rules of such scheme or policy from time to time.

8.3 During the Employment the Employer shall pay all premiums due under a private medical insurance scheme for the benefit of you, your spouse and your children under 18 or those children under 24 who are unmarried, remain in full time education and are normally resident with you outside of term time, subject to the insurer accepting you, your spouse and your eligible children for cover under the relevant policy and at normal rates and subject to the rules of such scheme or policy from time to time.

8.4 The Employer accepts no obligation to provide replacements benefits or compensation following a refusal of the provision of any benefit. Furthermore, the success or failure of any claim under such benefit scheme is entirely a matter between the benefit provider and you. The Employer has no obligation to take any legal action or other proceedings to challenge or enforce the benefit provider's decision in respect of any such claim.

8.5 The Employer reserves the right, in its absolute and sole discretion, to amend, terminate or withdraw the benefits under this clause 8 at any time. The Employer shall not have any liability to pay any benefit to you under any scheme unless it receives payment of the benefit from the insurer under the scheme.

8.6 The Employer shall be entitled, in its absolute and sole discretion, to terminate your employment in accordance with this Agreement notwithstanding that you are, or may in the future be, entitled to benefits under this clause 8.

9 <u>US benefits</u>

9.1 Save as set out in this clause, on the Effective Date you will cease to be entitled to any benefits provided by the Group to employees who are employed in the United States. The exceptions to this general provision are that:

9.1.1 on or before 31 January 2021, the Employer shall pay you, or shall arrange for a Group Company to pay you, a lump sum of $95,246 USD (less any deductions for tax, national insurance or any other deductions required by law) in full and final settlement of any entitlement you may have had under the 2020 U.S. Deferred Compensation Plan.

9.1.2 we will continue (or procure an appropriate Group Company continues) to provide during the Employment life insurance coverage for your benefit under the Lincoln Life Insurance plan which, in the event of death during the continuance of the Employment, will pay a lump sum of $1,600,000 USD (provided that the provision of cover shall be subject to you complying with and satisfying requirements of the relevant insurer and subject to the insurance premiums being at reasonable and standard rates).

9.1.3 we shall (or shall procure an appropriate Group Company) ensure you remain eligible to participate in the Massachusetts General Hospital (MGH) Executive Registry, which assists in coordinating immediate round the clock routine and emergency access to physicians and specialists at MGH.

9.2 The Employer reserves the right, in its absolute and sole discretion, to amend, terminate or withdraw the benefits under this clause 9 at any time but agrees that it will not exercise this right unless it does so for all employees who are members of the Board. The provisions of clauses 8.4 and 8.6 apply equally to the benefits under this clause 9.

10 <u>Support with tax returns</u>

10.1 The Employer shall procure the services of an accountant for your benefit in relation to your annual tax returns in the US and UK tax years from the date of this Agreement to the 2025/26 tax year **PROVIDED ALWAYS THAT**:

10.1.1 you are required to submit a tax return in that country;

10.1.2 you cooperate fully with the accountant to complete the filings of your tax returns by the deadlines set by the accountant; and

10.1.3 any fees, charges or interest incurred as a result of the late filing of such tax returns will be your responsibility.

10.2 You will cease to be entitled to any support from the Employer or any Group Company with respect to tax equalisation with effect from 1 December 2021.

11 <u>Restrictions during the Employment</u>

11.1 During the Employment you shall not:

11.1.1 be directly or indirectly employed, engaged, concerned or interested in any other business or undertaking; or

11.1.2 engage in any activity which the Board reasonably considers may be, or become harmful to the interests of the Employer or of any Group Company or which might reasonably be considered to interfere with the performance of your duties under this Agreement.

11.2 Clause 11.1 shall not apply:

11.2.1 to you holding (directly or through nominees) investments listed on the London Stock Exchange or in respect of which dealing takes place in the Alternative Investment Market on the London Stock Exchange or any recognised stock exchange as long as you hold less than one per cent of the issued shares or other securities of any class of any one company; or

11.2.2 to any act undertaken by you with the prior written consent of the Board.

11.3 You confirm that you have disclosed to us (and will continue to do so promptly throughout the Employment) all circumstances in respect of which there is or might be a conflict of interest between you (or members of your immediate family) and the Employer or any Group Company.

12 Confidential information and Employer documents

12.1 In addition to your common law obligations to keep confidential information secret, you must not disclose to any person, firm or company, otherwise than in the proper course of your duties or with our written consent, any trade secret or information of a confidential nature concerning the business of the Employer or any Group Company, or any customer or client or prospective customer or client of the Employer or any Group Company including, but not limited to:

12.1.1 any trade secret or confidential or secret information concerning the business development, affairs, future plans, business methods, connections, operations, accounts, finances, organisation, processes, policies or practices, designs, dealings, trading, software, or know-how relating or belonging to the Employer or to any Group Company or any of its suppliers, agents, distributors, clients or customers;

12.1.2 confidential computer software, computer-related know-how, passwords, computer programmes, specifications, object codes, source codes, network designs, business processes, business logic, inventions, improvements and/or modifications relating to or belonging to the Employer or any Group Company;

12.1.3 details of the Employer’s or any Group Company’s financial projections or projects, prices or pricing strategy, advertising, marketing or development plans, product development plans or strategies, fee levels, commissions and commission structures, market share and pricing statistics, marketing surveys and research reports and their interpretation;

12.1.4 any confidential research, report or development undertaken by or for the Employer or any Group Company;

12.1.5 details of relationships or arrangements with, or knowledge of the needs or the requirements of, the Employer’s or any Group Company’s actual or potential clients or customers;

12.1.6 information supplied in confidence by customers, clients or any third party to which the Employer or any Group Company owes an obligation of confidentiality;

12.1.7 lists and details of contracts with the Employer’s or any Group Company’s actual or potential suppliers;

12.1.8 information of a personal or otherwise of a confidential nature relating to fellow employees, directors or officers of, or consultants to, the Employer or any Group Company for which you may from time to time provide services;

12.1.9 confidential information concerning, or details of, any competitive business pitches, or target details;

12.1.10 any document or information marked as confidential on its face; or

12.1.11 any document or information which has been supplied to you in confidence or which you have been informed is confidential or which you might reasonably be aware is confidential.

12.2 Any information of the sort described in this clause which you obtain or become aware of during the course of the Employment or which, by virtue of your position, it may reasonably be assumed you have obtained or become aware of shall be "**Confidential Information**" for the purposes of this Agreement.

12.3 You undertake to use your best endeavours to prevent unauthorised publication or disclosure to any third party of any Confidential Information as defined in clauses 12.1 and 12.2 (save as may be required by law or a duly authorised regulatory body).

12.4 The provisions in clauses 12.1 and 12.2 shall continue to apply after termination of the Employment, howsoever arising, without any time limit but shall cease to apply to any information or knowledge which may at any time come into the public domain other than through unauthorised disclosure.

12.5 You shall inform us immediately on becoming aware, or suspecting that, any unauthorised third party knows or has used any Confidential Information.

12.6 All notes and records (both originals and copies) wherever located and whether on paper, computer disk, computer memory, smartphone, tablet, memory stick or other media, which contain any Confidential Information or which you have made or acquired in the course of the Employment:

12.6.1 shall be and remain the property of the Employer or the relevant Group Company;

12.6.2 shall not be removed from the Employer's premises (or the premises of any Group Company) except in the course of your duties; and

12.6.3 shall be handed over by you to the Employer or to the relevant Group Company on demand and in any event on the termination of the Employment (for whatever reason).

12.7 You shall on demand by us and in any event on the termination of the Employment (howsoever caused) irretrievably delete any Confidential Information stored on any magnetic or optical disk or memory, including personal computer networks, personal e-mail accounts or personal accounts on websites, and all matter derived from such sources which is in your possession or under your control outside our premises. Where Confidential Information is stored on personal computer networks or personal email accounts or personal accounts on websites you will ensure the Employer has a full copy of such information before irrevocably deleting the same.

12.8 You agree that any business connections added during the Employment to any personal LinkedIn accounts (or to any other personal social media accounts used by you in whole or in part for the purposes of Employer's business) shall be regarded as the property of the Employer (whether or not Confidential Information) and shall be deleted following the termination of the Employment. Unless instructed otherwise by the Board, you will supply contact details of all business contacts you have made during the course of the Employment and retained on social media websites or otherwise held electronically outside of the Employer's systems before such data is deleted in accordance with your obligations under this clause. For the avoidance of doubt, the obligations under this clause do not apply to:

12.8.1 business connections which were added to any personal social media accounts prior to the commencement of the Employment; or

12.8.2 personal contacts who you have connected with for your private life or personal dealings as opposed to a connection relevant to your employment with the Employer.

12.9 You shall provide written confirmation that you have made a diligent search for, and delivered to us, all the notes and records described in clause 12.6 and have irretrievably deleted any Confidential Information described in clause 12.7 when requested to do so by us, whether during or after the Employment together with such reasonable evidence of compliance as we may request.

12.10 Nothing in this clause 12 shall prevent you from making a protected disclosure within the meaning of section 43A ERA or a relevant pay disclosure as defined in section 77 Equality Act 2010. In circumstances where you consider it is necessary to make such a disclosure, you should first raise the issue with the Board, or if your concerns relate to certain members of the Board, to an officer or officers of the Employer who you believe are not involved or implicated in the relevant matter.

13 Inventions and other intellectual property

13.1 You agree to disclose to us in writing full details of any Employer Intellectual Property promptly following its making, creation or discovery.

13.2 You agree that any Employer Intellectual Property shall so far as the law permits belong to and be the absolute property of the Employer or any other Group Company as the Employer may direct upon creation and:

13.2.1 to the extent that the same does not automatically belong to us upon creation, undertake to hold any such Employer Intellectual Property upon trust for the benefit of the Employer until such time as it shall be vested absolutely in the Employer or such other Group Company; and

13.2.2 hereby assign to the Employer or such other Group Company with full title guarantee by way of present and future assignment all such Employer Intellectual Property.

13.3 If and when we require you so to do you shall, at our expense, as the Employer or any other Group Company may direct:

13.3.1 give and supply to the Employer or such Group Company all such information, data, drawings and assistance as the Employer or such Group Company may require in order to exploit the Employer Intellectual Property to best advantage;

13.3.2 apply or join with the Employer or such Group Company in applying for patents or other protection or registration in the United Kingdom and in any other part of the world for the Employer Intellectual Property; and

13.3.3 execute and do all instruments and things necessary for vesting in the Employer or such Group Company or in such other person as the Employer may specify, as sole beneficial owner, any Employer Intellectual Property including such patents or other protection or registration when obtained and all right, title and interest to and in them absolutely.

13.4 You irrevocably and unconditionally waive any and all moral rights in connection with your authorship of any existing or future copyright work made or created by you during the Employment forming part of Employer Intellectual Property.

13.5 The rights and obligations under this clause shall continue in force after termination of this Agreement in respect of Employer Intellectual Property and shall be binding on your representatives.

13.6 Nothing in this clause shall be construed as restricting your rights under sections 39 to 43 Patents Act 1977.

14 <u>Termination</u>

14.1 Notwithstanding any other provisions of this Agreement in any of the following circumstances we may terminate the Employment immediately by serving written notice on you to that effect. In such event you shall not be entitled to any further payment from us except such sums as shall have accrued due at that time. The circumstances are if you:

14.1.1 commit any serious breach of this Agreement or are guilty of any gross misconduct or any wilful neglect in the discharge of your duties;

14.1.2 repeat or continue (after warning) any breach of this Agreement;

14.1.3 in the performance of your duties under this Agreement or otherwise, commit any act of gross misconduct or serious incompetence or do or omit to do anything else which is materially prejudicial to the interests of the Employer or any Group Company

14.1.4 prejudice, or because of your behaviour will likely in the reasonable opinion of the Board prejudice, the interests or reputation of the Employer or any Group Company;

14.1.5 are guilty of any fraud, dishonesty or conduct tending to bring you, the Employer, or any Group Company into disrepute;

14.1.6 become of unsound mind in the opinion of the Board;

14.1.7 are declared bankrupt or make any arrangement with or for the benefit of your creditors or have a county court administration order made against you under the County Court Act 1984;

14.1.8 are convicted of any criminal offence other than an offence which does not in the opinion of the Board affect your position under this Agreement;

14.1.9 cease to be eligible to work in the United Kingdom;

14.1.10 fail or cease to meet the requirements of any regulatory body compliance with which is required to enable you lawfully to undertake all or any of your duties under the Employment, are guilty of a serious breach of the rules and regulations of such regulatory body, are expelled, suspended or subject to any serious disciplinary action by such a regulatory body or are guilty of a serious breach of any compliance manual of the Employer or any Group Company; or

14.1.11 refuse (without reasonable cause) to accept the novation by the Employer of this Agreement, or an offer of employment on terms no less favourable to you than the terms of this Agreement, by any company which acquires or agrees to acquire not less than 90 per cent of the issued equity share capital of the Employer.

14.2 On the termination of the Employment or upon either us or you having served notice of such termination, you shall immediately deliver to us all materials within the scope of clause 12.6 and your lap-top, tablet and any other computer or similar equipment, all computer and other passwords, keys, credit cards, mobile phones, and other property of or relating to the business of the Employer or of any Group Company which may be in your possession or under your power or control and you irrevocably authorise us to appoint any person in your name and on your behalf to sign any documents and do any things necessary or requisite to give effect to your obligations under this clause 14.2.

14.3 Following termination of the Employment you agree to make yourself available to, and to cooperate with, us or our advisers in any internal investigation or regulatory proceedings arising out of matters which formed part of your responsibilities during the Employment. You acknowledge that this could involve, but is not limited to, responding to or defending any regulatory or legal process, providing information in relation to any such process, preparing witness statements and giving evidence in person on our behalf.

14.4 On termination of the Employment (howsoever caused) you shall not be entitled to any compensation for the loss of any rights or benefits under any health or life insurance schemes, share option, bonus, long-term incentive plan or other profit sharing scheme operated by the Employer or any Group Company in which you may participate.

14.5 Any delay in exercising the right of termination conferred by this clause 14 shall not constitute a waiver of it.

15 Separation Plan

15.1 Insofar as you are eligible for any compensation under the 2010 Charles River Corporate Officer Separation Plan (as amended or varied from time to time) (**"Separation Plan"),** any compensation or severance payment paid to you under this shall be in lieu of any severance pay or other severance benefit that the Employer may provide to terminate your employment under any contract, statute or policies that may be in effect at the date your employment terminates (whether from the Employer or any Group Company). Accordingly, in the event you receive any payment or benefit relating to the termination of your employment, the value of any compensation or severance payment due under the Separation Plan shall be offset and reduced by an equivalent sum or value. You must comply with any requirements set out in the

Separation Plan, including the signing of a settlement agreement containing a full release of claims. For the avoidance of doubt, payments relating to the termination of your employment would include but are not limited to:

15.1.1 Any payment in lieu of notice (but for the avoidance of doubt not for payment for notice that you work or spend on Garden Leave);

15.1.2 Any statutory or enhanced (whether contractual or discretionary) redundancy payment; and/or

15.1.3 Any damages payable in any successful claim brought in an Employment Tribunal or court of competent jurisdiction for unfair or wrongful dismissal or unlawful discrimination.

15.2 For the avoidance of doubt, nothing in clause 15.1 above shall affect your entitlement to any of the following:

15.2.1 any accrued but unpaid salary or bonus (including any pro-rated bonus), or accrued allowances or benefits;

15.2.2 any payment in lieu of accrued but unused holiday;

15.2.3 the reimbursement of expenses, provided that all claims for reimbursement are submitted within four weeks of the Termination Date,

in relation, in each case to the period before the Termination Date.

16 Post-termination restrictions

16.1 For the purposes of clause 16.2 the following words shall have the following meanings:

"**Confidential Information**" shall have the meaning ascribed thereto in clause 12.2;

but in the case of a firm, company or other organisation shall not include any division, branch or office of such firm, company or other organisation with which you or any such employee had no dealings during the said period;

"Defined Period" means the two years immediately preceding the Termination Date (or, if the Employer exercises its rights under clause 3.6 to put you on paid leave, the two year period immediately preceding the date on which the Employer first exercises such rights) save in respect of the definitions of *"Key Employee"* in which case references to two years shall be deemed to be replaced and read as references to *"twelve months".*

"**Employer Goods**" shall mean any product, treatment or formula researched into, developed, manufactured, distributed or sold by the Employer with which your duties were concerned or for which you were responsible during the Defined Period;

"**Employer Services**" shall mean any services (including but not limited to research and development, technical and product support, technical advice and customer services) supplied by the Employer with which your duties were concerned or for which you were responsible during the Defined Period;

"**Key Employee**" shall mean any person who immediately prior to the Termination Date was employed in the role of Executive Director, Senior Director, Director or Vice President (as varied or replaced from time to time) of the Employer with whom you worked closely or supervised during the 12 months immediately preceding the Termination Date;

"**Restricted Area**" shall mean:

(a) England, Scotland, Wales and the United States;

(b) any other country in the world where, on the Termination Date, the Employer was engaged in the research into, development, manufacture, distribution, sale or supply or otherwise dealt with Employer Goods or Employer Services;

"**Restricted Goods**" shall mean Employer Goods or goods of a similar kind;

"**Restricted Period**" shall mean the period of 12 months immediately following the Termination Date provided always that if the Employer exercises its rights under clause 3.6 to place you on paid leave, it shall mean the period of 12 months immediately following the commencement of the paid leave

"**Restricted Services**" shall mean Employer Services or services of a similar kind;

"**Termination Date**" means the date of termination of the Employment (howsoever caused).

16.2 Without prejudice to clause 11.1 you hereby undertake that you will neither during the Employment nor during the Restricted Period without our prior written consent whether on your own behalf or on behalf of any other person, firm, company or other organisation, directly or indirectly:

16.2.1 in competition with the Employer within the Restricted Area, be employed or engaged or otherwise interested in the business of researching into, developing, manufacturing, distributing, selling, supplying or otherwise dealing with Restricted Goods or Restricted Services;

16.2.2 solicit or induce or endeavour to solicit or induce any Key Employee to cease working for or providing services to the Employer, whether or not they would thereby commit a breach of contract;

16.2.3 cause or permit any third party directly or indirectly under your control to do any of the acts or things specified above.

16.3 Clause 16.2 shall also apply as though there were substituted for references to "the Employer" references to each Group Company in relation to which you have in the course of your duties for the Employer or by reason of rendering services to or holding office in such Group Company acquired knowledge of its trade secrets or Confidential Information but so that references in clauses 16.1 and 16.2 to "**Employer**" shall for this purpose be deemed to be replaced by references to the relevant Group Company. The obligations undertaken by you pursuant to this clause 16.3 shall, with respect to each Group Company, constitute a separate and distinct covenant and the invalidity or unenforceability of any such covenant shall not affect the validity or enforceability of the covenants in favour of any other Group Company or the Employer.

16.4 The benefit of the restrictions in clause 16.3 is held by the Employer for itself and on trust for each Group Company and shall be enforceable on behalf of each Group Company as though it were a party to this Agreement.

16.5 You shall not at any time after the Termination Date directly or indirectly represent yourself as being interested in or employed by or in any way connected with the Employer or any Group Company, other than as a former employee of the Employer and you shall not (whether directly or indirectly and whether on your own or through an association of any kind with any third party) make use of any corporate or business name which is used by the Employer or any Group Company, or which is similar to or likely to be confused with any such name.

16.6 None of the restrictions in this clause 16 shall prevent you from:

16.6.1 holding an investment by way of shares or other securities of less than 1% of the total issued share capital of any company, whether or not it is listed or dealt in on a recognised stock exchange; or

16.6.2 being engaged or concerned in any business concern insofar as your duties or work shall relate solely to geographical areas where the business concern is not in competition with the Employer in respect of any Restricted Goods or Restricted Services; or

16.6.3 being engaged or concerned in any business concern, provided that your duties or work shall relate solely to services or activities of a kind with which you were not concerned to a material extent in the Defined Period.

16.7 While the restrictions in this clause 16 (on which you have had the opportunity to take independent advice, as you hereby acknowledge) are considered by the parties to be reasonable in all the circumstances, it is agreed that if any such restrictions, by themselves, or taken together, shall be adjudged to go beyond what is reasonable in all the circumstances for the protection of the legitimate interests of the Employer or a Group Company but would be adjudged reasonable if part or parts of the wording thereof were deleted, the relevant restriction or restrictions shall apply with such deletion(s) as may be necessary to make it or them valid and effective.

16.8 If your employment is transferred to any firm, company, person or entity other than a Group Company ("**New Employer**") pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006, you will, if required, enter into an agreement with the New Employer containing post-termination restrictions corresponding to those restrictions in this clause 16, protecting the confidential information, trade secrets and business connections of the New Employer.

16.9 You will, at our request and our expense, enter into a separate agreement with any Group Company in which you agree to be bound by restrictions corresponding to those restrictions in this clause 16 (or such of those restrictions as we deem appropriate) in relation to that Group Company.

17 Grievance and disciplinary procedures

17.1 If you wish to obtain redress of any grievance relating to the Employment, you will apply in writing to the Board, setting out the nature and details of any such grievance. If your grievance remains unresolved, you may appeal to the Board who will determine the identity of the person appointed to hear any appeal. The outcome of any appeal shall be final.

17.2 There are no special disciplinary rules which apply to you and any disciplinary matters relating to the Employment will be dealt with by the Board. You may appeal against any disciplinary decision to the Board who will determine the identity of the person appointed to hear any appeal. The outcome of any appeal shall be final.

17.3 We may at any time suspend you from any or all of your duties during any period in which we are carrying out any disciplinary, regulatory or other investigation which could involve potential gross misconduct or gross negligence involving you, or while any disciplinary procedure against you is outstanding.

17.4 During any period of suspension in accordance with clause 17.3:

17.4.1 your entitlement to receive your normal salary and other contractual benefits shall continue, subject always to the relevant scheme or policy relating to such benefits;

17.4.2 you shall remain an employee of the Employer and shall be bound by the terms of the Employment;

17.4.3 you shall ensure that the CEO of the Group (or such other person nominated by the Board) knows where you will be and how you can be contacted during each working day (except during any periods taken as holiday in the usual way);

17.4.4 we shall be entitled to exclude you from our premises and to instruct you not to contact (or attempt to contact) the employees, agents, clients or customers of the Employer or of any Group Company; and

17.4.5 we may require you to lodge with us all or any of the items referred to in clause 14.2.

18 Deductions

18.1 For the purposes of the ERA you authorise us at any time during the Employment, and in any event on termination howsoever arising, to deduct from your remuneration under this Agreement (which for this purpose includes salary, commission, bonus, holiday pay, sick pay and pay in lieu of notice) any monies due from you to us including, but not limited to, any outstanding loans, advances, the cost of repairing any damage or loss of our property caused by you (and of recovering it), excess holiday, and any other monies owed by you to us.

19 Policies and Procedures

19.1 Your attention is drawn to the non-contractual policies and procedures found on the Employer's Intranet and which change from time to time. You agree to abide by those policies and procedures.

19.2 The non-contractual policies and procedures do not form part of this Agreement. In the event of a conflict the terms of this Agreement shall prevail.

20 Data protection

20.1 You agree to act in accordance with Data Protection Legislation at all times both during the Employment and following its termination (for any reason) and to comply at all times with any policy introduced by us in order to comply with Data Protection Legislation, including any policy on the transfer of data outside the European Economic Area.

20.2 You acknowledge that we will process personal data about you in accordance with and to the extent permitted by Data Protection Legislation in order for us to perform our obligations under this Agreement, for example paying your salary, or to pursue our legitimate interests. Personal data relating to you may be kept electronically or in hard copy format.

20.3 You acknowledge that we will process special category personal data relating to you in accordance with and to the extent permitted by Data Protection Legislation in order for us to perform or exercise obligations or rights imposed or conferred by law on us in connection with employment, social security or social protection.

20.4 We agree to abide by our commitments under any policy introduced by us in order to comply with Data Protection Legislation and to process personal data (including special category personal data) in relation to you in accordance with any privacy/fair processing notices notified to you.

20.5 In this clause the expressions “personal data” and “special category personal data” have the same meanings as those expressions bear in the General Data Protection Regulation (EU) 2016/679.

21 Notices

21.1 Any notice or other document to be given under this Agreement shall be in writing and may be given personally to you or to the Secretary of the Employer or may be sent by pre-paid first class post or other tracked postal service to, in the case of the Employer, its registered office for the time being and, in your case, either to your address shown on the face of this Agreement or to your last known place of residence.

21.2 Any such notice shall (unless the contrary is proved) be deemed served in the case of personal delivery at the time it is delivered, in the case of pre-paid first class post on the third day after posting and in the case of any other tracked postal service when it would be delivered in accordance with the selected postal services timelines.

22 Former contracts of employment or other arrangements

22.1 This Agreement contains the entire understanding between the parties and supersedes any previous agreements and arrangements (if any), relating to your employment, which shall be deemed to have been terminated by mutual consent as from the date of this Agreement and you acknowledge that you have no outstanding claims of any kind against the Employer or any Group Company in respect of any such agreement or arrangement.

23 Variations and amendments

23.1 No modification, variation or amendment to this Agreement shall be effective unless it is in writing and signed by or on behalf of each party.

24 Choice of law and submission to jurisdiction

24.1 The validity, construction and performance of this Agreement, and any claim, dispute or matter arising under or in connection with it or its enforceability, shall be governed by and construed in accordance with English law.

24.2 The parties submit to the jurisdiction of the English Courts over any claim, dispute or matter arising under or in connection with this Agreement or its enforceability or the legal relationships established by this Agreement, but this Agreement may be enforced by the Employer in any court of competent jurisdiction.

25 Miscellaneous

25.1 The Employer and the Executive agree that section 1(1) Contracts (Rights of Third Parties) Act 1999 shall apply to this Agreement but only to the extent that the provisions of clauses 11, 12, 13 and 16 constitute separate undertakings given for the benefit of each Group Company and may be enforced by any of them despite the fact that no such Group Company is a party to this Agreement. No other provisions of this Agreement may be enforced by a person who is not a party to this Agreement in his or his own right, and the whole or any part of this Agreement may be rescinded or varied without the consent of any such third party.

25.2 You confirm that you understand that your remuneration under this Agreement has been agreed on the basis that the restrictive covenants set out in clause 16 are enforceable against you are binding on you and enforceable against you.

25.3 You agree that if you apply for or are offered employment or any other engagement with any other person or organisation during the Employment, or while any or the post-termination restrictions in clause 16 remain in force, you will supply any such third party with a copy of this Agreement before entering into any such arrangement to ensure that that party is fully aware of your obligations to us.

25.4 The expiration or termination of this Agreement shall not prejudice any claim which either party may have against the other in respect of any pre-existing breach of this Agreement nor shall it prejudice the coming into force or the continuance in force of any provision of this Agreement which is expressly or by implication intended to or has the effect of coming into or continuing in force on or after such expiration or termination.

25.5 Further particulars of your employment are found in Schedule 1. The Agreement and Schedule 1 together form your written statement of the terms of your employment provided in compliance with Part I of the ERA.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Schedule 1. Section 1 Particulars

1 Hours of work

1.1 Your remuneration package is calculated on the basis that you will work such hours as necessary in order properly to perform your duties. This assumes you will work a minimum of 37.5 hours a week.

1.2 The parties each agree that the nature of your position is such that your working time cannot be measured and, accordingly, that the Employment falls within the scope of regulation 20 of the WTR.

2 Place of work

2.1 You are assigned to our offices at Robinson Building Chesterford Research Park (as above) but you may work at any place (whether inside or outside the United Kingdom) as necessary for the purpose of your role.

2.2 It is a fundamental part of your role to undertake international travel and work overseas. You may work outside the United Kingdom for periods exceeding one month in aggregate in any one year due to the nature of your role. The terms in this Agreement are unaffected when you work abroad and you will continue to be paid as usual in sterling.

3 Probationary Period

3.1 There is no probationary period applicable to the Employment.

4 Continuous employment

4.1 For the purposes of the ERA your period of continuous employment began on 26 August 2013.

5 Collective agreements

5.1 There are no collective agreements applicable to the Employment.

6 Training

6.1 There is no training which the Employer requires you to complete and which the Employer will not pay for.

EXECUTION PAGE

Executed as a deed by Charles River Discovery Research Services UK Limited acting by a director in the presence of:	/s/ Birgit Girshick
	Director's signature
	Birgit Girshick
	Director's name
Witness' signature:	/s/Melissa Sauls
Witness' name :	Melissa Sauls
Witness' address:	251 Ballardvale St. Wilmington, MA 01887 U.S.
Witness' occupation:	Senior Paralegal

Signed and dated by David Ross Smith as a deed in the presence of:	/s/David R. Smith 28 Nov 2020
	Signature and Date
Witness' signature:	/s/Francis Grant
Witness' name:	Francis Grant
Witness' address:	
Witness' occupation:	Civil Servant

Exhibit 10.2

Executive Incentive Compensation Program

PURPOSE

The Executive Incentive Compensation Program ("EICP" or the "Program") of Charles River Laboratories, Inc. (the "Company") is designed to focus employees at the Vice President ("VP") level and higher on the achievement of organizational, financial and operational goals that have been identified as important for the success of the Company. The Program is also intended to attract, motivate and retain talented individuals with desired skills in a competitive labor market.

DEFINITIONS

As used herein, the following terms shall have the following meanings:

"Annual Base Salary" refers to a Participant's base rate of pay, annualized, as of November 30 of the Program Year. It does not include any additional payments that may have been made such as commissions, bonus payments, overtime pay or imputed income.

"Award Amount" is a value in local currency determined for each Participant by multiplying the Participant's Target Award by their Funding Percentage.

"Compensation Committee": The Compensation Committee of the Board of Directors of the Company

"Funding Percentage" is determined for each Participant by the adding together the weighted performance for the metrics applicable to such Participant, based on the funding scale approved by the Compensation Committee from time to time.

"Participant" means an employee of the Company who is eligible to participate in the EICP.

"Program Year" means the applicable Company fiscal year.

"Target Award" means a Participant's targeted award amount which is determined by multiplying the Participant's Annual Base Salary by his or her Target Percentage.

"Target Percentage" is a pre-determined percentage of a Participant's Annual Base Salary. Target Percentages are determined based on a Participant's assigned job level.

ELIGIBILITY

Regular employees who hold a position with a job level of VP or higher (or current or future level equivalents) are eligible to participate in the Program. In addition, in order to be eligible for participation in the Program, employees must be hired or promoted into an eligible job level position on or before November 30th of the applicable Program Year. Employees hired or promoted into an EICP eligible job level position on or after December 1st of a Program Year are first eligible to participate in the Program the following fiscal year.

Notwithstanding the above, employees who are in a leave of absence status for 334 or more days (approximately 11 months) of the Program Year are not eligible to participate.

Employees, who participate in the Company's Short-Term Incentive Program (STIP) or other Company-approved bonus/incentive programs, including sales commission plans, are specifically excluded from simultaneous participation in the EICP.

Participants who are hired during the Performance Year will be eligible to participate in the Program, on a pro-rated basis, using their date of hire, but must be an active employee at the time of the actual distribution of the EICP Award to receive payment. Participants who move from one eligible job level to another during the Program Year will participate on a pro-rated basis at the Target Percentage, as applicable, corresponding to their old and new job levels. Target Percentages may be modified at the discretion of the Chief Executive Officer, with approval of the Compensation Committee, for individual Participants or job levels.

Participants who terminate prior to the actual distribution of the of the EICP Award Amounts for the Program Year, should refer to the 'Termination of Employment' section.

The Company's Chief Executive Officer has the right to exclude otherwise eligible employees from the Program if they are eligible for alternate forms of incentive compensation.

PERFORMANCE MEASURES

Early in each Program Year, Participants are assigned financial and/or operational objectives which are established annually by the Company's Chief Executive Officer and, in the case of employees with the position of Senior Vice President and higher, are reviewed and approved by the Compensation Committee.

Each Participant's performance during the Program Year is measured against financial or other approved goals established for the Company, function and/or business unit(s) overseen or supported by the Participant. Company, function and/or business unit objectives are weighted to reflect their priority and to ensure that incentives are appropriately aligned with business objectives. Financial performance measures underlying Program targets for each Program Year are reviewed and approved annually in conjunction with the annual budget review process by the Company's Chief Executive Officer; the Chief People Officer; and, as required, by the Compensation Committee of the Board of Directors. Target objectives for any financial performance measure, aligning with financial performance measures for the Company, may be modified by the Compensation Committee or the Board of Directors in their sole discretion during the Program Year to account for significant business changes occurring during the Program Year (e.g. merger, acquisition, business divestiture, etc.).

Participants who are promoted and/or transferred during the Program Year and whose responsibilities are significantly modified may have their performance objectives modified, subject to the review and approval by the Company's Chief Executive Officer, the Chief People Officer, and, as required, by the Compensation Committee.

AWARD CALCULATIONS

A Participant's Award Funding Percentage is determined by evaluating actual performance of performance metrics against targeted objectives. Performance which falls below targeted objectives by a specified percentage, total dollar amount or other approved performance measures results in a zero funding percentage, while performance which exceeds targeted objectives by a specified percentage, total dollar amount or other approved performance measures equates to a maximum of 200% funding percentage (i.e., an EICP Funding Percentage that is two times the Participant's targeted percentage). These specified performance parameters establish the slope along which pay for performance is determined. Annual Award payouts for performance which exceeds targeted objectives are subject to a cap equal to a maximum of 200% of target. However, if total Company performance for a given Program Year exceeds the maximum of the performance range established by the Board of Directors for that Program Year, 30% of the excess amount is made available for the Chief Executive Officer to make upward modifications to the Award Percentages of certain Participants, at his discretion, subject to the limitation that any total Award Amount is capped at a payment level equal to 250% of target.

At the discretion of the Company's Chief Executive Officer and with the concurrence of the Compensation Committee, a Participant's calculated Award amount may be modified, upward or downward, if it is determined that the calculated amount does not accurately reflect actual performance

AWARD PAYMENTS

Award Amount payments will be made to each Participant no later than 2 ½ months after the end of each Program Year.

TERMINATION OF EMPLOYMENT

In the event a Participant resigns or if the Participant's employment with the Company terminates for any voluntary or involuntary reason other than retirement, death, or disability at any time prior to the actual distribution of EICP Award Amounts for a Program Year, such employee is no longer considered to be a Participant in the Program as of the date of employment termination and is not eligible to receive any Award Amount for such Program Year.

If a Participant's employment with the Company terminates due to his or her death, disability or retirement prior to the end of a Program Year and the Participant had at least six months of service to the Company during such Program Year, the Participant (or the Participant's beneficiary or estate in the event of death) may receive a pro-rated Award Amount for such Program Year at the discretion of the Company's Chief Executive Officer and the Corporate Executive Vice President of the Participant's department and/or business unit. Pro-rated Award Amounts will be determined based upon the Participant's actual period of active employment during the Program Year. Except as may otherwise be required by law, severance periods and periods of leaves of absence will not count toward satisfaction of such 6-month service requirement or, if applicable, the computing of any pro-rated payment.

If a Participant's employment with the Company terminates due to his or her death, disability or retirement after the close of a Program Year but prior to the actual distribution of Award Amounts, the Participant (or the Participant's beneficiary or estate in the event of death) will be awarded his or her full Award Amount for the Program Year.

In the event a Participant's employment with the Company is terminated because of a facilities shut-down, full or partial business unit divestiture, or similar action resulting in the termination of a Participant's employment, the Company shall not be obligated to pay any Award Amounts to an affected Participant as a consequence of such employment termination.

AWARD APPROVAL

Final Award Amounts for all Participants are submitted to the Company's Chief Executive Officer for review. The Chief Executive Officer then reviews and approves submissions relating to Participants below the level of Senior Vice President, and submits to the Compensation Committee his final Award Amount recommendations for Senior Vice President and higher, as well as any proposed Award Amount modifications. The Chief Executive Officer may, at his discretion, modify any proposed final Award Amounts prior to submitting them to the Compensation Committee. The payment of Award Amounts to Senior Vice President and higher and all award modifications are subject to the review and approval of the Compensation Committee.

RECOUPMENT

Award Amounts paid to Participants under the Program are subject to recoupment in accordance with the Company's Corporate Governance Guidelines, as may be revised from time to time, and/or any other recoupment, clawback or similar policy that may be approved by the Board of Directors of the Company or any committee thereof.

PROGRAM ADMINISTRATION

The Compensation Committee is responsible for the overall administration of the Program. The Committee reviews and approves the standards and financial objectives underlying the Program prior to its implementation for each Program Year. The Committee may delegate the ongoing oversight and handling of routine administrative matters under the Program to the Company's Executive Vice President Chief People Officer. The Compensation Committee has the authority to alter or terminate the Program at any time, and no Participant has any rights with respect to an incentive award payable under the Program until it has actually been paid to the Participant. In the U.S., this Program is not intended to create a contractual right or promise of employment for a specific time period, and employment remains "at will."

Any questions pertaining to the Program design, eligibility, calculation of Award Amounts, or other procedures should be directed to the Company's Executive Vice President, Chief People Officer.

APPROVED:

Victoria Creamer

___________________________________ Date: _April 22, 2021______________

Victoria Creamer
Executive Vice President, Chief People Officer

Exhibit 10.3

AMENDED AND RESTATED DEFERRED COMPENSATION PLAN DOCUMENT

February 8, 2006 (Amended December 2, 2008, July 20, 2011 and April 22, 2021)

ARTICLE 1. Introduction

Charles River Laboratories hereby establishes the Charles River Laboratories Deferred Compensation Plan effective as of January 1, 2006. The Company has established the Plan to attract, retain and motivate certain of its key employees, as well as those of its subsidiaries and affiliates, by providing them with the opportunity to defer receipt of compensation and achieve resulting tax efficiencies. The Plan is intended to be “a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees” within the meaning of sections 201(2), 301(a)(3), 401(a)(1) of ERISA and is also intended to be compliant with the requirements of Section 409A of the Code. The Plan shall be administered in a manner consistent with those intents.

ARTICLE 2. DEFINITIONS

As used herein, the masculine pronoun shall include the feminine, and the singular shall include the plural, and the plural, the singular, and the following terms shall have the following meanings unless a different meaning is clearly required by the context.

“**Account**” means a Plan account for a Participant established pursuant to Section 7.1, which may pass to a Beneficiary pursuant to Article 9. Each Participant may have more than one Account.

“**Annual Interest Equivalent Factor**” means the annual interest rate, declared annually by the Company, applied to Deferrals allocated to the fixed rate fund in accordance with Article 6.

“**Annual Employer Contribution**” means an amount for each Schedule B Participant equal to 10% of the sum of such Participant’s (i) base salary plus (ii) target annual bonus or, if lower, actual bonus, in each case in respect of the applicable year.

“**Annual Schedule A Incremental Amount**” for any year shall be an amount for each Schedule A Participant equal to the amount by which the Company would have been required to increase its actuarial liability (vested Projected Benefit Obligation) on its balance sheet for such year in respect of such Participant’s ESLIRP benefit, determined in accordance with GAAP as if the retirement income portion of the ESLIRP were still in existence. Such calculation shall be determined using the actuarial assumptions specified by Section 417(e)(3)(A) of the Code, and in the case of the interest rate specified under subparagraph (ii)(II) of such section, using such rate established for the month of November of the year preceding the year to which the liability increase and contribution relate.

“**Beneficiary**” means a beneficiary designated in accordance with Article 9.

“**Bonus Plan**” means the annual incentive program used to determine the bonus amounts payable to executives of the Company.

“**Change of Control**” means any one of the following: (i) the closing of the sale of all or substantially all of the Company’s assets as an entirety to any person or related group of persons; (ii) the merger or consolidation of the Company with or into another corporation or the merger or consolidation of another corporation with or into the Company or a subsidiary of the Company, in either case with the effect that immediately after such transaction the outstanding voting securities of the Company immediately prior to such transaction represent less than a majority in interest of the total voting power of the outstanding voting securities of the entity surviving such merger or consolidation; or (iii) the closing of a transaction pursuant to which beneficial ownership of more than 50% of the Company’s outstanding Common Stock (assuming the issuance of Common Stock upon conversion or exercise of all then exercisable conversion or purchase rights of holders of outstanding convertible securities, options, warrants, exchange rights and other rights to acquire Common Stock) is transferred to a single person or entity, or a “group” (within the meaning of Rule l3d-5(b)(l) under the Securities Exchange Act of 1934) of persons or entities, in a single transaction or a series or related transactions. It shall be treated as a Change in Control hereunder if any of the events described in clauses (i), (ii) or (iii) occur to Charles River Laboratories Inc., or to International, or to any other company directly or indirectly controlling either Company at the time of any such transaction.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Committee**" means the Compensation Committee of the Board of Directors of the Company, or any successor committee.

"**Company**" means International and Charles River Laboratories, Inc., a Delaware corporation and a wholly owned subsidiary of International, unless otherwise specifically stated or required by context.

"**Deferrals**" means compensation credited to a Participant's Account during a calendar year as a result of a Participant's elections pursuant to Section 5.2, plus Company contributions pursuant to Section 5.3, if any, plus, except where the context otherwise requires, amounts attributable (i.e., credited notional interest) to amounts previously deferred.

"**Distribution Date**" is defined in Section 8.2.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**ESLIRP**" means the Executive Supplemental Life Insurance and Retirement Income Plan established in 1973 and from time to time amended.

"**401(k) Savings Plan**" means the qualified 401(k) savings plan offered by the Company to employees meeting the proper age and service requirements.

"**Initial ESLIRP Conversion Amount**" means, for each Schedule A Participant, the amount determined by the Company to be the value of the Participant's ESLIRP accrued benefit as of the end of the year prior to the year in which such Participant's participation in the Plan commenced.

"**International**" means Charles River Laboratories International, Inc., a Delaware corporation.

"**Measurement Funds**" means the funds selected by the Committee to be used as the measure of investment return on an Account, or portion thereof, when elected by a Participant in accordance with Article 6. The fixed rate fund shall be considered a Measurement Fund for purposes hereof unless specifically otherwise required by context.

"**Participant**" means an executive who becomes eligible to participate in the Plan and who elects to participate in the Plan or is designated to receive Annual Employer Contributions, in accordance with Article 4.

"**Plan**" means the Charles River Laboratories Deferred Compensation Plan as set forth herein and in all subsequent amendments hereto.

"**Pre-retirement Account**" means an Account the distribution schedule for which is established by the Participant under Section 8.2 at the time such Account is opened.

"**Retirement Account**" means an Account the distribution schedule for which is established by the Participant under Section 8.1(a)(1) or 8.1(a)(2) at the time such Account is opened.

"**Schedule A Participant**" means each Participant designated by the Company from time to time as a Schedule A Participant.

"**Schedule B Participant**" means each Participant designated by the Company from time to time as a Schedule B Participant.

“**Trust**” means any trust established under any Trust Agreement.

“**Trust Agreement**” means one or more of the trust agreement(s) entered into by the Company, if any, to hold assets to be used to defray the Company’s expenses of operating the Plan.

“**Trustee**” means a Trustee of any Trust.

ARTICLE 3. ADMINISTRATION

3.1 Committee.

The Plan shall be administered by the Committee. The Committee shall have full discretionary authority to interpret the provisions of the Plan and decide all questions and settle all disputes which may arise in connection with the Plan, and may establish its own operative and administrative rules and procedures in connection therewith, provided that any such procedures relating to claims are consistent with the requirements of section 503 of ERISA and the regulations thereunder. All interpretations, decisions and determinations made by the Committee shall be binding on all persons concerned. No member of the Committee who is a Participant in the Plan may vote or otherwise participate in any decision or act with respect to a matter relating solely to himself (or to his Beneficiaries).

3.2 Delegation by Committee.

Except as the Committee may otherwise provide by written resolution, the Committee’s duties and responsibilities under Section 3 (except for the duty to establish eligibility criteria under Article 4) shall be delegated to the Vice President, Human Resources, who may further delegate certain of such duties and responsibilities to other members of management of the Company. For purposes of the Plan, any action taken by any such delegate pursuant to such delegation shall be considered to have been taken by the Committee. In addition, except as the Committee may otherwise provide by written resolution, the Committee’s duties and responsibilities under Section 3 shall be delegated (on a shared basis) to the Investment Committee of the Company; provided, however, that material changes to this Plan pursuant to Section 14 will require approval of the Committee.

3.3 Indemnification.

The Company agrees to indemnify and to defend to the fullest possible extent permitted by law any member of the Committee and any delegate (including any person who formerly served as a member of the Committee or as a delegate) against all liabilities, damages, costs and expenses (including attorneys’ fees and amounts paid in settlement of any claims approved by the Company) occasioned by any act or omission to act in connection with the Plan, if such act or omission is in good faith.

ARTICLE 4. SELECTION OF PARTICIPANTS

The Committee shall select, or shall establish the applicable criteria for determining, the employees of the Company or its subsidiaries or affiliates who are eligible to participate in the Plan. When an executive has been selected to participate in the Plan, he will be notified by the Committee and given the opportunity to elect to defer compensation under the Plan. An executive who makes such an election and/or is designated as eligible to receive contributions pursuant to Section 5.3 is hereinafter referred to as a “Participant.”

ARTICLE 5. DEFERRAL OF COMPENSATION

5.1 Deferral Opportunity.

From time to time the Committee shall establish the extent to which (if any) base salary or bonuses under one or more incentive bonus programs may be deferred under the Plan. Unless otherwise provided by the

Committee, the following table identifies the types of compensation permitted to be deferred under the Plan with corresponding maximum deferral percentages:

Types of Compensation (Net of Employment Taxes)	Maximum Deferral
Annual Salary	50%
Annual Bonus	100%
“Signon” Bonus	100%

Deferral elections shall apply in all cases to compensation amounts after reduction thereof for any applicable employment and withholding taxes.

5.2 <u>Deferral Elections.</u>

For each calendar year, a Participant may irrevocably elect, in accordance with this Article and Article 8, to defer receipt of all or part of the compensation designated pursuant to Section 5.1; provided, however, that unless specifically permitted by the Committee, such deferred amount may not in aggregate be less than $5,000 for any year. A Participant’s election to defer base salary payable in respect of services provided in any calendar year must be made on or before December 15 of the previous calendar year. A Participant’s election to defer an incentive award must be made prior to the time the amount of the award is granted under the applicable incentive award program and, in any event, prior to six months from the date the performance period ends. A Participant’s election to defer a “sign-on” bonus must be made at the time the amount of the award is determined under the applicable program and, in any event, prior to commencement of employment. In the case of a Participant who becomes employed and eligible for the Plan during the same calendar year, the elections described in this Article with respect to compensation for services after the date of election (other than the election relating to “sign-on” bonus) may be made no later than 30 days following the Participant’s first day of eligibility. Notwithstanding any provision of this paragraph, deferrals under the Plan shall comply with the requirements of Section 409A as to timing of election, and need not exceed such requirements of Section 409A.

5.3 <u>Company Contributions.</u>

(a) The Committee may from time to time designate any individual then participating in the ESLIRP as a Schedule A Participant. For each such Schedule A Participant, the Company will contribute to an Account established or designated by such Participant an amount equal to such Participant’s Initial ESLIRP Conversion Amount.

(b) For each Schedule A Participant, the Company shall contribute to an Account established or designated by such Participant in respect of each full year such Participant remains employed by the Company following such Participant’s designation as a Schedule A Participant, an amount equal to the Annual Schedule A Incremental Amount. The company shall make the contribution annually, no later than March 31st. The contribution will be retroactively credited to the Participant’s Account as if it had been deposited on January 1st of the contribution year. From January 1st through the business day immediately preceding the actual contribution date, such contribution shall be credited on a daily basis based on the fixed rate fund. Thereafter, such contribution shall be credited or debited in accordance with Section 6.3.

(c) The Committee may from time to time designate a Participant as a Schedule B Participant. For each such Schedule B Participant, in respect of each full year such Participant remains employed by the Company following such Participant’s designation as a Schedule B Participant, the Company shall contribute to an Account established or designated by such Participant the Annual Employer Contribution. Each Annual Employer Contribution shall become vested and nonforfeitable in four equal installments on December 31 (the “Vesting Date”) of each of the four years following the year in respect of which the Annual Employer Contribution was made, provided that the Participant remains employed by the Company on the applicable Vesting Date. All of a Participant’s Annual Employer Contributions will vest and become nonforfeitable upon (i) a Change in Control, (ii) the Participant's death or disability, or (iii) the attainment by such Participant of age 60 following continuous employment by the Company until such time. The company shall make the contribution annually, no later than March 31st. The contribution will be retroactively credited to the Participant's Account as if it had been deposited on January 1st of the contribution year. From January 1st through the business day immediately preceding the actual contribution date, such contribution shall be credited on a daily basis based on the fixed rate fund. Thereafter, such contribution shall be credited or debited in accordance with Section 6.3.

(d) A Participant may irrevocably elect, in accordance with Article 8, to direct Company Contributions to one or more Retirement or Pre-retirement Accounts. Such direction to and the payment schedule for any Account to which Company Contributions in respect of services provided in any calendar year are directed must be established on or before December 15 of the previous calendar year, to the extent necessary to comply with Section 409A.

5.4 <u>Pre-Retirement Life Insurance Benefit.</u>

Executives named in both Schedule A and Schedule B, if any, are eligible to receive a pre-retirement life insurance death benefit equal to base annual salary plus target bonus times four (4) less $50,000 of group coverage.

5.5 <u>Change in Control.</u>

(a) In the event that a Schedule A Participant becomes eligible to receive Severance Payments under such Participant's Change in Control Agreement, as defined below, if any, the Company will be obligated to make an additional contribution to an Account established or designated by such Participant in accordance with this section.

(b) Such additional contribution shall be equal to (i) the payment that would have been made under Section 6.4 of the Change in Control Agreement had the Plan not been implemented, minus (ii) the amount that would have constituted the Participant's accrued benefit under the ESLIRP as of the Date of Termination without regard to the additional benefit provided under clauses (ii) and (iii) of such Section 6.4 of the Change in Control Agreement, in the case of both clause (i) and clause (ii) above assuming that the ESLIRP had continued in effect through the Date of Termination.

(c) Such additional contribution shall be made promptly following, but not more than 15 days after, the Date of Termination, and shall be allocated to one or more Measurement Funds, in accordance with the Schedule A Participant's then effective elections.

(d) Capitalized terms used in this Section 5.5, when applied to a Participant, shall have the meanings assigned to them in the Agreement (or the Amended and Restated Agreement, as applicable) between such Participant and the Company (the "**Change in Control Agreement**"), if any.

ARTICLE 6. INTEREST EQUIVALENT FACTOR & MEASUREMENT FUNDS

6.1 <u>(a) Measurement Funds.</u>

The Participant may allocate his or her Deferrals to, or notionally "invest" them in, one or more Measurement Funds. The Committee may, in its sole discretion, discontinue, substitute, add or delete a Measurement Fund at any time.

(b) <u>Annual Interest Equivalent Factor.</u> The Committee shall determine the annual interest equivalent factor that will apply to Deferrals allocated to the fixed rate fund. The Committee may determine different interest equivalent factors for Deferrals made in different calendar years, and except as otherwise provided herein, the Committee may change each year the interest equivalent factor applicable to the fixed rate fund for future periods.

6.2 <u>Upon Change of Control.</u>

Following a Change in Control, the annual interest equivalent factors applied to Deferrals of a Participant shall not be less than the annual interest equivalent factors applicable to Deferrals of the Participant immediately prior to the Change of Control. Further, to the extent feasible, any Measurement Funds in existence prior to a Change in Control shall continue to be available after a Change in Control, until distribution of Accounts in accordance with Section 8.9.

6.3 <u>Crediting/Debiting of Account Balances.</u>

In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, in its sole discretion, amounts shall be credited or debited to the balance of any Account of a Participant in accordance with the following rules:

(a) Allocation to Measurement Funds. In connection with each deferral election in accordance with Section 5.2 above and each Company Contribution in accordance with Schedule 5.3 above, each Participant shall allocate deferred amounts in all Accounts to one or more Measurement Fund(s) (as described below) to be used to determine the additional amounts to be credited or debited to such Account balance (the notional "investment return") for each period in which the Participant remains in active participation in the Plan. On a monthly basis, in accordance with procedures established from time to time by the Committee, the Participant may (but is not required to) reallocate any portion of his Account balance(s) to one or more other Measure Funds. Any reallocation made in accordance with the previous sentence shall apply to the next calendar month and continue thereafter for each subsequent calendar month in which the Participant participates in the Plan, unless changed in accordance with the previous sentence.

(b) Allocation Amounts. Allocations to any Measurement Fund shall be made in increments of five percentage points (i.e., 5%) of the Account balance.

(c) Crediting or Debiting Method. The performance of each elected Measurement Fund (either positive or negative) will be determined by the Committee, in its sole discretion, based on the published performance of the reference fund. A Participant's Account balance(s) shall be credited or debited on a daily basis based on the performance of each Measurement Fund selected by the Participant, as though (i) for any quarter with respect to which a Participant has elected to reallocate his or her Account balances, a Participant's Account balance(s) were invested in the Measurement Fund(s) selected by the Participant, in the percentages in effect for such calendar quarter, as of the close of business on the first business day of such calendar quarter, at the closing price on such date; (ii) the portion of the Account balance(s) that was actually deferred or contributed during any calendar quarter were invested in the Measurement Fund(s) selected by the Participant, in the percentages in effect for such calendar quarter, no later than the close of business on the third business day after the day on which such amounts are actually deferred from the Participant's compensation through reductions in his or her payroll, or otherwise contributed, at the closing price on such date; and (iii) any distribution made to a Participant that decreases the balance of any Account of such Participant ceased being invested in the Measurement Fund(s) no earlier than three business days prior to the distribution, at the closing price on such date. Any contribution to which a Participant is entitled under Section 5.3(b) or (c) shall be credited to an Account established or designated by such Participant as of the close of business on the first business day of the calendar year following the year to which it relates. Any contribution to which a Participant is entitled under Section 5.3(a) shall be credited to an Account established or designated by such Participant as promptly as practicable following such contribution. If necessary, any such amount shall be credited with earnings determined by applying the Annual Interest Equivalent Factor from such date until it is possible to apply the Measurement Funds selected by the Participant or, if applicable, until such requirements as may reasonably be imposed by the Company have been satisfied.

(d) No Actual Investment. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for reference purposes only, and a Participant's allocation of his or her Account balance(s) to any such Measurement Fund, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account balance(s) shall not be considered or construed in any manner as an actual investment of his or her Account balance(s) in any such Measurement Fund or any underlying reference portfolio. In the event that the Company or any Trustee in its discretion determines to invest funds in any of the

Measurement Funds or underlying reference portfolios, or determines to invest in any other assets, no Participant shall have any rights in or to such investments. Without limiting the generality of the foregoing, a Participant's Account balance(s) shall at all times be a bookkeeping entry only and shall not represent any investment made on his behalf by the Company or any Trust; the Participant shall at all times remain an unsecured creditor of the Company.

ARTICLE 7. PARTICIPANT ACCOUNTS

7.1 Establishment of Accounts.

Each Participant shall establish, at the time of his or her initial participation in the Plan, one or more Accounts reflecting the amounts due the Participant under the Plan and the Committee shall cause the Company to establish on its books such Accounts reflecting the Company's obligation to pay Participants the amounts due under the Plan.

7.2 Adjustments to Accounts.

From time to time the Committee shall adjust each Account of each Participant to credit amounts which the Participant has elected to defer under Article 5 and direct to such Account, amounts contributed to the Plan for the benefit of a Participant pursuant to Section 5.3 and directed by such Participant to such Account, and amounts based on the annual interest equivalent factors for the fixed rate fund and / or gains or losses based on the applicable allocations in the Measurement Funds, determined under Article 6. Participants' Account(s) shall also be adjusted to reflect benefit payments and withdrawals under Article 8 and shall continue to be adjusted under this Article 7 until the entire amount credited to the respective Account has been paid to the Participant or his Beneficiary.

ARTICLE 8. DISTRIBUTION OF BENEFITS

8.1 Retirement Accounts.

(a) At the time a Participant elects to defer compensation pursuant to Section 5.2 or direct the deposit of a contribution pursuant to Section 5.3, the Participant shall direct the Deferral or contribution to a Retirement Account and/or a Pre-retirement Account and shall establish the distribution schedule for such Account if such schedule has not previously been established. If the Participant chooses to establish a Retirement Account, the distribution schedule for such Account can be either:

(1) A lump sum:

(i) upon termination of employment (including termination due to retirement); or

(ii) at a specified time following termination of employment, subject to subsection (b) below.

(2) In up to 20 consecutive annual installments, commencing:

(i) immediately upon termination of employment; or

(ii) at a specified time following termination of employment, subject to subsection (b) below.

(b) Notwithstanding any election made pursuant to subsection (1)(ii) or (2) above, if the Participant has not attained age 55 at the time of termination of employment, all amounts will be distributed in a lump sum immediately following his termination of employment.

(c) For purposes of clarification, in the event that no Retirement Account allocation or distribution election is validly made for an amount, such amount will be distributed in accordance with subsection (1)(i) of Section 8.1(a) above.

8.2 Pre-retirement Accounts.

(a) If at the time of a deferral election in accordance with Section 5 the Participant chooses to establish a Pre-retirement Account, the Participant shall designate the date or dates on which amounts contained in such Account shall be distributed. If multiple distribution dates are designated for a single Account, (i) such dates must be the same date in consecutive years, and (ii), the portion of the Account distributed on such date shall be a fraction which is the reciprocal of the number of distribution dates remaining at the time of any such distribution. For example, if three dates are selected, 1/3 of the Account shall be distributed on the first such date, 1/2 of the Account on the second such date, and the entire remaining Account on the last date. Each Pre-retirement Account may have only one distribution schedule, and once established, such schedule may be changed only in accordance with Section 8.7.

(b) A Participant must be employed at the time such Pre-retirement election(s) are scheduled to commence. If a Participant terminates employment prior to commencement of any elected Pre-retirement distribution(s), at any age, that Account(s) will be distributed in a lump sum upon termination. Pre-retirement payments will continue as elected if a Participant terminates employment after a Pre-retirement distribution commences. For purposes of clarification, in the event that any allocation to a Pre-retirement Account or any distribution election of a Pre-retirement amount under this Section 8.2 is not validly made, all amounts subject to such allocation or election shall be distributed in accordance with subsection (1)(i) of Section 8.1(a) above.

(c) The first distribution date selected for a Pre-retirement Account must be not earlier than three years after the date such amounts would have been paid to the Participant had no Deferral thereof been made.

8.2A Special Lump-Sum Payment. Notwithstanding any election made pursuant to Section 8.1(a) or Section 8.2(a), in the event that the total amount of a Participant's undistributed balance in the Plan is equal to or less than the amount then specified in Section 402(g)(1)(B) of the Code, or any successor provision thereto, as of the date of termination of employment, the Participant's Retirement Account(s) and Pre-Retirement Account(s) shall be fully distributed in a lump sum as soon as administratively feasible following termination of employment. Any such distribution pursuant to this section will comply in all respects with any applicable requirements of Section 409A.

8.2B Payments and Disbursements. Payments and distributions under the Plan shall be made on or as promptly as practicable after termination of employment, or after the respective date(s) designated by the Participant pursuant to Section 8.2, as the case may be, but in any event by the end of the calendar year in which such termination or date occurs; provided, however, that if the date of termination or such specified date is after November 30, such payment or distribution will be made in the following calendar year.

8.3 Financial Hardship Distribution.

In the event a Participant suffers an unanticipated emergency due to circumstances beyond his control that results in a financial hardship, the Participant may request a distribution of all or any part of any Account. The Committee shall determine whether such a financial hardship exists and what amount, if any, may be distributed. In no event shall the aggregate amount of the distribution exceed either the value of the Participant's Account(s) or the amount determined by the Committee to be necessary to alleviate the Participant's financial hardship (which hardship amount may include taxes owed because of such distribution) and that is not reasonably available from other resources of the Participant. A distribution of any amount pursuant to this section that is subject to Section 409A will not be made unless the financial hardship distribution satisfies the requirements for distribution on account of "unforeseeable emergency", within the meaning of Section 409A.

8.4 Disability.

For purposes of the Plan, a Participant who ceases active employment because of a disability is considered to remain active under the Plan, to the extent permitted by Section 409A. A Participant who has become disabled, within the meaning of Treasury Reg. Sec. 1.409A-3(i)(4), will receive a distribution of all portions of any Account that were scheduled to be distributed on termination of employment six months following the Participant's date of disability, and all other amounts will be distributed as scheduled, subject to the provisions of Section 8.7.

8.5 Death.

In the event a Participant dies before the full distribution of Participant's Retirement Account and/or a Pre-retirement Account, as applicable, such Account(s) shall be distributed to Participant's Beneficiary or estate, as applicable, as promptly as practicable in accordance with Section 8.2B and Section 9.

8.6 Tax Withholding.

To the extent required by applicable law, Federal, State, and other taxes shall be withheld from any distribution.

8.7 Changes to Distribution Schedules.

A Participant who has elected to receive payment at a time and in a form described in this Section 8 may change such election at any time up to 12 months prior to the date on which the payment was originally scheduled to be made or to commence. Notwithstanding the foregoing, any election to change distribution dates cannot result in an acceleration of benefit payments and any further deferral must be for a period of not less than 5 years after the initially elected distribution date, in compliance with applicable requirements of Section 409A of the Code. A changed election made within 12 months of the date payment was originally scheduled to be made or to commence is not valid and has no effect.

8.8 Compliance with Section 409A.

If the implementation of any of the foregoing provisions of the Plan would subject the Participant to taxes or penalties under Section 409A of the Code, the implementation of such provision shall be modified to avoid such taxes and penalties to the maximum extent possible while preserving to the maximum extent possible the benefits intended to be provided to Participants under the Plan. Without limiting the generality of the foregoing, and notwithstanding any provision of the Plan which may be interpreted to the contrary, any Participant who is treated as a "specified employee," for purposes of Section 409A, cannot receive or commence receiving payment within six months of his or her termination of employment, to the extent such delay is required by Section 409A and regulations promulgated thereunder.

8.9 Change in Control.

Upon a Change in Control, all Accounts shall be distributed to Participants; provided that, to the extent required by Section 409A, such transaction also constitutes a change in the ownership or effective control of, or in the ownership of a substantial portion of the assets of, the Company, within the meaning of Section 409A. Such distributions shall be made not earlier than January 1 and not later than January 31 of the calendar year following the year in which the Change in Control occurred.

ARTICLE 9. BENEFICIARY BENEFITS

In accordance with forms and procedures established by the Committee, a Participant may designate a Beneficiary to receive the remaining balance of his Account(s) upon his death, and may change such designated Beneficiary from time to time. Payments to a Beneficiary under this Article 9 shall be made in accordance with Section 8.5. Notwithstanding the preceding sentence, if a Beneficiary survives the Participant but dies before the Participant's entire Account has been distributed, the remaining balance(s) of all of the Participant's Account(s) shall be distributed in a lump sum to the Beneficiary's estate as soon as practicable following receipt of notice of the Beneficiary's death. If no Beneficiary is designated (or if a designated Beneficiary does not survive the Participant), the balance credited to the Participant's Account(s) shall be paid to the Participant's estate in a lump sum as soon as practicable following receipt of notice of the Participant's death.

ARTICLE 10. NATURE OF CLAIM FOR PAYMENTS

(a) Except as may be provided herein, the Company shall not be required to set aside or segregate any assets of any kind to meet its obligations hereunder. A Participant shall have no right on account of the Plan in or to any specific assets of the Company or to any assets of any Trust. Any right to any payment the Participant may have on account of the Plan shall be solely that of a general, unsecured creditor of the Company.

(b) To assist in meeting its obligations under the Plan, the Company may establish or designate a Trust, of which the Company is treated as the owner under Subpart E of Subchapter J, Chapter I of the Code, and may deposit funds with the Trustee of the Trust.

(c) In all events, the Company shall remain ultimately liable for the benefits payable under this Plan, and to the extent the assets at the disposal of the Trustee are insufficient to enable the Trustee to satisfy all benefits, the Company shall pay all such benefits necessary to meet its obligations under this Plan.

(d) The obligations of the Company hereunder shall be binding upon its successors and assigns, whether by merger, consolidation or acquisition of all or substantially all of its business or assets.

(e) In the event that, following a Change in Control, any dispute arises as to a Participant's entitlements under the Plan, the Participant shall be entitled to reimbursement, as incurred, of legal expenses incurred by the Participant in enforcing his or her rights hereunder, unless the claim(s) made by such Participant is determined by a court or arbitrator of appropriate jurisdiction to be or have been manifestly without merit.

ARTICLE 11. ASSIGNMENT OR ALIENATION

11.1 Prohibition on Assignment.

The interest hereunder of any Participant or Beneficiary shall not be alienable by the Participant or Beneficiary by assignment or any other method and will not be subject to be taken by his creditors by any process whatsoever, and any attempt to cause such interest to be so subjected shall not be recognized.

11.2 Domestic Relations Orders.

(a) All or a portion of a Participant's benefit under the Plan may be paid to another person as specified in a "Qualified Domestic Relations Order." For this purpose, a "Qualified Domestic Relations Order" means a judgment, decree, or order (including the approval of a settlement agreement) which is:

(i) issued pursuant to a State's domestic relations law;

(ii) relates to the provision of child support, alimony payments or marital property rights to a spouse, former spouse, child or other dependent of the Participant;

(iii) creates or recognizes the right of a spouse, former spouse, child or other dependent of the Participant to receive all or a portion of the Participant's benefits under the Plan;

(iv) provides for payment in an immediate lump sum as soon as practicable after the Committee determines that a Qualified Domestic Relations Order exists; and

(v) meets such other requirements established by the Committee.

(b) The Committee shall determine whether any document received by it is a Qualified Domestic Relations Order. In making this determination, the Committee may consider:

(i) the rules applicable to “domestic relations orders” under section 414(p) of the Internal Revenue Code of 1986 and section 206(d) of ERISA;

(ii) the procedures used under the 401(k) Savings Plan to determine the qualified status of domestic relations orders; and

(iii) such other rules and procedures as it deems relevant.

ARTICLE 12. NO CONTRACT OF EMPLOYMENT

The Plan shall not be deemed to constitute a contract of employment between the Company and any Participant, or to be consideration for the employment of any Participant.

ARTICLE 13. AMENDMENT OR TERMINATION OF PLAN

The Plan may be altered, amended, revoked or terminated in writing by the Committee or the Company in any manner and at any time; provided, however, that (i) no amendment or action of the Committee may have the effect of reducing the vested balance of any Account of a Participant at the time of such amendment or action without the consent of the affected Participant, (ii) following a Change in Control, (A) no such alteration, amendment, revocation or termination shall reduce the amount of a Participant’s Account or his rights to such Account as determined under the provisions of the Plan in effect immediately prior to such Change in Control (including without limitation any right to contributions under Section 5.3), or otherwise adversely affect the Participant’s benefits under the Plan, without the written consent of the affected Participant and (B) the provisions of Sections 5.5, 6.2 and this Article 13 may not be amended. Any such amendment, modification, revocation or termination shall comply with Section 409A.

ARTICLE 14. Claims Review Procedure

14.1 <u>Notice.</u>

The Committee shall notify Participants and, where appropriate, Beneficiaries, of their right to claim benefits under the claims procedures, and may, if appropriate, make forms available for filing of such claims, and shall provide the name of the person or persons with whom such claims should be filed.

14.2 <u>Procedure.</u>

The Committee shall establish procedures for action upon claims initially made and the communication of a decision to the claimant promptly and, in any event, not later than 90 days after the claim is received by the Committee, unless special circumstances require an extension of time for processing the claim. If an extension is required, notice of the extension shall be furnished to the claimant prior to the end of the initial 90 day period, which notice shall indicate the reasons for the extension and the expected decision date. The extension shall not exceed 90 days. The claim may be deemed by the claimant to have been denied for purposes of further review described below in the event a decision is not furnished to the claimant within the period described in the three preceding sentences. Every claim for benefits which is denied shall be denied by written notice setting forth in a manner calculated to be understood by the claimant (i) the specific reason or reasons for the denial, (ii) specific reference to any provisions of the Plan on which denial is based, (iii) description of any additional material or information necessary for the claimant to perfect his claim with an explanation of why such material or information is necessary, and (iv) an explanation of the procedure for further reviewing the denial of the claim under the Plan, including a statement of the right of the claimant to bring an action under Section 502(a)(3) of ERISA following an adverse benefit determination on review.

14.3 <u>Review.</u>

(a) The Committee shall establish a procedure for review of claim denials, such review to be undertaken by the Committee. The review given after denial of any claim shall be a full and fair review with the claimant or his duly authorized representative having 60 days after receipt of denial of his claim to request such review, the right to review all pertinent documents and the right to submit documents, records, issues, comments and other information in writing, all of which shall be taken into account regardless of whether it was submitted in the initial benefit determination. The claimant shall be provided upon request and at no charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits.

(b) The Committee shall establish a procedure for issuance of a decision by the Committee not later than 60 days after receipt of a request for review from a claimant unless special circumstances, such as the need to hold a hearing, require a longer period of time, in which case a decision shall be rendered as soon as possible but not later than 120 days after receipt of the claimant's request for review. The decision on review shall be in writing and shall include specific reasons for the decision written in a manner calculated to be understood by the claimant with specific reference to any provisions of the Plan on which the decision is based, a statement that the claimant is entitled upon request and at no charge reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits, and a statement of the right of the claimant to bring an action under Section 502(a)(1)(B) of ERISA.

ARTICLE 15. GOVERNING LAW

This Plan shall be governed and construed in accordance with the laws of the State of Massachusetts, to the extent such laws are not preempted by federal law.

IN WITNESS WHEREOF, this Plan has been adopted by the Compensation Committee of the Board of Directors of Charles River Laboratories, Inc., on February 8, 2006, and amended on December 2, 2008, on July 20, 2011 and on April 22, 2021 and is executed by a duly authorized officer of Charles River Laboratories, Inc.

Charles River Laboratories, Inc.

/s/Victoria Creamer

By: Victoria Creamer

Title: CEVP Chief People Officer

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
AND RULE 13a-14(a)/15d-14(a) OF THE EXCHANGE ACT OF 1934

I, James C. Foster, Chairman, President and Chief Executive Officer of Charles River Laboratories International, Inc. (the registrant) certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 27, 2021 of the registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ James C. Foster

James C. Foster
Chairman, President and Chief Executive Officer
Charles River Laboratories International, Inc.

May 4, 2021

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
AND RULE 13a-14(a)/15d-14(a) OF THE EXCHANGE ACT OF 1934

I, David R. Smith, Corporate Executive Vice President and Chief Financial Officer of Charles River Laboratories International, Inc. (the registrant) certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 27, 2021 of the registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David R. Smith

David R. Smith
Corporate Executive Vice President and Chief Financial Officer
Charles River Laboratories International, Inc.

May 4, 2021

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report on Form 10-Q for the quarter ended March 27, 2021 of Charles River Laboratories International, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, James C. Foster, Chairman, President and Chief Executive Officer of the Company, and David R. Smith, Corporate Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, to the best of his knowledge and pursuant to 18 U.S.C. Section 1350, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

	/s/ James C. Foster
May 4, 2021	James C. Foster *Chairman, President and Chief Executive Officer* Charles River Laboratories International, Inc.
	/s/ David R. Smith
May 4, 2021	David R. Smith *Corporate Executive Vice President and Chief Financial Officer* Charles River Laboratories International, Inc.

This certification shall not be deemed "filed" for any purpose, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act.