

CHARLES RIVER LABORATORIES INTERNATIONAL INC
Form DEF 14A
March 31, 2016

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
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- o Fee paid previously with preliminary materials.
 - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

March 31, 2016

Dear Shareholder,

You are cordially invited to attend the 2016 Annual Meeting of Shareholders of Charles River Laboratories International, Inc. to be held at 8:30 a.m. on Wednesday, May 11, 2016, at the Conference Center at the offices of Goodwin Procter LLP, Exchange Place, 53 State Street, Boston, Massachusetts 02109.

At the Annual Meeting, nine persons will be elected to our Board of Directors. We will also seek shareholder approval of the Charles River Laboratories International, Inc. 2016 Incentive Plan. In addition, we will also hold a vote on an advisory resolution on our executive compensation and ask shareholders to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2016. Our Board of Directors recommends the approval of the proposals to elect the nine directors, to authorize the new equity incentive plan, to approve the advisory vote on our executive compensation and to ratify the selection of PricewaterhouseCoopers LLP. Such other business will be transacted as may properly come before the Annual Meeting.

Whether you plan to attend the Annual Meeting or not, it is important that your shares are represented. Therefore, we urge you to complete, sign, date and return the enclosed proxy card promptly in accordance with the instructions set forth on the card. This will ensure your proper representation at the Annual Meeting.

Sincerely,

James C. Foster

Chairman, President and Chief Executive Officer

**YOUR VOTE IS IMPORTANT.
PLEASE RETURN YOUR PROXY PROMPTLY.**

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 11, 2016.

This Proxy Statement and our Annual Report to Shareholders are available at www.criver.com/annual2016.

In addition, our Annual Report on Form 10-K for fiscal year 2015 can be found on the same website.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To be Held on May 11, 2016

To the Shareholders of
Charles River Laboratories International, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Charles River Laboratories International, Inc., a Delaware corporation, will be held on Wednesday, May 11, 2016, at the Conference Center at the offices of Goodwin Procter LLP, Exchange Place, 53 State Street, Boston, Massachusetts 02109, at 8:30 a.m., for the following purposes:

1. To elect the nine (9) persons named in this Proxy Statement to our Board of Directors to hold office until the next Annual Meeting of Shareholders.
2. To approve an advisory resolution on our executive compensation.
3. To approve the Charles River Laboratories International, Inc. 2016 Incentive Plan.
4. To consider and act upon a proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016.
5. To transact such other business as may be properly brought before the Annual Meeting and any adjournments thereof.

The Board of Directors has fixed the close of business on March 15, 2016 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting and at any adjournments thereof.

All shareholders are cordially invited to attend the Annual Meeting. Attendance at the Annual Meeting will be limited to shareholders and those holding proxies from shareholders.

An admission ticket and government-issued picture identification will be required to enter the Annual Meeting. Any individual arriving without an admission ticket will not be admitted to the Annual Meeting unless it can be verified that the individual is a Charles River shareholder as of the record date for the Annual Meeting. Shareholders may obtain an Annual Meeting ticket by writing to the Corporate Secretary, Charles River Laboratories International, Inc., 251 Ballardvale Street, Wilmington, Massachusetts 01887. If you are a registered holder, please so indicate in your request. If your shares are held by a bank, broker, or nominee, you must enclose evidence of your ownership of shares with your ticket request, which you can obtain from your broker, bank or nominee. Please submit your ticket request and proof of ownership as promptly as possible in order to ensure you receive your ticket in time for the meeting. Admission to the Annual Meeting will be on a first-come, first-served basis.

By Order of the Board of Directors

David P. Johst
Corporate Secretary

March 31, 2016

Whether you plan to attend the Annual Meeting or not, you are requested to complete, sign, date and return the enclosed proxy card as soon as possible in accordance with the instructions on the proxy card. A pre-addressed, postage prepaid return envelope is enclosed for your convenience.

PROXY SUMMARY

The following is a summary which highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider, and you are urged to read the entire Proxy Statement carefully before voting.

Annual Meeting of Shareholders

Time and Date 8:30 a.m. on Wednesday, May 11, 2016
Place Conference Center at Goodwin Procter LLP, Exchange Place, 53 State Street, Boston, Massachusetts 02109
Record Date March 15, 2016
Voting Matters and Vote Recommendations

There are four items of business which we currently expect to be considered at our 2016 Annual Meeting. The following table lists those items of business and our Board's vote recommendation.

PROPOSAL	BOARD VOTE RECOMMENDATION
Election of Directors	For each director nominee
Advisory Vote to Approve Executive Officer Compensation	For
2016 Incentive Plan	For
Ratification of Independent Registered Public Accounting Firm	For

Director Nominees

The following table provides summary information about each of our director nominees.

Name	Director			Independent	2015 Committee Memberships					
	Age	Since	Occupation		AC	CC	CGNC	SPCAC	STC	EC
James C. Foster	65	1989	Chairman, President and CEO and of Charles River Laboratories International, Inc.	No				M		C
Robert Bertolini	54	2011	Former President and CFO of Bausch and Lomb Incorporated and former Executive Vice President and Chief Financial Officer of Schering-Plough Corp.	Yes	M			C		M
Stephen D. Chubb	72	1994	Special Limited Partner of Catalyst Healthcare Ventures and Former President and CEO of Allegro Diagnostics, Inc.	Yes	M					M
Deborah T. Kochevar	59	2008	Dean, Cummings School of Veterinary Medicine, Tufts University	Yes		M	M			M
George E. Massaro	68	2003	Former Vice Chairman, Huron Consulting Group, Inc.	Yes	C					M
George M. Milne, Jr.	72	2002	Venture Partner, Radius Ventures and former EVP, Pfizer Global Research and Development	Yes			C			M M

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C. Richard Reese	70	2007	Former CEO and Chairman of Iron Mountain Incorporated	Yes	C	M	M
Craig B. Thompson	63	2013	President and CEO, Memorial Sloan-Kettering Cancer Center	Yes		M	C M
Richard F. Wallman	64	2011	Former Senior Vice President and CFO, Honeywell International, Inc.	Yes	M	M	

Key: AC: Audit Committee; CC: Compensation Committee; CGNC: Corporate Governance and Nominating Committee; SPCAC: Strategic Planning and Capital Allocation Committee; STC: Science and Technology Committee; EC: Executive Committee; C: Chairperson; M: Member.

Advisory Vote on Executive Compensation/Changes to Executive Compensation Program in Fiscal 2015

Charles River shareholders provided very strong majority support for our named executives' compensation at our 2015 annual meeting of shareholders (97.7% of shares voted on this matter; 98.2% excluding abstentions). We attribute this level of support to the significant actions we implemented from 2012 through 2014, including significant changes to our executive compensation program during that period, as noted below:

We obtain advice and recommendations on executive compensation best practices from our independent external compensation consultant, Pay Governance LLC.

We shifted our Executive Long-Term Equity Incentive Compensation Program for our officers (including each of our named executives) to be more directly performance based by restructuring awards made to those officers so that they were comprised of approximately 60% Performance Share Units (PSUs) incorporating relative Total Shareholder Return (TSR) and non-GAAP Earnings Per Share (EPS) metrics, 20% stock options, and 20% restricted stock/units.

For the limited number of our executives with whom we had change-in-control agreements (which included each of our executive officers), we amended these agreements to eliminate any "gross up" payment by the Company of any "golden parachute" excise taxes.

We eliminated our Corporate Officer Discretionary Allowance (CODA) program.

We added a Clawback Policy to our Corporate Governance Guidelines.

We engage in substantial outreach efforts with our major shareholders to gather feedback, including 65% of the holders of our outstanding shares.

In addition to the changes noted above, we have taken further action this year by including "double-trigger" accelerated equity vesting in the 2016 Incentive Plan, which we are submitting to shareholders for their approval this year.

The Compensation Committee believes that these changes were responsive to feedback from investors and enhanced the performance orientation of our executive compensation program. In addition, we had a very strong fiscal year in 2015, with a 24.6% increase in our total shareholder return, and an 8.7% increase in non-GAAP EPS from continuing operations. Please see *Appendix A* to this Proxy Statement for a reconciliation of our non-GAAP EPS to GAAP EPS for 2015.

Accordingly, we are asking for shareholder approval of the compensation of our named executive officers as disclosed in this Proxy Statement.

2016 Incentive Plan

We are asking our shareholders to approve our 2016 Incentive Plan (the Plan) authorizing the issuance of up to 6,116,000 shares of our common stock. This includes 3,649,000 new shares and 2,467,000 of the shares remaining available for issuance under the existing 2007 Incentive Plan, which expires in 2017. Our Board believes that our continued growth depends, in large part, upon our ability to attract, motivate and retain key employees and directors, and that stock incentive awards are an important means of doing so. However, our current pool is not likely to be sufficient to satisfy our prospective equity compensation needs and with the 2007 Incentive Plan expiring, approval of a new plan is necessary to ensure that we can continue to issue stock incentive awards without disruption.

In addition, there are a number of other reasons why we believe approving this 2016 Incentive Plan is important:

The Plan will allow us to continue to grant equity awards, an important incentive tool for creating shareholder value.

Equity awards are critical as a recruiting and retention tool.

Equity awards are critical as a motivational tool.

We have demonstrated prudent equity compensation practices.

The Plan includes features designed to protect shareholder interests.

If the Plan is not approved, we would experience a serious disruption of our compensation programs and we would be compelled to increase the cash component of employee compensation.

Ratification of Auditors

We are asking our shareholders to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal 2016. Set forth below is a summary of PricewaterhouseCoopers' fees for services for fiscal years 2015 and 2014.

	2015	2014
Audit fees	\$ 5,015,295	\$ 4,944,012
Audit-related fees	1,560,100	869,500
Tax fees	1,468,071	791,442
All other fees	7,200	7,200
Total	\$ 8,050,666	\$ 6,612,154

Detail regarding these fees can be found on page 82 of this Proxy Statement.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

**251 Ballardvale Street
Wilmington, Massachusetts 01887
(781) 222-6000**

PROXY STATEMENT

**For Annual Meeting of Shareholders
To be Held May 11, 2016**

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Charles River Laboratories International, Inc., a Delaware corporation, of proxies,