



Charles River Laboratories Provides Guidance for 2006 and Reaffirms Guidance for 2005

December 14, 2005

WILMINGTON, Mass.--(BUSINESS WIRE)--Dec. 14, 2005--Charles River Laboratories International, Inc. (NYSE:CRL) in conjunction with its analyst meeting held today in New York, provided guidance for 2006 and reaffirmed its previously announced guidance for the fourth quarter and full year 2005.

2006 Guidance

For 2006, the Company announced that at current exchange rates, revenue growth is expected to be in a range of 7-9%, including approximately a 1% negative effect from foreign exchange. The Research Models and Services segment is expected to grow in the mid-single digits, with higher growth in the North American Research Models business offset in part by continuing softness in demand for Transgenic Services. Benefiting by strong demand for outsourced development services, both the Preclinical and Clinical Services businesses are expected to grow in the low double digits.

GAAP earnings per diluted share for 2006 are expected to be in a range of \$2.07 to \$2.13. Non-GAAP earnings per diluted share in 2006 are expected to be in a range of \$2.46 to \$2.52, excluding the effect of the implementation on January 1, 2006, of Statement of Financial Accounting Standards No. 123R (SFAS 123R), "Share-Based Payment." Including the effect of SFAS 123R, non-GAAP earnings per diluted share are expected to be in a range of \$2.34 to \$2.40. A reconciliation of GAAP to non-GAAP earnings per diluted share, including the effect of SFAS 123R, is as follows:

Dollars in millions, except per share amounts	2005E	2005E EPS	2006E	2006E EPS
GAAP EPS (before stock option expense)		\$1.80-\$1.82		\$2.07-\$2.13
Inveresk Amortization	\$54.0	\$0.49	\$41.1	\$0.38
Inveresk Compensation Charges	\$7.8	\$0.08	\$1.2	\$0.01
4Q05 Cost Reductions	\$8.9	\$0.09	--	--
Accelerated Option Vesting	\$1.6	\$0.01	--	--
Repatriation		(\$0.21)		--
NON-GAAP EPS (before stock option expense)		\$2.26-\$2.28		\$2.46-\$2.52
Stock Option Expense	\$25.0	\$0.24	\$12.6	\$0.12
NON-GAAP EPS (after stock option expense)		\$2.02-\$2.04		\$2.34-\$2.40

James C. Foster, Chairman, President and Chief Executive Officer said, "Demand for outsourced drug discovery and development services continues to increase, and as a global leading provider of essential drug development products and services, we are positioned very well to support our clients in their efforts to bring new drugs, devices and therapies to market. In 2006, we will invest significantly in building capacity to accommodate the increasing demand for outsourced preclinical services. Expanding our capacity is essential if we are to meet or exceed our long-term financial goals, which are to achieve sales growth in a range of 11-12%, earnings per share growth in a range of 14-15%, operating margins of 25%, continued strong cash flow generation, and improving returns on invested capital."

Reaffirms 2005 Guidance

For the fourth quarter, at current exchange rates, the Company stated that it continues to expect revenue growth in a range of 19-22% compared to the fourth quarter of 2004. The Company said that GAAP earnings per diluted share will be in a range of \$0.52 to \$0.54, which includes previously announced fourth quarter one-time items. Excluding the net benefit of \$0.11 per diluted share from one-time items, and \$0.15 per diluted share from amortization of intangible assets and compensation charges related to the Inveresk acquisition, the Company reaffirmed its expectation that non-GAAP earnings per diluted share will be in a range of \$0.56 to \$0.58.

The Company previously announced that it expected to take a one-time, primarily non-cash charge of \$0.09 per diluted share in the fourth quarter of 2005 for impairment of fixed assets, intangible assets and lease obligations, and for severance costs related to headcount reductions. The purpose of the cost reduction actions is to improve overall operating efficiency, particularly with respect to the Interventional and Surgical Services (ISS), Transgenic Services, and Clinical Services businesses. Also in the fourth quarter, as previously announced, the Company accelerated vesting of certain stock options, which will result in a one time non-cash charge of \$0.01 per diluted share.

In addition to the one-time charges, the Company also announced its intention to repatriate up to \$150 million of its accumulated income earned outside the United States in a distribution that qualifies for the reduced tax rate under the American Jobs Creation Act of 2004. As a result of this repatriation, the Company expects that it will recognize a one-time net tax benefit conservatively estimated at \$15.0 million, or \$0.21 per diluted share. The net benefit of the cost reduction actions, accelerated vesting and the repatriation is expected to be approximately \$0.11 per diluted share in the fourth quarter of 2005.

The Company also reaffirmed its sales and non-GAAP guidance for 2005. Revenue growth is expected to be in a range of 45-46% and non-GAAP earnings per diluted share are expected to be between \$2.26 and \$2.28. As a result of the accelerated vesting of stock options, GAAP earnings per diluted share are now expected to be between \$1.80 and \$1.82.

Investor Meeting Webcast

The Company is hosting an analyst and investor meeting in New York City today at 8:30 a.m. to discuss the business outlook for Charles River Laboratories including a review of each of the Company's business segments and guidance for 2006. A live webcast of the conference will be available at ir.criver.com. The webcast replay will be available approximately three hours after the conference call and will remain available until December 21, 2005.

Use of Non-GAAP Financial Measures

This press release contains non-GAAP financial measures which exclude, among other items, amortization of intangible assets and other charges related to the Inveresk acquisition, specific one-time cost reduction activities effected in the fourth quarter of 2005, the acceleration of specified employee stock options, and the benefit to be received as a result of the Company's intention to repatriate cash in connection with the American Jobs Creation Act of 2004. We exclude these items from the non-GAAP financial measures because they are outside our normal operations. We believe that the inclusion of non-GAAP financial measures in this press release helps investors to gain a meaningful understanding of our core operating results and future prospects, and is consistent with how management measures and forecasts the Company's performance, especially when comparing such results to prior periods or forecasts. Non-GAAP results also allow investors to compare the Company's operations against the financial results of other companies in the industry who similarly provide non-GAAP results. The non-GAAP financial measures included in this press release are not meant to be considered superior to or a substitute for results of operations prepared in accordance with GAAP. Reconciliations of the non-GAAP financial measures used in this press release to the most directly comparable GAAP financial measures are set forth in the text of, and the accompanying exhibits to, this press release, and can also be found on the Company's website at ir.criver.com.

Caution Concerning Forward-Looking Statements. This news release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "anticipate," "believe," "expect," "will," "may," "estimate," "plan," "outlook," and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These statements also include statements regarding the future demand for drug discovery and development products and services; specific actions intended to improve overall operating efficiencies and profitability, particularly with respect to the Interventional and Surgical Services, Transgenic Services, and Clinical Services businesses; the Company's intention to repatriate cash in connection with the American Jobs Creation Act of 2004; expectations regarding future stock option, restricted stock and other equity grants to the Company's employees and directors; and Charles River's future performance as delineated in our forward-looking guidance, and particularly our expectations with respect to sales growth, efficiency improvements and operating synergies. Forward-looking statements are based on Charles River's current expectations and beliefs, and involve a number of risks and uncertainties that are difficult to predict and that could cause actual results to differ materially from those stated or implied by the forward-looking statements. Those risks and uncertainties include, but are not limited to: challenges arising from the acquisition and integration of Inveresk Research Group; a decrease in research and development spending or a decrease in the level of outsourced services; acquisition integration risks; the ability to convert backlog to sales; special interest groups; contaminations; industry trends; new displacement technologies; USDA and FDA regulations; changes in law; continued availability of products and supplies; loss of key personnel; interest rate and foreign currency exchange rate fluctuations; changes in tax regulation and laws; changes in generally accepted accounting principles; and any changes in business, political, or economic conditions due to the threat of future terrorist activity in the U.S. and other parts of the world, and related U.S. military action overseas. A further description of these risks, uncertainties, and other matters can be found in the Risk Factors detailed in Charles River's Annual Report on Form 10-K as filed on March 9, 2005, as well as other filings we make with the Securities and Exchange Commission. Because forward-looking statements involve risks and uncertainties, actual results and events may differ materially from results and events currently expected by Charles River, and Charles River assumes no obligation and expressly disclaims any duty to update information contained in this news release except as required by law.

About Charles River Laboratories

Charles River Laboratories, based in Wilmington, Massachusetts, is a global provider of solutions that advance the drug discovery and development process. Our leading-edge products and services are designed to enable our clients to bring drugs to market faster and more efficiently. Backed by our rigorous, best-in-class procedures and our proven data collection, analysis and reporting capabilities, our products and services are organized into three categories spanning every step of the drug development pipeline: Research Models and Services, Preclinical Services, and Clinical Services. Charles River's customer base includes all of the major pharmaceutical companies and many biotechnology companies, government agencies and leading hospitals and academic institutions. Charles River's 8,400 employees serve clients in more than 50 countries. For more information on Charles River, visit our website at www.criver.com.

CONTACT: Charles River Laboratories

Investor Contact:

Susan E. Hardy, 781-262-7616

Corporate Vice President, Investor Relations

or

Media Contact:

Elizabeth A. Ferber, 978-658-6000 Ext. 1693

Director, Global Communications

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