Charles River to Acquire Genetic Models Inc.

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WILMINGTON, Mass., Jul 5, 2001 (BW HealthWire) -- Charles River Laboratories International, Inc. (NYSE:CRL), through its wholly-owned subsidiary Charles River Laboratories, Inc., today announced that it has entered into a definitive agreement to acquire Genetic Models, Inc. (GMi). GMi, headquartered in Indianapolis, offers proprietary and disease-specific rat models used in biomedical research. GMi's novel research models are used to find new treatments for disease conditions such as diabetes, obesity, cardiovascular disease, and kidney disease.

GMi's rat models are a strong strategic fit with Charles River's core research model segment. This acquisition is part of an ongoing process within Charles River of building a unique portfolio of proprietary animal models that target specific disease conditions. The lead research tool offered by GMi, the so-called ZDF (Zucker Diabetic Fatty), is a novel rat model that through genetic mutation and managed diet closely parallels human adult onset diabetes, and related symptoms such as obesity and cardiovascular disease. This model has become an increasingly popular research tool within the diabetes community in the US, despite limited availability. Other earlier stage GMi rat models target non-diabetic obesity, congestive heart failure, kidney failure and atherosclerosis.

Charles River's Chairman and CEO, James C. Foster, commented: "We're very pleased with this small but nonetheless strategic product line acquisition. This acquisition evidences our ongoing commitment to adding new, high value-added models that enable researchers to more precisely target a disease condition as they develop new treatments. We believe the use of these novel rat models in drug discovery and development will continue to grow, and we plan to leverage our international distribution to increase their availability in the US, as well as in Japan and Europe. While the development of unique mouse models has been ongoing for some time, we believe that disease-specific rat models may offer practical advantages over mice for certain research applications such as drug safety assessment."

Charles River will pay $4 million in cash to acquire all of the stock of GMi, from its founding shareholders. GMi's 2000 revenues of approximately $2.5 million are forecasted to grow nearly 50% in 2001, while maintaining continued strong profitability. The acquisition is expected to be nominally accretive to Charles River's earnings in 2001, and $0.01 next year. Charles River expects the stock purchase transaction, which is subject to customary closing conditions, to be completed in July. GMi's operations will be gradually integrated into Charles River's global research model operations.

Charles River Laboratories, based in Wilmington, Massachusetts, is a leading provider of critical research tools and integrated support services that enable innovative and efficient drug discovery and development. The Company is the global leader in providing the animal research models required in research and development for new drugs, devices and therapies. The Company also offers a broad and growing portfolio of biomedical products and services that enable customers to reduce cost, increase speed, and enhance productivity and effectiveness in drug discovery and development. Charles River's customer base spans over 50 countries, and includes all of the major pharmaceutical and biotechnology companies, as well as many leading hospitals and academic institutions. The Company operates 76 facilities in 15 countries worldwide.

This document contains "forward looking statements." Such statements involve a number of risks and uncertainties that could cause actual results to differ materially from those stated or implied by the forward looking statements, including acquisition integration risks, special interest groups, contaminations, industry trends, new displacement technologies, outsourcing trends, USDA and FDA regulation, changes in law, special interests groups, continued availability of products and supplies, personnel and control, and others that are described in the Risk Factors contained in Company's SEC filings, including on Form S-3, as filed on June 25, 2001. The Company disclaims any intent or obligation to update forward looking statements, and otherwise claims the safe harbor protections for forward looking statements afforded under The Private Securities Litigation Reform Act of 1995.

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