

Regulation G Financial Reconciliations

Charles River Laboratories International, Inc.
August 8, 2012



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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	June 30, 2012	June 25, 2011	June 30, 2012	June 25, 2011
Research Models and Services				
Net sales	\$ 173,611	\$ 178,163	\$ 356,763	\$ 351,534
Operating income	55,542	55,691	115,009	107,433
Operating income as a % of net sales	32.0%	31.3%	32.2%	30.6%
Add back:				
Amortization related to acquisitions	1,431	1,699	2,931	3,406
Severance related to cost-savings actions	-	213	-	442
Impairment and other items (2)	-	478	-	941
Operating income, excluding specified charges (Non-GAAP)	\$ 56,973	\$ 58,081	\$ 117,940	\$ 112,222
Non-GAAP operating income as a % of net sales	32.8%	32.6%	33.1%	31.9%
Preclinical Services				
Net sales	\$ 111,112	\$ 110,100	\$ 213,941	\$ 222,572
Operating income	10,809	7,875	14,983	17,181
Operating income as a % of net sales	9.7%	7.2%	7.0%	7.7%
Add back:				
Amortization related to acquisitions	2,979	4,098	5,975	7,771
Severance related to cost-savings actions	-	727	911	984
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	809	2,660	1,863	5,306
Operating income, excluding specified charges (Non-GAAP)	\$ 14,597	\$ 15,360	\$ 23,732	\$ 31,242
Non-GAAP operating income as a % of net sales	13.1%	14.0%	11.1%	14.0%
Unallocated Corporate Overhead				
Add back:				
Severance related to cost-savings actions	-	(40)	-	(34)
Adjustment of SPC contingent consideration and related items	-	(1,206)	-	(1,206)
Costs related to PCS China	-	-	-	141
Costs associated with the evaluation of acquisitions	744	-	976	-
Gain on settlement of life insurance policy	-	(7,710)	-	(7,710)
Costs associated with corporate legal entity restructuring	-	983	-	983
Convertible debt accounting (3)	54	54	107	107
Unallocated corporate overhead, excluding specified charges (Non-GAAP)	\$ (16,279)	\$ (18,171)	\$ (35,895)	\$ (36,768)
Total				
Net sales	\$ 284,723	\$ 288,263	\$ 570,704	\$ 574,106
Operating income	49,274	53,314	93,014	95,565
Operating income as a % of net sales	17.3%	18.5%	16.3%	16.6%
Add back:				
Amortization related to acquisitions	4,410	5,797	8,906	11,177
Severance related to cost-savings actions	-	900	911	1,392
Adjustment of SPC contingent consideration and related items	-	(1,206)	-	(1,206)
Impairment and other items (2)	-	478	-	941
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	809	2,660	1,863	5,447
Costs associated with the evaluation of acquisitions	744	-	976	-
Gain on settlement of life insurance policy	-	(7,710)	-	(7,710)
Costs associated with corporate legal entity restructuring	-	983	-	983
Convertible debt accounting (3)	54	54	107	107
Operating income, excluding specified charges (Non-GAAP)	\$ 55,291	\$ 55,270	\$ 105,777	\$ 106,696
Non-GAAP operating income as a % of net sales	19.4%	19.2%	18.5%	18.6%

- (1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of one-time charges and other items which are outside our normal operations, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules, regulations and guidance.
- (2) The three and six months ended June 25, 2011 include items related primarily to an asset impairment associated with the Company's RMS large model operations and a gain related to the disposition of its RMS Discovery Services facility in Michigan. Additionally, the six months ended June 25, 2011 also included costs associated with exiting a defined benefit plan in RMS Japan.
- (3) Includes the impact of convertible debt accounting adopted at the beginning of 2009, which increased depreciation expense.



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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>	<u>June 25,</u>	<u>June 30,</u>	<u>June 25,</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net income attributable to common shareholders	\$ 30,468	\$ 32,318	\$ 56,907	\$ 63,653
Less: Discontinued operations	(42)	1,732	(119)	5,677
Net income from continuing operations	30,426	34,050	56,788	69,330
Add back:				
Amortization related to acquisitions	4,410	5,797	8,906	11,177
Severance related to cost-savings actions	-	900	911	1,392
Impairment and other items (2)	-	478	-	941
Adjustment of SPC contingent consideration and related items (3)	-	(1,206)	-	(1,206)
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	657	2,660	2,019	5,447
Costs associated with the evaluation of acquisitions	744	-	976	-
Gain on settlement of life insurance policy	-	(7,710)	-	(7,710)
Loss on sale of Auction Rate Securities	-	-	712	-
Costs and taxes associated with corporate legal entity restructuring	-	983	-	983
Convertible debt accounting, net (3)	3,571	3,387	7,068	6,720
Tax benefit from disposition of Phase 1 clinical business	-	-	-	(11,111)
Tax effect	(3,441)	(3,419)	(7,100)	(6,901)
Net income, excluding specified charges (Non-GAAP)	<u>\$ 36,367</u>	<u>\$ 35,920</u>	<u>\$ 70,280</u>	<u>\$ 69,062</u>
Weighted average shares outstanding - Basic	48,029,744	50,991,731	48,142,347	52,464,839
Effect of dilutive securities:				
Stock options and contingently issued restricted stock	383,056	689,006	439,544	687,166
Weighted average shares outstanding - Diluted	<u>48,412,800</u>	<u>51,680,737</u>	<u>48,581,891</u>	<u>53,152,005</u>
Basic earnings per share	\$ 0.63	\$ 0.63	\$ 1.18	\$ 1.21
Diluted earnings per share	\$ 0.63	\$ 0.63	\$ 1.17	\$ 1.20
Basic earnings per share, excluding specified charges (Non-GAAP)	\$ 0.76	\$ 0.70	\$ 1.46	\$ 1.32
Diluted earnings per share, excluding specified charges (Non-GAAP)	\$ 0.75	\$ 0.70	\$ 1.45	\$ 1.30

- (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) The three and six months ended June 25, 2011 include items related primarily to an asset impairment associated with the Company's RMS large model operations and a gain related to the disposition of its RMS Discovery Services facility in Michigan. Additionally, the six months ended June 25, 2011 also included costs associated with exiting a defined benefit plan in RMS Japan.
- (3) The three and six months ended June 30, 2012 include the impact of convertible debt accounting adopted at the beginning of 2009, which increased interest expense by \$3,518 and \$6,961 and depreciation expense by \$53 and \$107, respectively. The three and six months ended June 25, 2011 include the impact of convertible debt accounting adopted at the beginning of 2009, which increased interest expense by \$3,333 and \$6,613 and depreciation expense by \$54 and \$107, respectively.



CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF NET SALES GROWTH (YEAR-OVER-YEAR) EXCLUDING THE IMPACT OF FOREIGN EXCHANGE (FX) (1)
For the Three and Six Months Ended June 30, 2012

For the three months ended June 30, 2012:

	<u>Total CRL</u>	<u>RMS Segment</u>	<u>PCS Segment</u>
Net sales growth, reported	(1.2%)	(2.6%)	0.9%
Impact of foreign exchange	(3.1%)	(3.8%)	(2.1%)
Net sales growth, constant currency	1.9%	1.2%	3.0%

For the six months ended June 30, 2012:

	<u>Total CRL</u>	<u>RMS Segment</u>	<u>PCS Segment</u>
Net sales growth, reported	(0.6%)	1.5%	(3.9%)
Impact of foreign exchange	(2.0%)	(2.3%)	(1.6%)
Net sales growth, constant currency	1.4%	3.8%	(2.3%)

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

	<u>Three Months Ended</u> March 31, 2012
Research Models and Services	
Net sales	\$ 183,152
Operating income	59,467
Operating income as a % of net sales	32.5%
Add back:	
Amortization related to acquisitions	1,500
Operating income, excluding specified charges (Non-GAAP)	\$ 60,967
Non-GAAP operating income as a % of net sales	33.3%
Preclinical Services	
Net sales	\$ 102,829
Operating income	4,174
Operating income as a % of net sales	4.1%
Add back:	
Amortization related to acquisitions	2,996
Severance related to cost-savings actions	911
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	1,054
Operating income, excluding specified charges (Non-GAAP)	\$ 9,135
Non-GAAP operating income as a % of net sales	8.9%
Unallocated Corporate Overhead	\$ (19,901)
Add back:	
Costs associated with the evaluation of acquisitions	232
Convertible debt accounting (2)	53
Unallocated corporate overhead, excluding specified charges (Non-GAAP)	\$ (19,616)
Total	
Net sales	\$ 285,981
Operating income	43,740
Operating income as a % of net sales	15.3%
Add back:	
Amortization related to acquisitions	4,496
Severance related to cost-savings actions	911
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	1,054
Costs associated with the evaluation of acquisitions	232
Convertible debt accounting (2)	53
Operating income, excluding specified charges (Non-GAAP)	\$ 50,486
Non-GAAP operating income as a % of net sales	17.7%

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- (2) Includes the impact of convertible debt accounting adopted at the beginning of 2009, which increased depreciation expense.



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

	<u>Three Months Ended</u> March 31, 2012
Net income attributable to common shareholders	\$ 26,439
Less: Discontinued operations	(77)
Net income from continuing operations	26,362
Add back:	
Amortization related to acquisitions	4,496
Severance related to cost-savings actions	911
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	1,362
Costs associated with the evaluation of acquisitions	232
Loss on sale of auction rate securities	712
Convertible debt accounting, net (2)	3,497
Tax effect	(3,659)
Net income, excluding specified charges (Non-GAAP)	<u>\$ 33,913</u>
Weighted average shares outstanding - Basic	48,254,950
Effect of dilutive securities:	
Stock options and contingently issued restricted stock	516,793
Weighted average shares outstanding - Diluted	<u>48,771,743</u>
Basic earnings per share	\$ 0.55
Diluted earnings per share	\$ 0.54
Basic earnings per share, excluding specified charges (Non-GAAP)	\$ 0.70
Diluted earnings per share, excluding specified charges (Non-GAAP)	\$ 0.70

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- (2) The three months ended March 31, 2012 include the impact of convertible debt accounting adopted at the beginning of 2009, which increased interest expense by \$3,444 and depreciation expense by \$53.



CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP EARNINGS PER SHARE (EPS)
Guidance for the Twelve Months Ended December 29, 2012E

	<u>2012E Guidance</u>
GAAP EPS Estimate	\$2.12 - \$2.22
Add back:	
Amortization of intangible assets	\$0.25
Operating losses (1)	\$0.05
Severance costs and other items (2)	\$0.04
Convertible debt accounting	\$0.20
Non-GAAP EPS Estimate	<u>\$2.63 - \$2.73</u>

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(1) These costs relate primarily to the Company's PCS facility in Massachusetts.

(2) Other items primarily include costs associated with the evaluation of acquisitions and a loss on the sale of auction rate securities.



CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP NET INTEREST EXPENSE AND OTHER EXPENSE/(INCOME)
(dollars in thousands)

	Three Months Ended			Fiscal Year Ended
	June 30, 2012	March 31, 2012	June 25, 2011	December 29, 2012E
GAAP Interest Expense, net	\$ 7,928	\$ 8,250	\$ 10,101	\$33,000-\$35,000
Exclude:				
Convertible debt accounting, net	(3,517)	(3,444)	(3,333)	~(15,000)
Non-GAAP Interest Expense, net	\$ 4,411	\$ 4,806	\$ 6,768	\$18,000-\$20,000

	Three Months Ended			
	June 30, 2012	March 31, 2012	June 25, 2011	
GAAP Other Expense/(Income)	\$ 1,346	\$ 344	\$ 408	
Exclude:				
Loss on sales of auction rate securities	-	(712)	-	
Adjustment related to PCS China	(142)	(308)	-	
Non-GAAP Other Expense/(Income)	\$ 1,204	\$ (676)	\$ 408	

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>	<u>June 25,</u>	<u>June 30,</u>	<u>June 25,</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net income (loss) from continuing operations before income taxes & noncontrolling interest	\$ 40,000	\$ 42,805	\$ 75,146	\$ 75,467
Add back:				
Amortization related to acquisitions	4,410	5,797	8,906	11,177
Severance related to cost-savings actions	-	900	911	1,392
Impairment and other items (2)	-	478	-	941
Adjustment of SPC contingent consideration and related items (3)	-	(1,206)	-	(1,206)
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	657	2,660	2,019	5,447
Costs associated with the evaluation of acquisitions	744	-	976	-
Gain on settlement of life insurance policy	-	(7,710)	-	(7,710)
Loss on sale of Auction Rate Securities	-	-	712	-
Costs and taxes associated with corporate legal entity restructuring	-	983	-	983
Convertible debt accounting, net (3)	3,571	3,387	7,068	6,720
Net income, excluding specified charges (Non-GAAP)	<u>\$ 49,382</u>	<u>\$ 48,094</u>	<u>\$ 95,738</u>	<u>\$ 93,211</u>
Provision for income taxes (GAAP)	9,453	\$ 8,649	\$ 18,129	\$ 5,934
Tax effect on amortization, severance, impairment and other charges	3,441	3,419	7,100	6,901
Tax benefit from disposition of Phase 1 clinical business	-	-	-	11,111
Provision for income taxes (Non-GAAP)	<u>\$ 12,894</u>	<u>\$ 12,068</u>	<u>\$ 25,229</u>	<u>\$ 23,946</u>
Tax rate (GAAP)	23.6%	20.2%	24.1%	7.9%
Tax rate, excluding specified charges (Non-GAAP)	26.1%	25.1%	26.4%	25.7%

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- (2) The three and six months ended June 25, 2011 include items related primarily to an asset impairment associated with the Company's RMS large model operations and a gain related to the disposition of its RMS Discovery Services facility in Michigan. Additionally, the six months ended June 25, 2011 also included costs associated with exiting a defined benefit plan in RMS Japan.
- (3) The three and six months ended June 30, 2012 include the impact of convertible debt accounting adopted at the beginning of 2009, which increased interest expense by \$3,518 and \$6,961 and depreciation expense by \$53 and \$107, respectively. The three and six months ended June 25, 2011 include the impact of convertible debt accounting adopted at the beginning of 2009, which increased interest expense by \$3,333 and \$6,613 and depreciation expense by \$54 and \$107, respectively.



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

	<u>Three Months Ended</u> March 31, 2012
Income from continuing operations before income taxes & noncontrolling interest	\$ 35,146
Add back:	
Amortization related to acquisitions	4,496
Severance related to cost-savings actions	911
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	1,362
Costs associated with the evaluation of acquisitions	232
Loss on sale of Auction rate Securities	712
Convertible debt accounting, net (2)	<u>3,497</u>
Income before taxes & noncontrolling interests, excluding specified charges (Non-GAAP)	<u><u>\$ 46,356</u></u>
Provision for income taxes (GAAP)	\$ 8,676
Tax effect on amortization, severance, impairment and other charges	3,659
Tax benefit from the disposition of Phase I clinical business	<u>-</u>
Provision for income taxes (Non-GAAP)	\$ 12,335
Tax rate (GAAP)	24.7%
Tax rate, excluding specified charges (Non-GAAP)	26.6%

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- (2) The three months ended March 31, 2012 include the impact of convertible debt accounting adopted at the beginning of 2009, which increased interest expense by \$3,444 and depreciation expense by \$53.



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

	<u>Fiscal Year Ended</u> December 29, 2012E
GAAP Tax Rate	25.0%-26.0%
Amortization of intangible assets, operating losses primarily related to PCS Massachusetts, severance costs and other items, and convertible debt accounting	~1.5%
Non-GAAP Tax Rate	<hr/> 26.5%-27.5% <hr/>

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>		<u>Fiscal Year Ended</u>
	<u>June 30,</u>	<u>June 25,</u>	<u>June 30,</u>	<u>June 25,</u>	<u>December 29,</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012E</u>
Net cash provided by operating activities	\$ 57,367	\$ 65,304	\$ 82,644	\$ 86,697	\$210,000-\$220,000
Less: Capital expenditures	(9,441)	(6,661)	(23,553)	(13,450)	~(50,000)
Free cash flow	<u>\$ 47,926</u>	<u>\$ 58,643</u>	<u>\$ 59,091</u>	<u>\$ 73,247</u>	<u>\$160,000-\$170,000</u>

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

	<u>Twelve Months Ended</u>	
	December 31, 2011	December 25, 2010
Net sales	\$ 1,142,647	\$ 1,133,416
Operating income	174,306	(298,512)
Operating income as a % of net sales	15.3%	-26.3%
Add back:		
Amortization related to acquisitions	21,795	24,405
Severance related to cost-savings actions	5,462	16,504
Adjustment of SPC contingent consideration and related items (3)	(721)	2,865
Impairment and other items (2)	473	389,193
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	6,471	13,387
Costs associated with the evaluation of acquisitions	215	6,769
Acquisition agreement termination fee	-	30,000
Gain on settlement of life insurance policy	(7,710)	-
Costs associated with corporate legal entity restructuring & repatriation	930	393
Convertible debt accounting (4)	213	213
Operating income, excluding specified charges (Non-GAAP)	\$ 201,434	\$ 185,217
Non-GAAP operating income as a % of net sales	17.6%	16.3%

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(2) The twelve months ended December 31, 2011 include: (i) asset impairments associated with certain RMS and PCS operations; (ii) gains on the disposition of RMS facilities in Michigan and Europe; (iii) costs associated with exiting a defined benefit plan in RMS Japan; and (iv) costs associated with vacating a corporate leased facility. The twelve months ended December 25, 2010 include items primarily related to goodwill and asset impairments associated with the Company's PCS business segment.

(3) The twelve months ended December 31, 2011 include an impairment of in-process research and development and a deferred revenue reversal related to Systems Pathology Company, LLC (SPC). The twelve months ended December 25, 2010 include an impairment of in-process research and development related to SPC.

(4) Includes the impact of convertible debt accounting adopted at the beginning of 2009, which increased depreciation expense.



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

	<u>Twelve Months Ended</u>	
	<u>December 31,</u> <u>2011</u>	<u>December 25,</u> <u>2010</u>
Net income attributable to common shareholders	\$ 109,566	\$ (336,669)
Less: Discontinued operations	<u>5,545</u>	<u>8,012</u>
Net income from continuing operations	115,111	(328,657)
Add back:		
Amortization related to acquisitions	21,795	24,405
Severance related to cost-savings actions	5,462	16,504
Impairment and other items (2)	473	384,896
Adjustment of SPC contingent consideration and related items (3)	(721)	2,865
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	6,471	13,387
Costs associated with the evaluation of acquisitions	215	8,319
Acquisition agreement termination fee	-	30,000
Gain on settlement of life insurance policy	(7,710)	-
Writeoff of deferred financing costs related to debt extinguishment	1,450	4,542
Costs and taxes associated with corporate legal entity restructuring & repatriation	1,637	15,689
Convertible debt accounting, net (4)	13,978	12,948
Tax benefit from disposition of Phase I clinical business	(11,111)	-
Tax effect	<u>(15,710)</u>	<u>(59,274)</u>
Net income, excluding specified charges (Non-GAAP)	<u>\$ 131,340</u>	<u>\$ 125,624</u>
Weighted average shares outstanding - Basic	50,823,063	62,561,294
Effect of dilutive securities:		
Stock options and contingently issued restricted stock	495,179	558,229
Weighted average shares outstanding - Diluted	<u>51,318,242</u>	<u>63,119,523</u>
Basic earnings per share	\$ 2.16	\$ (5.38)
Diluted earnings per share	\$ 2.14	\$ (5.38)
Basic earnings per share, excluding specified charges (Non-GAAP)	\$ 2.58	\$ 2.01
Diluted earnings per share, excluding specified charges (Non-GAAP)	\$ 2.56	\$ 1.99

- (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) The twelve months ended December 31, 2011 include: (i) asset impairments associated with certain RMS and PCS operations; (ii) gains on the disposition of RMS facilities in Michigan and Europe; (iii) costs associated with exiting a defined benefit plan in RMS Japan; and (iv) costs associated with vacating a corporate leased facility. The twelve months ended December 25, 2010 include items primarily related to goodwill and asset impairments associated with the Company's PCS business segment.
- (3) The twelve months ended December 31, 2011 include an impairment of in-process research and development and a deferred revenue reversal related to Systems Pathology Company, LLC (SPC). The twelve months ended December 25, 2010 include an impairment of in-process research and development related to SPC.
- (4) The twelve months ended December 31, 2011 include the impact of convertible debt accounting adopted at the beginning of 2009, which increased interest expense by \$13,765 and depreciation expense by \$213. The twelve months ended December 25, 2010 include the impact of convertible debt accounting adopted at the beginning of 2009, which increased interest expense by \$12,735 and depreciation expense by \$213.



CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF FREE CASH FLOW AND FCF/INVESTED CAPITAL RETURN (NON-GAAP) (1)
(dollars in thousands)

	December 25, 2010	December 31, 2011	December 29, 2012E
<u>Free Cash Flow Reconciliation</u>			
Net cash provided by operating activities	\$ 168,236	\$ 206,842	\$210,000-\$220,000
Add: WuXi PharmaTech termination fee	30,000	-	-
Less: Capital expenditures	(42,860)	(49,143)	~(50,000)
Free cash flow	<u>\$ 155,376</u>	<u>\$ 157,699</u>	<u>\$160,000-\$170,000</u>

FCF/Invested Capital Return Reconciliation

Invested Capital - Year-end	1,386,875	1,246,218	~1,265,000
Invested Capital - 12-month average	1,788,496	1,351,398	~1,265,000
FCF/Invested capital return	9%	12%	~13%

(calculated as Free cash flow divided by Invested Capital -12-month average)

(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, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules and regulations.

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