

2Q14 Results Regulation G Financial Reconciliations & Appendix

Charles River Laboratories International, Inc.
August 6, 2014

Revenue Breakout by Product/Service Line

(\$ in millions)	2Q14*	2Q13*	YOY Δ	FX	YOY Δ ex. FX
Research Models (Non-GAAP)	\$87.8	\$87.5	0.4%	1.1%	(0.7%)
RM Services	<u>\$45.3</u>	<u>\$43.8</u>	3.4%	1.3%	2.1%
Total RMS Segment	\$133.1	\$131.3	1.4%	1.1%	0.3%
Total DSA Segment	\$142.6	\$107.5	32.7%	1.3%	31.4%
EMD	\$33.6	\$27.7	21.4%	2.3%	19.1%
Other Mfg. Support*	<u>\$31.9</u>	<u>\$28.0</u>	13.8%	2.5%	11.3%
Total Mfg. Support	\$65.4	\$55.7	17.5%	2.3%	15.2%
Total Revenue (Non-GAAP)	\$341.2	\$294.4	15.9%	1.4%	14.5%

* May not add due to rounding.

** Other Mfg. Support includes the Biologics Testing Solutions and Avian Vaccine business units.

Old Segment Structure

Research Models & Services (RMS)	Preclinical Services (PCS)
<ul style="list-style-type: none">➤ Research Models<ul style="list-style-type: none">▪ Research Models▪ Avian Vaccine Services *➤ Research Model Services<ul style="list-style-type: none">▪ Genetically Engineered Models & Services (GEMS)▪ Research Animal Diagnostic Services (RADS)▪ Insourcing Solutions (IS)▪ Discovery Research Services * (NC & Finland sites)➤ Endotoxin & Microbial Detection (EMD) *	<ul style="list-style-type: none">➤ Discovery Services➤ Safety Assessment➤ Biologics Testing Solutions * (formerly BPS)

* Indicates a business unit which will be reported in a different segment.

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

	Three Months Ended		Six Months Ended	
	June 28, 2014	June 29, 2013	June 28, 2014	June 29, 2013
Research Models and Services				
Revenue	\$ 133,120	\$ 129,759	\$ 265,615	\$ 264,632
Add back government billing adjustment	-	1,495	-	1,495
Non-GAAP revenue	\$ 133,120	\$ 131,254	\$ 265,615	\$ 266,127
Operating income	34,234	33,296	69,678	73,773
Operating income as a % of revenue	25.7%	25.7%	26.2%	27.9%
Add back:				
Amortization of intangible assets related to acquisitions	608	754	1,545	1,245
Severance related to cost-savings actions	2,011	183	3,595	269
Government billing adjustment and related expenses	13	1,855	80	1,855
Impairment and other items ⁽²⁾	1,725	-	2,705	-
Operating losses ⁽³⁾	15	51	27	209
Operating income, excluding specified charges (Non-GAAP)	\$ 38,606	\$ 36,139	\$ 77,630	\$ 77,351
Non-GAAP operating income as a % of revenue	29.0%	27.5%	29.2%	29.1%
Discovery and Safety Assessment				
Revenue	\$ 142,614	\$ 107,490	\$ 247,752	\$ 209,281
Operating income	17,798	11,261	29,511	19,704
Operating income as a % of revenue	12.5%	10.5%	11.9%	9.4%
Add back:				
Amortization of intangible assets related to acquisitions	4,891	2,393	6,863	4,809
Severance related to cost-savings actions	854	102	1,049	313
Operating losses ⁽³⁾	704	787	1,375	1,735
Costs associated with the evaluation and integration of acquisitions	203	-	203	-
Operating income, excluding specified charges (Non-GAAP)	\$ 24,450	\$ 14,543	\$ 39,001	\$ 26,561
Non-GAAP operating income as a % of revenue	17.1%	13.5%	15.7%	12.7%
Manufacturing Support				
Revenue	\$ 65,445	\$ 55,684	\$ 127,180	\$ 110,258
Operating income	20,455	16,008	38,871	30,451
Operating income as a % of revenue	31.3%	28.7%	30.6%	27.6%
Add back:				
Amortization of intangible assets related to acquisitions	1,355	1,317	2,785	2,658
Severance related to cost-savings actions	24	-	24	-
Operating income, excluding specified charges (Non-GAAP)	\$ 21,834	\$ 17,325	\$ 41,680	\$ 33,109
Non-GAAP operating income as a % of revenue	33.4%	31.1%	32.8%	30.0%
Unallocated Corporate Overhead				
Add back:				
Severance related to cost-savings actions	-	-	121	-
Costs associated with the evaluation and integration of acquisitions	1,371	194	4,676	680
Convertible debt accounting	-	54	-	107
Unallocated corporate overhead, excluding specified charges (Non-GAAP)	\$ (20,091)	\$ (17,129)	\$ (42,532)	\$ (37,190)
Total				
Revenue	\$ 341,179	\$ 292,933	\$ 640,547	\$ 584,171
Add back government billing adjustment	-	1,495	-	1,495
Non-GAAP revenue	\$ 341,179	\$ 294,428	\$ 640,547	\$ 585,666
Operating income	51,025	43,188	90,731	85,951
Operating income as a % of revenue	15.0%	14.7%	14.2%	14.7%
Add back:				
Amortization of intangible assets related to acquisitions	6,854	4,464	11,193	8,712
Severance related to cost-savings actions	2,889	285	4,789	582
Government billing adjustment and related expenses	13	1,855	80	1,855
Impairment and other items ⁽²⁾	1,725	-	2,705	-
Operating losses ⁽³⁾	719	838	1,402	1,944
Costs associated with the evaluation and integration of acquisitions	1,574	194	4,879	680
Convertible debt accounting	-	54	-	107
Operating income, excluding specified charges (Non-GAAP)	\$ 64,799	\$ 50,878	\$ 115,779	\$ 99,831
Non-GAAP operating income as a % of revenue	19.0%	17.3%	18.1%	17.0%

(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) For the three and six months ended June 28, 2014, impairment and other items primarily include \$1.5 million and \$2.5 million of asset impairments and accelerated depreciation related to the consolidation of research model production operations, respectively; a \$1.3 million charge related to a dispute with a large model supplier; and a \$1.1 million gain related to the sale of a former research model facility in France.

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

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

	Three Months Ended		Six Months Ended	
	June 28, 2014	June 29, 2013	June 28, 2014	June 29, 2013
Net income attributable to common shareholders	\$ 35,264	\$ 27,284	\$ 67,496	\$ 52,862
Less: Discontinued operations	644	915	914	1,070
Net income from continuing operations	<u>35,908</u>	<u>28,199</u>	<u>68,410</u>	<u>53,932</u>
Add back:				
Amortization of intangible assets related to acquisitions	6,854	4,464	11,193	8,712
Severance related to cost-savings actions	2,889	285	4,789	582
Impairment and other items ⁽²⁾	1,725	-	2,705	-
Operating losses ⁽³⁾	719	838	1,402	1,944
Costs associated with the evaluation and integration of acquisitions	1,574	194	4,879	680
Government billing adjustment and related expenses	13	1,855	80	1,855
Write-off of deferred financing costs and fees related to debt refinancing	-	645	-	645
Convertible debt accounting, net ⁽⁴⁾	-	2,897	-	6,710
Tax effect of items above	<u>(3,426)</u>	<u>(3,709)</u>	<u>(7,928)</u>	<u>(6,166)</u>
Net income from continuing operations, excluding specified charges (Non-GAAP)	<u>\$ 46,256</u>	<u>\$ 35,668</u>	<u>\$ 85,530</u>	<u>\$ 68,894</u>
Weighted average shares outstanding - Basic	46,941,612	48,280,371	47,016,221	47,969,683
Effect of dilutive securities:				
Stock options and contingently issued restricted stock	<u>742,484</u>	<u>555,082</u>	<u>893,012</u>	<u>678,259</u>
Weighted average shares outstanding - Diluted	<u>47,684,096</u>	<u>48,835,453</u>	<u>47,909,233</u>	<u>48,647,942</u>
Basic earnings per share from continuing operations	\$ 0.76	\$ 0.58	\$ 1.46	\$ 1.12
Diluted earnings per share from continuing operations	\$ 0.75	\$ 0.58	\$ 1.43	\$ 1.11
Basic earnings per share from continuing operations, excluding specified charges (Non-GAAP)	\$ 0.99	\$ 0.74	\$ 1.82	\$ 1.44
Diluted earnings per share from continuing operations, excluding specified charges (Non-GAAP)	\$ 0.97	\$ 0.73	\$ 1.79	\$ 1.42

- (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) For the three and six months ended June 28, 2014, impairment and other items primarily include \$1.5 million and \$2.5 million of asset impairments and accelerated depreciation related to the consolidation of research model production operations, respectively; a \$1.3 million charge related to a dispute with a large model supplier; and a \$1.1 million gain related to the sale of a former research model facility in France.
- (3) This item includes operating losses related primarily to the Company's Shrewsbury, Massachusetts facility.
- (4) The three and six months ended June 29, 2013 include the impact of convertible debt accounting adopted at the beginning of 2009, which increased interest expense by \$2.8 million and \$6.6 million and depreciation expense by \$0.1 million and \$0.1 million, respectively.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP REVENUE GROWTH (YEAR-OVER-YEAR)
EXCLUDING THE IMPACT OF FOREIGN EXCHANGE AND A GOVERNMENT BILLING ADJUSTMENT
For the Three and Six Months Ended June 28, 2014

For the three months ended June 28, 2014:	<u>Total CRL</u>	<u>RMS Segment</u>	<u>DSA Segment</u>	<u>MS Segment</u>
Revenue growth, reported	16.5%	2.6%	32.7%	17.5%
Impact of foreign exchange	1.4%	1.1%	1.3%	2.3%
Impact of government billing adjustment	0.6%	1.2%	0.0%	0.0%
Non-GAAP revenue growth, constant currency	14.5%	0.3%	31.4%	15.2%
For the six months ended June 28, 2014:	<u>Total CRL</u>	<u>RMS Segment</u>	<u>DSA Segment</u>	<u>MS Segment</u>
Revenue growth, reported	9.7%	0.4%	18.4%	15.3%
Impact of foreign exchange	1.0%	0.6%	0.9%	1.9%
Impact of government billing adjustment	0.3%	0.6%	0.0%	0.0%
Non-GAAP revenue growth, constant currency	8.4%	(0.8%)	17.5%	13.4%

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.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
SUPPLEMENTAL SCHEDULE: PRIOR PERIODS RECAST FOR BUSINESS SEGMENT REVISION
RECONCILIATION OF GAAP TO NON-GAAP
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED) ⁽¹⁾
(dollars in thousands)

	Three Months Ended				Twelve Months Ended	Three Months Ended	
	March 30, 2013	June 29, 2013	September 28, 2013	December 28, 2013	December 28, 2013	March 29, 2014	June 28, 2014
Research Models and Services							
Revenue	\$ 134,873	\$ 129,759	\$ 124,236	\$ 122,482	\$ 511,350	\$ 132,495	\$ 133,120
Add back government billing adjustment	-	1,495	-	-	1,495	-	-
Non-GAAP revenue	\$ 134,873	\$ 131,254	\$ 124,236	\$ 122,482	\$ 512,845	\$ 132,495	\$ 133,120
Operating income	40,477	33,296	23,803	19,161	116,737	35,444	34,234
Operating income as a % of revenue	30.0%	25.4%	19.2%	15.6%	22.8%	26.8%	25.7%
Add back:							
Amortization of intangible assets related to acquisitions	491	754	457	1,076	2,778	937	608
Severance related to cost-savings actions	86	183	32	1,123	1,424	1,584	2,011
Government billing adjustment and related expenses	-	1,855	321	226	2,402	67	13
Impairment and other items ⁽²⁾	-	-	7,238	6,440	13,678	980	1,725
Operating losses ⁽³⁾	158	51	47	14	270	12	15
Operating income, excluding specified charges (Non-GAAP)	\$ 41,212	\$ 36,139	\$ 31,898	\$ 28,040	\$ 137,289	\$ 39,024	\$ 38,606
Non-GAAP operating income as a % of revenue	30.6%	27.5%	25.7%	22.9%	26.8%	29.5%	29.0%
Discovery and Safety Assessment							
Revenue	\$ 101,791	\$ 107,490	\$ 112,627	\$ 110,470	\$ 432,378	\$ 105,138	\$ 142,614
Operating income	8,443	11,261	18,968	8,741	47,413	11,713	17,798
Operating income as a % of revenue	8.3%	10.5%	16.8%	7.9%	11.0%	11.1%	12.5%
Add back:							
Amortization of intangible assets related to acquisitions	2,416	2,393	2,383	2,401	9,593	1,972	4,891
Severance related to cost-savings actions	211	102	397	915	1,625	195	854
Impairment and other items ⁽²⁾	-	-	-	5,829	5,829	-	-
Operating losses ⁽³⁾	948	787	737	629	3,101	671	704
Costs associated with the evaluation and integration of acquisitions	-	-	-	-	-	-	203
Operating income, excluding specified charges (Non-GAAP)	\$ 12,018	\$ 14,543	\$ 22,485	\$ 18,515	\$ 67,561	\$ 14,551	\$ 24,450
Non-GAAP operating income as a % of revenue	11.8%	13.5%	20.0%	16.8%	15.6%	13.8%	17.1%
Manufacturing Support							
Revenue	\$ 54,574	\$ 55,684	\$ 55,266	\$ 56,276	\$ 221,800	\$ 61,735	\$ 65,445
Operating income	14,443	16,008	16,125	14,651	61,227	18,416	20,455
Operating income as a % of revenue	26.5%	28.7%	29.2%	26.0%	27.6%	29.8%	31.3%
Add back:							
Amortization of intangible assets related to acquisitions	1,341	1,317	1,339	1,438	5,435	1,430	1,355
Severance related to cost-savings actions	-	-	46	123	169	-	24
Impairment and other items ⁽²⁾	-	-	-	1,874	1,874	-	-
Operating income, excluding specified charges (Non-GAAP)	\$ 15,784	\$ 17,325	\$ 17,510	\$ 18,086	\$ 68,705	\$ 19,846	\$ 21,834
Non-GAAP operating income as a % of revenue	28.9%	31.1%	31.7%	32.1%	31.0%	32.1%	33.4%
Unallocated Corporate Overhead							
	\$ (20,600)	\$ (17,377)	\$ (18,053)	\$ (17,946)	\$ (73,976)	\$ (25,867)	\$ (21,462)
Add back:							
Severance related to cost-savings actions	-	-	-	-	-	121	-
Costs associated with the evaluation and integration of acquisitions	486	194	306	766	1,752	3,305	1,371
Convertible debt accounting	53	54	-	-	107	-	-
Unallocated corporate overhead, excluding specified charges (Non-GAAP)	\$ (20,061)	\$ (17,129)	\$ (17,747)	\$ (17,180)	\$ (72,117)	\$ (22,441)	\$ (20,091)
Total							
Revenue	\$ 291,238	\$ 292,933	\$ 292,129	\$ 289,228	\$ 1,165,528	\$ 299,368	\$ 341,179
Add back government billing adjustment	-	1,495	-	-	1,495	-	-
Non-GAAP revenue	\$ 291,238	\$ 294,428	\$ 292,129	\$ 289,228	\$ 1,167,023	\$ 299,368	\$ 341,179
Operating income	42,763	43,188	40,843	24,607	151,401	39,706	51,025
Operating income as a % of revenue	14.7%	14.7%	14.0%	8.5%	13.0%	13.3%	15.0%
Add back:							
Amortization of intangible assets related to acquisitions	4,248	4,464	4,179	4,915	17,806	4,339	6,854
Severance related to cost-savings actions	297	285	475	2,161	3,218	1,900	2,889
Government billing adjustment and related expenses	-	1,855	321	226	2,402	67	13
Impairment and other items ⁽²⁾	-	-	7,238	14,143	21,381	980	1,725
Operating losses ⁽³⁾	1,106	838	784	643	3,371	683	719
Costs associated with the evaluation and integration of acquisitions	486	194	306	766	1,752	3,305	1,574
Convertible debt accounting	53	54	-	-	107	-	-
Operating income, excluding specified charges (Non-GAAP)	\$ 48,953	\$ 50,878	\$ 54,146	\$ 47,461	\$ 201,438	\$ 50,980	\$ 64,799
Non-GAAP operating income as a % of revenue	16.8%	17.3%	18.5%	16.4%	17.3%	17.0%	19.0%

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(2) For the three months ended March 29, 2014, impairment and other items primarily include \$1.0 million of asset impairments and accelerated depreciation related to the consolidation of research model production operations. For the year ended December 28, 2013, impairment and other items primarily include: (i) accelerated depreciation of \$13.5 million and \$1.9 million related to the consolidation of research model production operations and our Biologics Testing Solutions operations, respectively; (ii) an impairment charge of \$3.8 million related to our Shrewsbury, Massachusetts facility; (iii) an adjustment to prior-period accrued compensated absences of \$1.6 million; and (iv) \$0.6 million for the impairment of assets at certain European facilities.

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

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
SUPPLEMENTAL SCHEDULE: PRIOR PERIODS RECAST FOR BUSINESS SEGMENT REVISION
RECONCILIATION OF GAAP TO NON-GAAP
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED) ⁽¹⁾
(dollars in thousands)

	Three Months Ended				Twelve Months Ended
	March 31, 2012	June 30, 2012	September 29, 2012	December 29, 2012	December 29, 2012
Research Models and Services					
Revenue	\$ 140,875	\$ 132,428	\$ 124,541	\$ 123,789	\$ 521,633
Add back government billing adjustment	-	-	-	-	-
Non-GAAP revenue	\$ 140,875	\$ 132,428	\$ 124,541	\$ 123,789	\$ 521,633
Operating income	44,523	41,131	29,418	28,711	143,783
Operating income as a % of revenue	31.6%	31.1%	23.6%	23.2%	27.6%
Add back:					
Amortization of intangible assets related to acquisitions	218	219	237	241	915
Severance related to cost-savings actions	-	-	867	148	1,015
Impairment and other items ⁽²⁾	-	-	2,927	883	3,810
Operating income, excluding specified charges (Non-GAAP)	\$ 44,741	\$ 41,350	\$ 33,449	\$ 29,983	\$ 149,523
Non-GAAP operating income as a % of revenue	31.8%	31.2%	26.9%	24.2%	28.7%
Discovery and Safety Assessment					
Revenue	\$ 98,840	\$ 103,787	\$ 105,080	\$ 101,201	\$ 408,908
Operating income	6,344	10,314	10,333	8,697	35,688
Operating income as a % of revenue	6.4%	9.9%	9.8%	8.6%	8.7%
Add back:					
Amortization of intangible assets related to acquisitions	3,180	3,141	3,112	2,945	12,378
Severance related to cost-savings actions	911	-	22	561	1,494
Impairment and other items ⁽²⁾	-	-	(233)	199	(34)
Operating losses ⁽³⁾	1,054	809	837	941	3,641
Operating income, excluding specified charges (Non-GAAP)	\$ 11,489	\$ 14,264	\$ 14,071	\$ 13,343	\$ 53,167
Non-GAAP operating income as a % of revenue	11.6%	13.7%	13.4%	13.2%	13.0%
Manufacturing Support					
Revenue	\$ 46,266	\$ 48,508	\$ 49,065	\$ 55,150	\$ 198,989
Operating income	12,774	14,906	14,613	15,226	57,519
Operating income as a % of revenue	27.6%	30.7%	29.8%	27.6%	28.9%
Add back:					
Amortization of intangible assets related to acquisitions	1,098	1,050	1,179	1,447	4,774
Severance related to cost-savings actions	-	-	82	(11)	71
Operating income, excluding specified charges (Non-GAAP)	\$ 13,872	\$ 15,956	\$ 15,874	\$ 16,662	\$ 62,364
Non-GAAP operating income as a % of revenue	30.0%	32.9%	32.4%	30.2%	31.3%
Unallocated Corporate Overhead					
	\$ (19,901)	\$ (17,077)	\$ (16,682)	\$ (17,565)	\$ (71,225)
Add back:					
Costs associated with the evaluation and integration of acquisitions	232	744	658	2,140	3,774
Convertible debt accounting	53	54	53	53	213
Unallocated corporate overhead, excluding specified charges (Non-GAAP)	\$ (19,616)	\$ (16,279)	\$ (15,971)	\$ (15,372)	\$ (67,238)
Total					
Revenue	\$ 285,981	\$ 284,723	\$ 278,686	\$ 280,140	\$ 1,129,530
Add back government billing adjustment	-	-	-	-	-
Non-GAAP revenue	\$ 285,981	\$ 284,723	\$ 278,686	\$ 280,140	\$ 1,129,530
Operating income	43,740	49,274	37,682	35,069	165,765
Operating income as a % of revenue	15.3%	17.3%	13.5%	12.5%	14.7%
Add back:					
Amortization of intangible assets related to acquisitions	4,496	4,410	4,528	4,633	18,067
Severance related to cost-savings actions	911	-	971	698	2,580
Impairment and other items ⁽²⁾	-	-	2,694	1,082	3,776
Operating losses ⁽³⁾	1,054	809	837	941	3,641
Costs associated with the evaluation and integration of acquisitions	232	744	658	2,140	3,774
Convertible debt accounting	53	54	53	53	213
Operating income, excluding specified charges (Non-GAAP)	\$ 50,486	\$ 55,291	\$ 47,423	\$ 44,616	\$ 197,816
Non-GAAP operating income as a % of revenue	17.7%	19.4%	17.0%	15.9%	17.5%

⁽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⁾ For the year ended December 29, 2012, impairment and other items primarily include: (i) an impairment charge of \$3.5 million for long-lived assets at certain RMS Europe facilities; (ii) \$0.6 million for the gain on the sale of land at an RMS facility; and (iii) \$0.9 million for the write-off of large model inventory held at a vendor.

⁽³⁾ This item includes operating losses related primarily to the Company's Shrewsbury, Massachusetts facility.

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

	<u>Three Months Ended</u>	
	<u>June 28,</u>	<u>June 29,</u>
	<u>2014</u>	<u>2013</u>
Research Models and Services (former segment)		
Revenue	\$ 189,157	\$ 178,973
Add back government billing adjustment	-	1,495
Non-GAAP revenue	<u>\$ 189,157</u>	<u>\$ 180,468</u>
Operating income	52,547	49,630
Operating income as a % of revenue	27.8%	27.7%
Add back:		
Amortization of intangible assets related to acquisitions	2,035	2,228
Severance related to cost-savings actions	2,031	295
Government billing adjustment and related expenses	13	1,855
Impairment and other items ⁽²⁾	1,725	-
Operating losses ⁽³⁾	<u>15</u>	<u>51</u>
Operating income, excluding specified charges (Non-GAAP)	\$ 58,366	\$ 54,059
Non-GAAP operating income as a % of revenue	30.9%	30.0%
Preclinical Services (former segment)		
Revenue	\$ 128,509	\$ 113,960
Operating income	19,901	10,935
Operating income as a % of revenue	15.5%	9.6%
Add back:		
Amortization of intangible assets related to acquisitions	1,917	2,236
Severance related to cost-savings actions	858	(10)
Operating losses ⁽³⁾	<u>704</u>	<u>787</u>
Operating income, excluding specified charges (Non-GAAP)	\$ 23,380	\$ 13,948
Non-GAAP operating income as a % of revenue	18.2%	12.2%
Acquisition of Argenta and BioFocus		
Revenue	\$ 23,513	\$ -
Operating income	39	-
Operating income as a % of revenue	0.2%	-
Add back:		
Amortization of intangible assets related to acquisitions	2,902	-
Costs associated with the evaluation and integration of acquisitions	<u>203</u>	<u>-</u>
Operating income, excluding specified charges (Non-GAAP)	\$ 3,144	\$ -
Non-GAAP operating income as a % of revenue	13.4%	-
Unallocated Corporate Overhead		
	\$ (21,462)	\$ (17,377)
Add back:		
Severance related to cost-savings actions	-	-
Costs associated with the evaluation and integration of acquisitions	1,371	194
Convertible debt accounting	<u>-</u>	<u>54</u>
Unallocated corporate overhead, excluding specified charges (Non-GAAP)	\$ (20,091)	\$ (17,129)
Total		
Revenue	\$ 341,179	\$ 292,933
Add back government billing adjustment	-	1,495
Non-GAAP revenue	<u>\$ 341,179</u>	<u>\$ 294,428</u>
Operating income	51,025	43,188
Operating income as a % of revenue	15.0%	14.7%
Add back:		
Amortization of intangible assets related to acquisitions	6,854	4,464
Severance related to cost-savings actions	2,889	285
Government billing adjustment and related expenses	13	1,855
Impairment and other items ⁽²⁾	1,725	-
Operating losses ⁽³⁾	719	838
Costs associated with the evaluation and integration of acquisitions	1,574	194
Convertible debt accounting	<u>-</u>	<u>54</u>
Operating income, excluding specified charges (Non-GAAP)	\$ 64,799	\$ 50,878
Non-GAAP operating income as a % of revenue	19.0%	17.3%

(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) For the three months ended June 28, 2014, impairment and other items primarily include \$1.5 million of asset impairments and accelerated depreciation related to the consolidation of research model production operations, a \$1.3 million charge related to a dispute with a large model supplier, and a \$1.1 million gain related to the sale of a former research model facility in France.

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

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>September 28,</u> <u>2013</u>
Net income attributable to common shareholders	\$ 30,867
Less: Discontinued operations	<u>113</u>
Net income from continuing operations	30,980
Add back:	
Amortization of intangible assets related to acquisitions	4,179
Severance related to cost-savings actions	475
Impairment and other items (2)	7,238
Operating losses (3)	784
Costs associated with the evaluation of acquisitions	306
Government billing adjustment and related expenses	321
Tax effect of items above	<u>(6,041)</u>
Net income, excluding specified charges (Non-GAAP)	<u>\$ 38,242</u>
Weighted average shares outstanding - Basic	47,910,649
Effect of dilutive securities:	
Stock options and contingently issued restricted stock	<u>530,516</u>
Weighted average shares outstanding - Diluted	<u>48,441,165</u>
Basic earnings per share	\$ 0.64
Diluted earnings per share	\$ 0.64
Basic earnings per share, excluding specified charges (Non-GAAP)	\$ 0.80
Diluted earnings per share, excluding specified charges (Non-GAAP)	\$ 0.79

- (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 months ended September 28, 2013 primarily includes accelerated depreciation related to the consolidation of research model production operations in California.
- (3) Includes operating losses related primarily to the Company's PCS-Massachusetts facility.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP EARNINGS PER SHARE (EPS)
Guidance for the Twelve Months Ended December 27, 2014E

	2014E Guidance	
	REVISED	PRIOR
GAAP EPS Estimate	\$2.60 - \$2.70	\$2.64 - \$2.74
Add back:		
Amortization of intangible assets	\$0.36	\$0.33
Operating losses and other items (1)	\$0.06	\$0.04
Charges related to global efficiency initiative (2)	\$0.16-\$0.18	\$0.08-\$0.10
Costs associated with the evaluation and integration of acquisitions	\$0.06	\$0.05
Non-GAAP EPS Estimate	\$3.25 - \$3.35	\$3.15 - \$3.25

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.

(1) These costs relate primarily to the Company's Shrewsbury, Massachusetts, facility and a dispute with a large model supplier.

(2) These charges relate primarily to the consolidation of research model production operations and other efficiency initiatives. Other projects in support of the global efficiency initiative are expected, but these charges reflect only the decisions that have already been finalized.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP NET INTEREST EXPENSE

(dollars in thousands)

	Three Months Ended		
	June 28, 2014	March 29, 2014	June 29, 2013
GAAP Interest Expense, net	\$ 3,151	\$ 2,596	\$ 7,308
Exclude:			
Convertible debt accounting, net	-	-	(2,843)
Write-off of deferred financing costs and fees related to debt refinancing	-	-	(645)
Non-GAAP Interest Expense, net	\$ 3,151	\$ 2,596	\$ 3,820

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.
RECONCILIATION OF GAAP TAX RATE TO NON-GAAP TAX RATE (1)
(dollars in thousands)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	June 28, 2014	June 29, 2013	June 28, 2014	June 29, 2013
Income from continuing operations before income taxes & noncontrolling interest	\$ 50,541	\$ 36,847	\$ 93,527	\$ 72,495
Add back:				
Amortization of intangible assets related to acquisitions	6,854	4,464	11,193	8,712
Severance related to cost-savings actions	2,889	285	4,789	582
Impairment and other items (2)	1,725	-	2,705	-
Operating losses (3)	719	838	1,402	1,944
Costs associated with the evaluation and integration of acquisitions	1,574	194	4,879	680
Government billing adjustment and related expenses	13	1,855	80	1,855
Writeoff of deferred financing costs and fees related to debt refinancing	-	645	-	645
Convertible debt accounting, net (4)	-	2,897	-	6,710
Income from continuing operations before income taxes & noncontrolling interest, excluding specified charges (Non-GAAP)	\$ 64,315	\$ 48,025	\$ 118,575	\$ 93,623
Provision for income taxes (GAAP)	\$ 14,081	\$ 8,219	\$ 24,439	\$ 17,941
Tax effect on amortization, severance and other charges	3,426	3,709	7,928	6,166
Provision for income taxes (Non-GAAP)	\$ 17,507	\$ 11,928	\$ 32,367	\$ 24,107
Total rate (GAAP)	27.9%	22.3%	26.1%	24.7%
Total rate, excluding specified charges (Non-GAAP)	27.2%	24.8%	27.3%	25.7%

- (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) For the three and six months ended June 28, 2014, impairment and other items primarily includes \$1.5 million and \$2.5 million of asset impairments and accelerated depreciation related to the consolidation of research model production operations, respectively; a \$1.3 million charge related to a dispute with a large model supplier; and a \$1.1 million gain related to the sale of a former research model facility in France.
- (3) This item includes operating losses related primarily to the Company's Shrewsbury, Massachusetts facility.
- (4) The three and six months ended June 29, 2013 include the impact of convertible debt accounting adopted at the beginning of 2009, which increased interest expense by \$2.8 million and \$6.6 million and depreciation expense by \$0.1 million and \$0.1 million, respectively.

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

	Three Months Ended	
	March 29, 2014	March 30, 2013
Income from continuing operations before income taxes & noncontrolling interest	42,986	35,648
Add back:		
Amortization of intangible assets related to acquisitions	4,339	4,248
Severance related to cost-savings actions	1,900	297
Impairment and other items (2)	980	-
Operating losses (3)	683	1,106
Costs associated with the evaluation and integration of acquisitions	3,305	486
Government billing adjustment and related expenses	67	-
Convertible debt accounting, net (4)	-	3,813
Income before income taxes & noncontrolling interest, excluding specified charges (Non-GAAP)	<u>\$ 54,260</u>	<u>\$ 45,598</u>
Provision for income taxes (GAAP)	10,358	9,722
Tax effect on amortization, severance and other charges	4,502	2,457
Provision for income taxes (Non-GAAP)	<u>14,860</u>	<u>12,179</u>
Total rate (GAAP)	24.1%	27.3%
Total rate, excluding specified charges (Non-GAAP)	27.4%	26.7%

- (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) For the three months ended March 29, 2014, impairment and other items includes: (i) \$981 of asset impairments and accelerated depreciation related to our Portage, Michigan research model production facility; and (ii) a \$933 impairment charge related to an RMS Europe facility.
- (3) Includes operating losses related primarily to the Company's PCS-Massachusetts facility.
- (4) The three months ended March 30, 2013 includes the impact of convertible debt accounting adopted at the beginning of 2009, which increased interest expense by \$3,760 and depreciation expense by \$53, respectively.

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

	<u>Fiscal Year Ended</u> December 27, 2014E
GAAP Tax Rate	26%-27%
Amortization of intangible assets, operating losses primarily related to Shrewsbury, Massachusetts facility, charges related to global efficiency initiative, costs associated with the evaluation and integration of acquisitions, and certain other items	~1%
Non-GAAP Tax Rate	<hr/> <hr/> 27%-28% <hr/> <hr/>

Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of 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.
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 28,</u> <u>2014</u>	<u>June 29,</u> <u>2013</u>	<u>June 28,</u> <u>2014</u>	<u>June 29,</u> <u>2013</u>	<u>December 27,</u> <u>2014E</u>
Net cash provided by operating activities	\$ 56,975	\$ 48,966	\$ 85,438	\$ 78,943	\$240,000-\$250,000
Less: Capital expenditures	(9,315)	(9,794)	(20,505)	(16,223)	(55,000)-(65,000)
Free cash flow	<u>\$ 47,660</u>	<u>\$ 39,172</u>	<u>\$ 64,933</u>	<u>\$ 62,720</u>	<u>\$180,000-\$190,000</u>

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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