

3Q11 Results

Regulation G Financial Reconciliations

Charles River Laboratories International, Inc.

November 1, 2011

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>Nine Months Ended</u>	
	September 24, 2011	September 25, 2010	September 24, 2011	September 25, 2010
Research Models and Services				
Net sales	\$ 171,471	\$ 159,259	\$ 523,005	\$ 498,604
Operating income	48,534	42,817	155,967	140,059
Operating income as a % of net sales	28.3%	26.9%	29.8%	28.1%
Add back:				
Amortization related to acquisitions	1,586	1,801	4,992	5,525
Severance related to cost-savings actions	2	191	444	191
Impairment and other items (2)	(372)	-	569	-
Operating income, excluding specified charges (Non-GAAP)	\$ 49,750	\$ 44,809	\$ 161,972	\$ 145,775
Non-GAAP operating income as a % of net sales	29.0%	28.1%	31.0%	29.2%
Preclinical Services				
Net sales	\$ 106,108	\$ 111,626	\$ 328,680	\$ 353,160
Operating income	3,663	5,178	20,844	12,116
Operating income as a % of net sales	3.5%	4.6%	6.3%	3.4%
Add back:				
Amortization related to acquisitions	3,691	4,226	11,462	12,721
Severance related to cost-savings actions	(5)	94	979	4,868
Impairment and other items (2)	-	403	-	1,348
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	2,571	3,772	7,877	10,725
Operating income, excluding specified charges (Non-GAAP)	\$ 9,920	\$ 13,673	\$ 41,162	\$ 41,778
Non-GAAP operating income as a % of net sales	9.3%	12.2%	12.5%	11.8%
Unallocated Corporate Overhead				
Add back:				
Severance related to cost-savings actions	(72)	471	(106)	512
Impairment and other items (2)	268	-	268	-
Adjustment of contingent consideration related to acquisitions	-	(2,930)	(1,206)	(2,930)
Costs related to PCS China	265	-	406	-
Costs associated with the evaluation of acquisitions	150	(810)	150	6,587
Acquisition agreement termination fee	-	30,000	-	30,000
Repatriation fees	-	393	-	393
Gain on settlement of life insurance policy	-	-	(7,710)	-
Costs associated with corporate legal entity restructuring	(198)	-	785	-
Convertible debt accounting (3)	53	53	160	160
Unallocated corporate overhead, excluding specified charges (Non-GAAP)	\$ (14,637)	\$ (14,350)	\$ (51,405)	\$ (50,806)
Total				
Net sales	\$ 277,579	\$ 270,885	\$ 851,685	\$ 851,764
Operating income	37,094	6,468	132,659	66,647
Operating income as a % of net sales	13.4%	2.4%	15.6%	7.8%
Add back:				
Amortization related to acquisitions	5,277	6,027	16,454	18,246
Severance related to cost-savings actions	(75)	756	1,317	5,571
Adjustment of contingent consideration related to acquisitions	-	(2,930)	(1,206)	(2,930)
Goodwill impairment	-	-	-	-
Impairment and other items (2)	(104)	403	837	1,348
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	2,571	3,772	7,877	10,725
Costs related to PCS China	265	-	406	-
Costs associated with the evaluation of acquisitions	150	(810)	150	6,587
Acquisition agreement termination fee	-	30,000	-	30,000
Repatriation fees	-	393	-	393
Gain on settlement of life insurance policy	-	-	(7,710)	-
Costs associated with corporate legal entity restructuring	(198)	-	785	-
Convertible debt accounting (3)	53	53	160	160
Operating income, excluding specified charges (Non-GAAP)	\$ 45,033	\$ 44,132	\$ 151,729	\$ 136,747
Non-GAAP operating income as a % of net sales	16.2%	16.3%	17.8%	16.1%

(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 nine months ended September 24, 2011 includes a gain on the disposition of an RMS facility in Europe and costs to exit a leased corporate facility. In addition, the nine months ended September 24, 2011 includes an asset impairment associated with the Company's RMS large model operations, a gain on the disposition of an RMS Discovery Services facility in Michigan, and costs associated with exiting a defined benefit plan in RMS Japan. The three and nine months ended September 25, 2010 included items related primarily to an asset impairment associated with the Company's planned disposition of its PCS facility in Arkansas.

(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 TO NON-GAAP
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED) (1)
(dollars in thousands)

	<u>Three Months Ended</u>	
	<u>June 25, 2011</u>	
Research Models and Services		
Net sales	\$	178,163
Operating income		55,691
Operating income as a % of net sales		31.3%
Add back:		
Amortization related to acquisitions		1,699
Severance related to cost-savings actions		213
Impairment and other charges (2)		478
Operating income, excluding specified charges (Non-GAAP)	\$	58,081
Non-GAAP operating income as a % of net sales		32.6%
Preclinical Services		
Net sales	\$	110,100
Operating income		7,875
Operating income as a % of net sales		7.2%
Add back:		
Amortization related to acquisitions		4,098
Severance related to cost-savings actions		727
Impairment and other charges (2)		-
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas		2,660
Operating income, excluding specified charges (Non-GAAP)	\$	15,360
Non-GAAP operating income as a % of net sales		14.0%
Unallocated Corporate Overhead		
	\$	(10,252)
Add back:		
Severance related to cost-savings actions		(40)
Impairment and other charges (2)		-
Adjustment of contingent consideration related to acquisitions		(1,206)
Costs related to PCS China		-
Costs associated with the evaluation of acquisitions		-
Gain on settlement of life insurance policy		(7,710)
Costs associated with corporate legal entity restructuring		983
Convertible debt accounting (3)		54
Unallocated corporate overhead, excluding specified charges (Non-GAAP)	\$	(18,171)
Total		
Net sales	\$	288,263
Operating income		53,314
Operating income as a % of net sales		18.5%
Add back:		
Amortization related to acquisitions		5,797
Severance related to cost-savings actions		900
Adjustment of contingent consideration related to acquisitions		(1,206)
Impairment and other charges (2)		478
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas		2,660
Costs related to PCS China		-
Costs associated with the evaluation of acquisitions		-
Gain on settlement of life insurance policy		(7,710)
Costs associated with corporate legal entity restructuring		983
Convertible debt accounting (3)		54
Operating income, excluding specified charges (Non-GAAP)	\$	55,270
Non-GAAP operating income as a % of net sales		19.2%

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(2) The three and six months ended June 25, 2011 included 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. The six months ended June 26, 2010 included items related primarily to an asset impairment associated with the Company's planned disposition of its PCS facility in Arkansas.

(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>Nine Months Ended</u>	
	September 24, 2011	September 25, 2010	September 24, 2011	September 25, 2010
Net income (loss) attributable to common shareholders	\$ 18,798	\$ (24,941)	\$ 82,451	\$ 6,895
Less: Discontinued operations	<u>18</u>	<u>986</u>	<u>5,695</u>	<u>2,463</u>
Net income (loss) from continuing operations	18,816	(23,955)	88,146	9,358
Add back:				
Amortization related to acquisitions	5,277	6,027	16,454	18,246
Severance related to cost-savings actions	(75)	756	1,317	5,571
Impairment and other items (2)	(104)	403	837	1,348
Adjustment of contingent consideration related to acquisitions	-	(2,930)	(1,206)	(2,930)
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	2,836	3,772	8,283	10,725
Costs associated with the evaluation of acquisitions	150	(293)	150	8,137
Acquisition agreement termination fee	-	30,000	-	30,000
Gain on settlement of life insurance policy	-	-	(7,710)	-
Write-off of deferred financing costs related to amended credit agreement	1,450	4,542	1,450	4,542
Fees and tax costs associated with corporate subsidiary restructuring and repatriation	509	12,999	1,492	15,689
Convertible debt accounting, net (3)	3,496	3,333	10,216	9,615
Tax benefit from disposition of Phase I clinical business	-	-	(11,111)	-
Tax effect	<u>(3,647)</u>	<u>(5,819)</u>	<u>(10,548)</u>	<u>(19,218)</u>
Net income, excluding specified charges (Non-GAAP)	<u>\$ 28,708</u>	<u>\$ 28,835</u>	<u>\$ 97,770</u>	<u>\$ 91,083</u>
Weighted average shares outstanding - Basic	50,084,850	62,597,055	51,671,559	64,344,970
Effect of dilutive securities:				
Stock options and contingently issued restricted stock	<u>448,897</u>	<u>321,343</u>	<u>566,868</u>	<u>549,855</u>
Weighted average shares outstanding - Diluted	<u>50,533,747</u>	<u>62,918,398</u>	<u>52,238,427</u>	<u>64,894,825</u>
Basic earnings (loss) per share	\$ 0.38	\$ (0.40)	\$ 1.60	\$ 0.11
Diluted earnings (loss) per share	\$ 0.37	\$ (0.40)	\$ 1.58	\$ 0.11
Basic earnings per share, excluding specified charges (Non-GAAP)	\$ 0.57	\$ 0.46	\$ 1.89	\$ 1.42
Diluted earnings per share, excluding specified charges (Non-GAAP)	\$ 0.57	\$ 0.46	\$ 1.87	\$ 1.40

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- (2) The three and nine months ended September 24, 2011 includes a gain on the disposition of an RMS facility in Europe and costs to exit a leased corporate facility. In addition, the nine months ended September 24, 2011 includes an asset impairment associated with the Company's RMS large model operations, a gain on the disposition of an RMS Discovery Services facility in Michigan, and costs associated with exiting a defined benefit plan in RMS Japan. The three and nine months ended September 25, 2010 included items related primarily to an asset impairment associated with the Company's planned disposition of its PCS facility in Arkansas.
- (3) The three and nine months ended September 24, 2011 include the impact of convertible debt accounting adopted at the beginning of 2009, which increased interest expense by \$3,443 and \$10,056 and depreciation expense by \$53 and \$160, respectively. The three and nine months ended September 25, 2010 include the impact of convertible debt accounting which increased interest expense by \$3,280 and \$9,455 and depreciation expense by \$53 and \$160, respectively.

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

Three Months Ended

June 25, 2011

Net income attributable to common shareholders	\$	32,318
Less: Discontinued operations		<u>1,732</u>
Net income from continuing operations		34,050
Add back:		
Amortization related to acquisitions		5,797
Severance related to cost-savings actions		900
Impairment and other charges (2)		478
Adjustment of contingent consideration related to acquisitions		(1,206)
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas		2,660
Costs associated with the evaluation of acquisitions		-
Gain on settlement of life insurance policy		(7,710)
Fees and tax costs associated with corporate subsidiary restructuring and repatriation		983
Convertible debt accounting, net (3)		3,387
Tax benefit from disposition of Phase I clinical business		-
Tax effect		<u>(3,419)</u>
Net income, excluding specified charges (Non-GAAP)	\$	<u>35,920</u>
Weighted average shares outstanding - Basic		50,991,731
Effect of dilutive securities:		
Stock options and contingently issued restricted stock		689,006
Warrants		<u>-</u>
Weighted average shares outstanding - Diluted		<u>51,680,737</u>
Basic earnings per share	\$	0.63
Diluted earnings per share	\$	0.63
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 and six months ended June 25, 2011 included 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. The six months ended June 26, 2010 included items related primarily to an asset impairment associated with the Company's planned disposition of its PCS facility in Arkansas.

- (3) 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 \$53 and \$107, respectively. The three and six months ended June 26, 2010 include the impact of convertible debt accounting which increased interest expense by \$3,113 and \$6,175 and depreciation expense by \$53 and \$107, respectively.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP EARNINGS PER SHARE (EPS)
Guidance for the Twelve Months Ended December 31, 2011E

	2011E Guidance	
	<u>REVISED</u>	<u>PRIOR</u>
GAAP EPS Estimate	\$2.03 - \$2.08	\$2.11 - \$2.21
Add back:		
Amortization of intangible assets	\$0.29	\$0.29
Severance costs and operating losses (1)	\$0.20	\$0.13
Impairment and other items (2)	\$0.02	\$0.02
Convertible debt accounting	\$0.18	\$0.18
Gain on settlement of life insurance policy	(\$0.14)	(\$0.14)
Write-off of deferred financing costs related to amended credit agreement	\$0.03	
Tax benefit related to disposition of Phase I clinical business	(\$0.21)	(\$0.21)
Non-GAAP EPS Estimate	<u>\$2.40 - \$2.45</u>	<u>\$2.38 - \$2.48</u>

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(1) These items include severance costs associated with the Company's fourth-quarter 2010 and 2011 actions, as well as operating losses primarily attributable to the suspension of operations at its PCS facility in Massachusetts and the closure of its PCS facility in China.

(2) These items were related primarily to: (i) an asset impairment associated with the Company's RMS large model operations; (ii) costs associated with corporate legal entity restructuring; (iii) exiting a defined benefit plan in RMS Japan; (iv) an adjustment of contingent consideration related to acquisitions; (v) costs associated with evaluation of acquisitions; (vi) gains related to the dispositions of RMS facilities in Michigan and Europe; and (vii) costs to exit a corporate leased facility.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP NET INTEREST EXPENSE (1)
(dollars in thousands)

	Three Months Ended			
	September 24, 2011	June 25, 2011	September 25, 2010	December 25, 2011 ESTIMATED
GAAP Interest Expense, net	\$ 11,806	\$ 10,101	\$ 12,398	Approx. \$9,500
Exclude:				
Convertible debt accounting, net	(3,443)	(3,333)	(3,280)	~(3,500)
Costs associated with the evaluation of acquisitions	-	-	(517)	-
Write-off of deferred financing costs related to debt extinguishment	(1,450)	-	(4,542)	-
Non-GAAP Interest Expense, net	<u>\$ 6,913</u>	<u>\$ 6,768</u>	<u>\$ 4,059</u>	<u>Approx. \$6,000</u>

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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>Nine Months Ended</u>	
	September 24, 2011	September 25, 2010	September 24, 2011	September 25, 2010
Net income (loss) from continuing operations before income taxes & noncontrolling interest	\$ 24,541	\$ (7,578)	\$ 100,008	\$ 38,901
Add back:				
Amortization related to acquisitions	5,277	6,027	16,454	18,246
Severance related to cost-savings actions	(75)	756	1,317	5,571
Impairment and other items (2)	(104)	403	837	1,348
Adjustment of contingent consideration related to acquisitions	-	(2,930)	(1,206)	(2,930)
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	2,836	3,772	8,283	10,725
Costs associated with the evaluation of acquisitions	150	(293)	150	8,137
Acquisition agreement termination fee	-	30,000	-	30,000
Gain on settlement of life insurance policy	-	-	(7,710)	-
Write-off of deferred financing costs related to amended credit agreement	1,450	4,542	1,450	4,542
Fees associated with corporate subsidiary restructuring and repatriation	(198)	393	785	393
Convertible debt accounting, net (3)	3,496	3,333	10,216	9,615
Net income, excluding specified charges (Non-GAAP)	<u>\$ 37,373</u>	<u>\$ 38,425</u>	<u>\$ 130,584</u>	<u>\$ 124,548</u>
Provision for income taxes (GAAP)	\$ 5,630	\$ 16,670	\$ 11,564	\$ 30,577
Tax effect on amortization, severance, impairment and other charges	3,647	5,819	10,548	19,218
Tax costs associated with corporate subsidiary repatriation	(707)	(12,606)	(707)	(15,296)
Tax benefit from disposition of Phase I clinical business	-	-	11,111	-
Provision for income taxes (Non-GAAP)	<u>\$ 8,570</u>	<u>\$ 9,883</u>	<u>\$ 32,516</u>	<u>\$ 34,499</u>
Tax rate (GAAP)	22.9%	-220.0%	11.6%	78.6%
Tax rate, excluding specified charges (Non-GAAP)	22.9%	25.7%	24.9%	27.7%

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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>June 25,</u>
	<u>2011</u>
Net income (loss) from continuing operations before income taxes & noncontrolling interest	\$ 42,805
Add back:	
Amortization related to acquisitions	5,797
Severance related to cost-savings actions	900
Impairment and other charges (2)	478
Adjustment of contingent consideration related to acquisitions	(1,206)
Operating losses for PCS China, PCS Massachusetts and PCS Arkansas	2,660
Costs associated with the evaluation of acquisitions	-
Gain on settlement of life insurance policy	(7,710)
Fees associated with corporate subsidiary restructuring	983
Convertible debt accounting, net (3)	<u>3,387</u>
Net income, excluding specified charges (Non-GAAP)	<u>\$ 48,094</u>
Provision for income taxes (GAAP)	\$ 8,649
Tax effect on amortization, severance, impairment and other charges	3,419
Tax costs associated with corporate subsidiary repatriation	-
Tax benefit from disposition of Phase 1 clinical business	<u>-</u>
Provision for income taxes (Non-GAAP)	\$ 12,068
Tax rate (GAAP)	20.2%
Tax rate, excluding specified charges (Non-GAAP)	25.1%

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

**Fiscal Year Ended
December 31,
2011E**

GAAP Tax Rate

Slightly greater than 14%

Amortization of intangible assets, severance costs and operating losses, impairment and other items, convertible debt accounting, adjustment of contingent consideration related to acquisitions, costs associated with the evaluation of acquisitions, tax benefit related to Phase I clinical disposition, tax-free gain on settlement of life insurance policy, write-off of deferred financing costs related to amended credit agreement, and fees associated with corporate subsidiary restructuring and repatriation

~11%

Non-GAAP Tax Rate

Slightly greater than 25%

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CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF FREE CASH FLOW (NON-GAAP) (1)
(dollars in thousands)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>		<u>Fiscal Year Ended</u> December 31, 2011E
	<u>September 24,</u> <u>2011</u>	<u>September 25,</u> <u>2010</u>	<u>September 24,</u> <u>2011</u>	<u>September 25,</u> <u>2010</u>	
Net cash provided by operating activities	\$ 48,248	\$ 16,827	\$ 134,945	\$ 100,769	\$205,000-\$215,000
Add: WuXi PharmaTech termination fee	-	30,000	-	30,000	-
Less: Capital expenditures	<u>(8,222)</u>	<u>(9,128)</u>	<u>(21,672)</u>	<u>(26,853)</u>	<u>~(40,000)</u>
Free cash flow	<u>\$ 40,026</u>	<u>\$ 37,699</u>	<u>\$ 113,273</u>	<u>\$ 103,916</u>	<u>\$165,000-\$175,000</u>

(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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