

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

FORM 8-K

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

November 4, 2015
Date of Report (Date of earliest event reported)

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

Delaware
(State or Other Jurisdiction
of Incorporation)

001-15943
(Commission File Number)

06-1397316
(I.R.S. Employer
Identification No.)

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

781-222-6000
(Registrant's Telephone Number, including Area Code)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02. Results of Operations and Financial Condition

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

On November 4, 2015, Charles River Laboratories International, Inc. issued a press release providing financial results for the quarter ended September 26, 2015.

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

ITEM 9.01. Financial Statements and Exhibits

(a) Not applicable.

(b) Not applicable.

(c) Exhibits.

99.1 Press release dated November 4, 2015.

SIGNATURES

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

CHARLES RIVER LABORATORIES
INTERNATIONAL, INC.

Dated: November 4, 2015

By: /s/ Matthew L. Daniel

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

Exhibit Index

Exhibit No.

Description

99.1

Press release dated November 4, 2015.

Charles River Laboratories Announces Third-Quarter 2015 Results from Continuing Operations**– Third-Quarter Revenue of \$349.5 Million –****– Third-Quarter GAAP Earnings per Share of \$0.79 and Non-GAAP Earnings per Share of \$1.03 –****– Updates 2015 Guidance –**

WILMINGTON, Mass.--(BUSINESS WIRE)--November 4, 2015--Charles River Laboratories International, Inc. (NYSE: CRL) today reported its results for the third quarter of 2015. For the quarter, revenue from continuing operations was \$349.5 million, an increase of 6.7% from \$327.6 million in the third quarter of 2014. Foreign currency translation reduced reported revenue growth by 5.5%. On a constant-currency basis, revenue growth of 12.2% was driven primarily by the Discovery and Safety Assessment and Manufacturing Support segments. The acquisitions of Celsis, ChanTest, and Sunrise Farms contributed 3.3% to consolidated third-quarter revenue growth, both on a reported basis and in constant currency.

On a GAAP basis, net income from continuing operations for the third quarter of 2015 was \$37.9 million, or \$0.79 per diluted share, compared to \$32.3 million, or \$0.68 per diluted share, for the third quarter of 2014.

On a non-GAAP basis, net income from continuing operations was \$48.7 million for the third quarter of 2015, an increase of 20.4% from \$40.4 million for the same period in 2014. Third-quarter diluted earnings per share on a non-GAAP basis were \$1.03, an increase of 19.8% compared to \$0.86 per share in the third quarter of 2014. The increase was driven primarily by higher revenue and operating margin improvement, as well as a gain from the Company's limited partnership investments. The gain from these investments totaled \$0.04 per share in the third quarter of 2015, compared to a loss of \$0.01 per share for the same period in 2014.

James C. Foster, Chairman, President and Chief Executive Officer, said, "We are very pleased with our outstanding third-quarter results. On a consolidated basis, we delivered high single digit, constant-currency organic revenue growth, and a non-GAAP operating margin above our 20% target. Each of our business segments reported organic revenue growth and improved non-GAAP operating margins. These results demonstrate the strength of our unique portfolio, the success of our targeted sales strategies, and our initiatives to increase operating effectiveness and efficiency. We have differentiated ourselves from the competition, and are gaining market share because clients appreciate the value we bring to their research efforts and the emphasis we place on individualized service."

“Based on our third-quarter results and our expectations for the fourth quarter, we are increasing our 2015 full-year revenue and non-GAAP earnings per share guidance. We now expect revenue growth in a range from 9.5% to 10% in constant currency, and non-GAAP earnings per share in a range from \$3.69 to \$3.74,” Mr. Foster concluded.

Third-Quarter Segment Results

Research Models and Services (RMS)

Revenue for the RMS segment was \$118.5 million in the third quarter of 2015, a decrease of 4.5% from \$124.0 million in the third quarter of 2014. Foreign currency translation reduced reported revenue growth by 6.5%. On a constant-currency basis, revenue growth of 2.0% was driven primarily by higher sales of research models.

In the third quarter of 2015, the RMS segment’s GAAP operating margin was 26.6% compared to 22.6% in the third quarter of 2014. On a non-GAAP basis, the operating margin increased to 27.5% from 25.4% in the third quarter of 2014. The RMS operating margin improvement was primarily attributable to benefits from the Company’s global efficiency initiatives.

Discovery and Safety Assessment (DSA)

Revenue from continuing operations for the DSA segment was \$158.3 million in the third quarter of 2015, an increase of 12.4% from \$140.9 million in the third quarter of 2014. Foreign currency translation reduced reported revenue growth by 3.8%. On a constant-currency basis, revenue growth of 16.2% was driven primarily by the Company’s Safety Assessment business, which generated double-digit revenue growth. Discovery Services revenue increased in the third quarter of 2015, both on an organic basis and due to the ChanTest acquisition, which contributed 2.5% to DSA revenue growth. Sales to mid-tier biotechnology clients continued to drive DSA revenue growth.

In the third quarter of 2015, the DSA segment’s GAAP operating margin was 21.0% compared to 13.7% in the third quarter of 2014. On a non-GAAP basis, the operating margin increased to 24.2% from 18.3% in the third quarter of 2014. The non-GAAP operating margin improvement was driven by higher capacity utilization and pricing for safety assessment services, as well as a foreign exchange benefit due to a weaker Canadian dollar, which contributed approximately 270 basis points to the improvement.

Manufacturing Support (Manufacturing)

Revenue for the Manufacturing segment was \$72.7 million in the third quarter of 2015, an increase of 16.0% from \$62.7 million in the third quarter of 2014. Foreign currency translation reduced reported revenue growth by 7.7%. On a constant-currency basis, revenue growth was 23.7%. The acquisitions of Celsis and Sunrise Farms contributed 11.8% to Manufacturing revenue growth in the third quarter of 2015. Robust revenue growth in both the legacy Microbial Solutions business (formerly Endotoxin and Microbial Detection, or EMD) and the Biologics Testing Solutions (Biologics) business also drove the third-quarter increase.

In the third quarter of 2015, the Manufacturing segment's GAAP operating margin was 25.3% compared to 30.7% in the third quarter of 2014. The GAAP decline was primarily related to the inclusion of amortization expense for intangible assets and associated costs related to the Celsis acquisition, which was completed on July 24, 2015. On a non-GAAP basis, the operating margin increased to 33.4% from 33.0% in the third quarter of 2014, primarily as a result of higher sales volume in the Biologics business.

Stock Repurchase Update

During the third quarter of 2015, the Company repurchased approximately 242,000 shares for a total of \$17.9 million. As of September 26, 2015, the Company had \$69.7 million remaining on its stock repurchase authorization.

Updates 2015 Guidance

The Company is updating its forward-looking guidance based on continuing operations for 2015.

Revenue growth is now expected to be 9.5% to 10.0% on a constant-currency basis, compared to the prior range of 8.0% to 9.5%. Based on current rates, the Company continues to expect that foreign currency translation will reduce revenue growth by approximately 5.0%, which would result in reported revenue growth of 4.5% to 5.0% (the prior range was 3.0% to 4.5%).

Foreign currency translation is expected to reduce earnings per share by \$0.07 in 2015, compared to the Company's previous estimate of approximately \$0.10 per share.

Guidance for non-GAAP earnings per share in 2015 was increased due primarily to the strong third-quarter performance. The Company also reduced its GAAP earnings per share guidance primarily to reflect the inclusion of amortization expense for intangible assets and associated charges related to the Celsis acquisition.

The Company's updated earnings per share guidance is as follows:

| 2015 GUIDANCE (from continuing operations) | REVISED | PRIOR |
|--|-----------------|-----------------|
| GAAP EPS estimate | \$3.19 - \$3.24 | \$3.25 - \$3.35 |
| Amortization of intangible assets and inventory purchase accounting adjustment (1) | \$0.45 | \$0.32 |
| Operating losses (2) | \$0.06 | \$0.06 |
| Charges related to global efficiency initiatives and other items (3) | \$0.09 | \$0.06 |
| Acquisition-related adjustments (4) | \$0.10-\$0.12 | \$0.10-\$0.12 |
| Bargain purchase gain associated with Avian Vaccine acquisition | (\$0.21) | (\$0.21) |
| Non-GAAP EPS estimate | \$3.69 - \$3.74 | \$3.60 - \$3.70 |

(1) Amortization of intangibles assets includes the estimated impact of the Celsis acquisition based on the preliminary purchase price allocation. These charges also include an inventory purchasing accounting adjustment related to the Celsis acquisition of \$0.08 per share.

(2) These costs relate primarily to the Charles River Massachusetts (Shrewsbury) facility, including costs associated with the Company's plan to re-open the facility.

(3) These charges relate primarily to the Company's planned efficiency initiatives in 2015, including site consolidation costs, asset impairments, and severance. Other projects in support of the global productivity and efficiency initiatives are expected, but these charges reflect only the decisions that have already been finalized. These charges also include executive transition costs.

(4) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.

Webcast

Charles River has scheduled a live webcast on Wednesday, November 4, at 8:30 a.m. ET to discuss matters relating to this press release. To participate, please go to ir.criver.com and select the webcast link. You can also find the associated slide presentation and reconciliations of non-GAAP financial measures to comparable GAAP financial measures on the website.

Non-GAAP Reconciliations/Discontinued Operations

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

Use of Non-GAAP Financial Measures

This press release contains non-GAAP financial measures, such as non-GAAP earnings per diluted share, which exclude the amortization of intangible assets, inventory purchase accounting adjustments, and other charges related to our acquisitions; expenses associated with evaluating and integrating acquisitions, as well as fair value adjustments associated with contingent consideration; charges, gains and losses attributable to businesses or properties we plan to close, consolidate or divest; the gain related to the bargain purchase of Sunrise Farms; severance and other costs associated with our efficiency initiatives; executive transition costs; site consolidation costs; a reversal of indemnification assets associated with acquisitions and corresponding interest; the write-off of deferred financing costs and fees related to debt refinancing; and costs related to a U.S. government billing adjustment and related expenses. We exclude these items from the non-GAAP financial measures because they are outside our normal operations. This press release also refers to our revenue in both a GAAP and non-GAAP (constant currency) basis. There are limitations in using non-GAAP financial measures, as they are not prepared in accordance with generally accepted accounting principles, and may be different than non-GAAP financial measures used by other companies. In particular, we believe that the inclusion of supplementary non-GAAP financial measures in this press release helps investors to gain a meaningful understanding of our core operating results and future prospects without the effect of these often-one-time charges, and is consistent with how management measures and forecasts the Company's performance, especially when comparing such results to prior periods or forecasts. We believe that the financial impact of our acquisitions (and in certain cases, the evaluation of such acquisitions, whether or not ultimately consummated) is often large relative to our overall financial performance, which can adversely affect the comparability of our results on a period-to-period basis. In addition, certain activities such as business acquisitions happen infrequently and the underlying costs associated with such activities do not recur on a regular basis. Commencing in the third quarter of 2015, following the acquisition of Celsis, we revised our approach to calculating non-GAAP integration costs to include third-party integration costs incurred post-acquisition. Presenting revenue on a constant-currency basis allows investors to measure our revenue growth exclusive of foreign currency exchange fluctuations more clearly. Non-GAAP results also allow investors to compare the Company's operations against the financial results of other companies in the industry who similarly provide non-GAAP results. The non-GAAP financial measures included in this press release are not meant to be considered superior to or a substitute for results of operations prepared in accordance with GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules and regulations. Reconciliations of the non-GAAP financial measures used in this press release to the most directly comparable GAAP financial measures are set forth in this press release, and can also be found on the Company's website at ir.criver.com.

Caution Concerning Forward-Looking Statements

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as “anticipate,” “believe,” “expect,” “intend,” “will,” “may,” “estimate,” “plan,” “outlook,” and “project,” and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These statements also include statements regarding our projected future financial performance including revenue (on both a reported and constant-currency basis), operating margins, earnings per share, the expected impact of foreign exchange rates, and the expected benefit of our limited partnership investments; the future demand for drug discovery and development products and services, including our expectations for future revenue trends; our plans to reopen the Charles River Massachusetts (Shrewsbury) facility; our expectations with respect to the impact of acquisitions on the Company, our service offerings, strategic relationships, revenue, revenue growth rates, and earnings; the development and performance of our services and products; market and industry conditions including the outsourcing of services and spending trends by our clients; the potential outcome of and impact to our business and financial operations due to litigation and legal proceedings, including with respect to our ongoing investigation of inaccurate billing with respect to certain government contracts; and Charles River’s future performance as delineated in our forward-looking guidance, and particularly our expectations with respect to revenue, the impact of foreign exchange, and enhanced efficiency initiatives. Forward-looking statements are based on Charles River’s current expectations and beliefs, and involve a number of risks and uncertainties that are difficult to predict and that could cause actual results to differ materially from those stated or implied by the forward-looking statements. Those risks and uncertainties include, but are not limited to: the ability to successfully integrate businesses we acquire; the ability to execute our efficiency initiatives on an effective and timely basis (including divestitures and site closures); the timing and magnitude of our share repurchases; negative trends in research and development spending, negative trends in the level of outsourced services, or other cost reduction actions by our clients; the ability to convert backlog to revenue; special interest groups; contaminations; industry trends; new displacement technologies; USDA and FDA regulations; changes in law; continued availability of products and supplies; loss of key personnel; interest rate and foreign currency exchange rate fluctuations; changes in tax regulation and laws; changes in generally accepted accounting principles; and any changes in business, political, or economic conditions due to the threat of future terrorist activity in the U.S. and other parts of the world, and related U.S. military action overseas. A further description of these risks, uncertainties, and other matters can be found in the Risk Factors detailed in Charles River's Annual Report on Form 10-K as filed on February 17, 2015, as well as other filings we make with the Securities and Exchange Commission. Because forward-looking statements involve risks and uncertainties, actual results and events may differ materially from results and events currently expected by Charles River, and Charles River assumes no obligation and expressly disclaims any duty to update information contained in this news release except as required by law.

About Charles River

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

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

| | Three Months Ended | | Nine Months Ended | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 26, 2015 | September 27, 2014 | September 26, 2015 | September 27, 2014 |
| Total revenue | \$ 349,465 | \$ 327,567 | \$ 1,009,452 | \$ 968,114 |
| Cost of revenue | \$ 211,390 | \$ 209,299 | \$ 618,934 | \$ 615,399 |
| Gross margin | \$ 138,075 | \$ 118,268 | \$ 390,518 | \$ 352,715 |
| Selling, general and administrative | \$ 76,225 | \$ 64,476 | \$ 218,953 | \$ 196,999 |
| Amortization of intangible assets | \$ 6,410 | \$ 7,620 | \$ 17,385 | \$ 18,813 |
| Operating income | \$ 55,440 | \$ 46,172 | \$ 154,180 | \$ 136,903 |
| Interest income (expense), net | \$ (3,674) | \$ (2,621) | \$ (10,493) | \$ (8,368) |
| Other income (expense), net | \$ 1,390 | \$ 331 | \$ 1,749 | \$ 8,874 |
| Income from continuing operations before income taxes | \$ 53,156 | \$ 43,882 | \$ 145,436 | \$ 137,409 |
| Provision for income taxes | \$ 15,255 | \$ 11,582 | \$ 26,662 | \$ 36,021 |
| Income from continuing operations, net of income taxes | \$ 37,901 | \$ 32,300 | \$ 118,774 | \$ 101,388 |
| Income (loss) from discontinued operations, net of income taxes | \$ (34) | \$ 52 | \$ (48) | \$ (862) |
| Net income | \$ 37,867 | \$ 32,352 | \$ 118,726 | \$ 100,526 |
| Less: Net income attributable to noncontrolling interests | \$ (488) | \$ (316) | \$ (1,297) | \$ (994) |
| Net income attributable to common shareholders | \$ 37,379 | \$ 32,036 | \$ 117,429 | \$ 99,532 |
| Earnings (loss) per common share | | | | |
| Basic: | | | | |
| Continuing operations | \$ 0.81 | \$ 0.70 | \$ 2.52 | \$ 2.15 |
| Discontinued operations | \$ - | \$ - | \$ - | \$ (0.02) |
| Net | \$ 0.81 | \$ 0.70 | \$ 2.52 | \$ 2.13 |
| Diluted: | | | | |
| Continuing operations | \$ 0.79 | \$ 0.68 | \$ 2.47 | \$ 2.11 |
| Discontinued operations | \$ - | \$ - | \$ - | \$ (0.02) |
| Net | \$ 0.79 | \$ 0.68 | \$ 2.47 | \$ 2.09 |
| Weighted average number of common shares outstanding | | | | |
| Basic | 46,290 | 46,016 | 46,572 | 46,683 |
| Diluted | 47,245 | 46,878 | 47,584 | 47,566 |

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

| | September 26, 2015 | December 27, 2014 |
|---|--------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 74,032 | \$ 160,023 |
| Trade receivables, net | 288,836 | 257,991 |
| Inventories | 98,097 | 89,043 |
| Prepaid assets | 33,593 | 26,900 |
| Other current assets | 84,103 | 72,941 |
| Total current assets | 578,661 | 606,898 |
| Property, plant and equipment, net | 671,673 | 676,797 |
| Goodwill | 418,245 | 321,077 |
| Other intangible assets, net | 277,686 | 178,875 |
| Deferred tax asset | 21,026 | 23,193 |
| Other assets | 65,552 | 72,951 |
| Total assets | \$ 2,032,843 | \$ 1,879,791 |
| Liabilities, Redeemable Noncontrolling Interest and Equity | | |
| Current liabilities: | | |
| Current portion of long-term debt and capital leases | \$ 16,599 | \$ 31,904 |
| Accounts payable | 31,629 | 33,815 |
| Accrued compensation | 71,518 | 71,569 |
| Deferred revenue | 76,019 | 78,124 |
| Accrued liabilities | 94,692 | 67,380 |
| Other current liabilities | 21,347 | 11,079 |
| Current liabilities of discontinued operations | 2,300 | 2,299 |
| Total current liabilities | 314,104 | 296,170 |
| Long-term debt, net and capital leases | 835,800 | 740,557 |
| Other long-term liabilities | 139,756 | 130,361 |
| Long-term liabilities of discontinued operations | 7,139 | 8,357 |
| Total liabilities | 1,296,799 | 1,175,445 |
| Redeemable noncontrolling interest | 27,447 | 28,419 |
| Total equity attributable to common shareholders | 704,359 | 672,203 |
| Noncontrolling interests | 4,238 | 3,724 |
| Total liabilities, equity and redeemable noncontrolling interest | \$ 2,032,843 | \$ 1,879,791 |

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)
(in thousands, except percentages)

| | Three Months Ended | | Nine Months Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 26, 2015 | September 27, 2014 | September 26, 2015 | September 27, 2014 |
| Research Models and Services | | | | |
| Revenue | \$ 118,451 | \$ 124,021 | \$ 358,506 | \$ 389,636 |
| Gross margin | 47,841 | 45,295 | 143,352 | 149,392 |
| Gross margin as a % of revenue | 40.4% | 36.5% | 40.0% | 38.3% |
| Operating income | 31,494 | 28,056 | 93,800 | 97,734 |
| Operating income as a % of revenue | 26.6% | 22.6% | 26.2% | 25.1% |
| Depreciation and amortization | 5,319 | 7,277 | 16,712 | 20,277 |
| Capital expenditures | 3,022 | 4,110 | 12,111 | 11,528 |
| Discovery and Safety Assessment | | | | |
| Revenue | \$ 158,272 | \$ 140,862 | \$ 451,659 | \$ 388,614 |
| Gross margin | 53,721 | 39,968 | 146,660 | 105,084 |
| Gross margin as a % of revenue | 33.9% | 28.4% | 32.5% | 27.0% |
| Operating income | 33,191 | 19,329 | 84,856 | 48,840 |
| Operating income as a % of revenue | 21.0% | 13.7% | 18.8% | 12.6% |
| Depreciation and amortization | 11,509 | 13,340 | 35,060 | 33,867 |
| Capital expenditures | 4,277 | 3,436 | 13,756 | 11,330 |
| Manufacturing Support | | | | |
| Revenue | \$ 72,742 | \$ 62,684 | \$ 199,287 | \$ 189,864 |
| Gross margin | 36,513 | 33,005 | 100,506 | 98,239 |
| Gross margin as a % of revenue | 50.2% | 52.7% | 50.4% | 51.7% |
| Operating income | 18,424 | 19,220 | 55,653 | 58,091 |
| Operating income as a % of revenue | 25.3% | 30.7% | 27.9% | 30.6% |
| Depreciation and amortization | 5,139 | 3,513 | 12,034 | 10,625 |
| Capital expenditures | 2,139 | 1,463 | 5,475 | 5,444 |
| Unallocated Corporate Overhead | | | | |
| | \$ (27,669) | \$ (20,433) | \$ (80,129) | \$ (67,762) |
| Total | | | | |
| Revenue | \$ 349,465 | \$ 327,567 | \$ 1,009,452 | \$ 968,114 |
| Gross margin | 138,075 | 118,268 | 390,518 | 352,715 |
| Gross margin as a % of revenue | 39.5% | 36.1% | 38.7% | 36.4% |
| Operating income | 55,440 | 46,172 | 154,180 | \$ 136,903 |
| Operating income as a % of revenue | 15.9% | 14.1% | 15.3% | 14.1% |
| Depreciation and amortization | 23,814 | 26,084 | 69,330 | 70,435 |
| Capital expenditures | 10,452 | 9,402 | 35,008 | 29,907 |

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

| | Three Months Ended | | Nine Months Ended | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | September 26, 2015 | September 27, 2014 | September 26, 2015 | September 27, 2014 |
| Research Models and Services | | | | |
| Revenue | \$ 118,451 | \$ 124,021 | \$ 358,506 | \$ 389,636 |
| Operating income | 31,494 | 28,056 | 93,800 | 97,734 |
| Operating income as a % of revenue | 26.6% | 22.6% | 26.2% | 25.1% |
| Add back: | | | | |
| Amortization of intangible assets related to acquisitions | 757 | 470 | 2,291 | 2,015 |
| Severance | 167 | 379 | 1,166 | 3,974 |
| Government billing adjustment and related expenses | 45 | 214 | 336 | 294 |
| Site consolidation costs, impairments and other items | 57 | 2,402 | 1,415 | 5,134 |
| Operating income, excluding specified charges (Non-GAAP) | \$ 32,520 | \$ 31,521 | \$ 99,008 | \$ 109,151 |
| Non-GAAP operating income as a % of revenue | 27.5% | 25.4% | 27.6% | 28.0% |
| Discovery and Safety Assessment | | | | |
| Revenue | \$ 158,272 | \$ 140,862 | \$ 451,659 | \$ 388,614 |
| Operating income | 33,191 | 19,329 | 84,856 | 48,840 |
| Operating income as a % of revenue | 21.0% | 13.7% | 18.8% | 12.6% |
| Add back: | | | | |
| Amortization of intangible assets related to acquisitions | 3,412 | 5,789 | 10,632 | 12,652 |
| Severance | 239 | 69 | 714 | 1,118 |
| Operating losses (2) | 1,319 | 606 | 2,863 | 1,981 |
| Acquisition related adjustments (3) | 135 | (7) | 160 | 196 |
| Operating income, excluding specified charges (Non-GAAP) | \$ 38,296 | \$ 25,786 | \$ 99,225 | \$ 64,787 |
| Non-GAAP operating income as a % of revenue | 24.2% | 18.3% | 22.0% | 16.7% |
| Manufacturing Support | | | | |
| Revenue | \$ 72,742 | \$ 62,684 | \$ 199,287 | \$ 189,864 |
| Operating income | 18,424 | 19,220 | 55,653 | 58,091 |
| Operating income as a % of revenue | 25.3% | 30.7% | 27.9% | 30.6% |
| Add back: | | | | |
| Amortization of intangible assets and inventory step-up related to acquisitions | 4,429 | 1,361 | 6,650 | 4,146 |
| Severance | 961 | 126 | 1,256 | 150 |
| Acquisition related adjustments (3) | 483 | - | 1,011 | - |
| Operating income, excluding specified charges (Non-GAAP) | \$ 24,297 | \$ 20,707 | \$ 64,570 | \$ 62,387 |
| Non-GAAP operating income as a % of revenue | 33.4% | 33.0% | 32.4% | 32.9% |
| Unallocated Corporate Overhead | | | | |
| | \$ (27,669) | \$ (20,433) | \$ (80,129) | \$ (67,762) |
| Add back: | | | | |
| Severance and executive transition costs | 1,054 | - | 2,031 | 121 |
| Acquisition related adjustments (3) | 3,055 | 580 | 6,649 | 5,256 |
| Unallocated corporate overhead, excluding specified charges (Non-GAAP) | \$ (23,560) | \$ (19,853) | \$ (71,449) | \$ (62,385) |
| Total | | | | |
| Revenue | \$ 349,465 | \$ 327,567 | \$ 1,009,452 | \$ 968,114 |
| Operating income | 55,440 | 46,172 | 154,180 | 136,903 |
| Operating income as a % of revenue | 15.9% | 14.1% | 15.3% | 14.1% |
| Add back: | | | | |
| Amortization of intangible assets and inventory step-up related to acquisitions | 8,598 | 7,620 | 19,573 | 18,813 |
| Severance and executive transition costs | 2,421 | 574 | 5,167 | 5,363 |
| Site consolidation costs, impairments and other items | 57 | 2,402 | 1,415 | 5,134 |
| Operating losses (2) | 1,319 | 606 | 2,863 | 1,981 |
| Acquisition related adjustments (3) | 3,673 | 573 | 7,820 | 5,452 |
| Government billing adjustment and related expenses | 45 | 214 | 336 | 294 |
| Operating income, excluding specified charges (Non-GAAP) | \$ 71,553 | \$ 58,161 | \$ 191,354 | \$ 173,940 |
| Non-GAAP operating income as a % of non-GAAP revenue | 20.5% | 17.8% | 19.0% | 18.0% |

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

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

(3) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.

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

| | Three Months Ended | | Nine Months Ended | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | September 26, 2015 | September 27, 2014 | September 26, 2015 | September 27, 2014 |
| Net income attributable to common shareholders | \$ 37,379 | \$ 32,036 | \$ 117,429 | \$ 99,532 |
| Less: Discontinued operations | 34 | (52) | 48 | 862 |
| Net income from continuing operations attributable to common shareholders | <u>37,413</u> | <u>31,984</u> | <u>117,477</u> | <u>100,394</u> |
| Add back: | | | | |
| Amortization of intangible assets and inventory step-up related to acquisitions | 8,598 | 7,620 | 19,573 | 18,813 |
| Severance and executive transition costs | 2,421 | 574 | 5,167 | 5,363 |
| Site consolidation costs, impairments and other items | 57 | 2,402 | 1,415 | 5,134 |
| Operating losses (2) | 1,319 | 606 | 2,863 | 1,981 |
| Acquisition related adjustments (3) | 3,673 | 573 | 7,820 | 5,452 |
| Government billing adjustment and related expenses | 45 | 214 | 336 | 294 |
| Reversal of an indemnification asset associated with acquisition and corresponding interest (4) | - | - | 10,411 | - |
| Write-off of deferred financing costs and fees related to debt refinancing | (12) | - | 721 | - |
| Gain on bargain purchase (5) | (55) | - | (9,933) | - |
| Tax effect of non-GAAP adjustments: | | | | |
| Reversal of uncertain tax position associated with acquisition and corresponding interest (4) | - | - | (10,411) | - |
| Tax effect of the remaining non-GAAP adjustments | (4,804) | (3,553) | (13,422) | (11,481) |
| Net income from continuing operations attributable to common shareholders, excluding specified charges (Non-GAAP) | <u>\$ 48,655</u> | <u>\$ 40,420</u> | <u>\$ 132,017</u> | <u>\$ 125,950</u> |
| Weighted average shares outstanding - Basic | 46,290 | 46,016 | 46,572 | 46,683 |
| Effect of dilutive securities: | | | | |
| Stock options, restricted stock units, performance stock units, and contingently issued restricted stock | 955 | 862 | 1,012 | 883 |
| Weighted average shares outstanding - Diluted | <u>47,245</u> | <u>46,878</u> | <u>47,584</u> | <u>47,566</u> |
| Basic earnings per share from continuing operations | \$ 0.81 | \$ 0.70 | \$ 2.52 | \$ 2.15 |
| Diluted earnings per share from continuing operations | \$ 0.79 | \$ 0.68 | \$ 2.47 | \$ 2.11 |
| Basic earnings per share from continuing operations, excluding specified charges (Non-GAAP) | \$ 1.05 | \$ 0.88 | \$ 2.83 | \$ 2.70 |
| Diluted earnings per share from continuing operations, excluding specified charges (Non-GAAP) | \$ 1.03 | \$ 0.86 | \$ 2.77 | \$ 2.65 |

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

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

(3) These adjustments are related to the evaluation and integration of acquisitions, which primarily include transaction, third-party integration, and certain compensation costs, and fair value adjustments associated with contingent consideration.

(4) These amounts represent the reversal of an uncertain tax position and an offsetting indemnification asset related to the acquisition of BioFocus.

(5) The amount relates to the acquisition of Sunrise Farms, Inc. and represents the excess of the estimated fair value of the net assets acquired over the preliminary purchase price.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP REVENUE GROWTH (UNAUDITED)
EXCLUDING THE IMPACT OF FOREIGN EXCHANGE
For the Three and Nine Months Ended September 26, 2015

For the three months ended September 26, 2015

| | <u>Total CRL</u> | <u>RMS Segment</u> | <u>DSA Segment</u> | <u>MS Segment</u> |
|---|------------------|--------------------|--------------------|-------------------|
| Revenue growth, reported | 6.7% | (4.5%) | 12.4% | 16.0% |
| Impact of foreign exchange | (5.5%) | (6.5%) | (3.8%) | (7.7%) |
| Non-GAAP revenue growth, constant currency | 12.2% | 2.0% | 16.2% | 23.7% |

For the nine months ended September 26, 2015

| | <u>Total CRL</u> | <u>RMS Segment</u> | <u>DSA Segment</u> | <u>MS Segment</u> |
|---|------------------|--------------------|--------------------|-------------------|
| Revenue growth, reported | 4.3% | (8.0%) | 16.2% | 5.0% |
| Impact of foreign exchange | (5.8%) | (6.9%) | (3.7%) | (8.0%) |
| Non-GAAP revenue growth, constant currency | 10.1% | (1.1%) | 19.9% | 13.0% |

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

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

| | Nine Months Ended | |
|--|-----------------------|-----------------------|
| | September 26, 2015 | September 27, 2014 |
| Cash flows relating to operating activities: | | |
| Net income | \$ 118,726 | \$ 100,526 |
| Less: Loss from discontinued operations | (48) | (862) |
| Income from continuing operations | 118,774 | 101,388 |
| Summary of non-cash adjustments | 84,978 | 87,082 |
| Changes in assets and liabilities | (17,857) | (36,187) |
| Net cash provided by operating activities | 185,895 | 152,283 |
| Cash flows relating to investing activities: | | |
| Acquisition of businesses, net of cash acquired | (211,974) | (183,151) |
| Capital expenditures | (35,008) | (29,907) |
| Other | (1,997) | (4,131) |
| Net cash used in investing activities | (248,979) | (217,189) |
| Cash flow relating to financing activities: | | |
| Net cash provided by (used in) financing activities | (11,440) | 44,296 |
| Cash flows used in discontinued operations | (1,265) | (570) |
| Effect of exchange rate changes on cash and cash equivalents | (10,202) | (4,000) |
| Net change in cash and cash equivalents | (85,991) | (25,180) |
| Cash and cash equivalents, beginning of period | 160,023 | 155,927 |
| Cash and cash equivalents, end of period | \$ 74,032 | \$ 130,747 |

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