



## Charles River Laboratories Announces Second-Quarter 2006 Results from Continuing Operations

August 8, 2006

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- Net Sales Increase of 6.8% on Preclinical Services Growth of 14.1%
- GAAP EPS of \$0.46 and Non-GAAP EPS of \$0.57
- Non-GAAP EPS Increase 21% from \$0.47 in First Quarter of 2006
- Benefit of Strategic Initiatives Drives Operating Efficiency

WILMINGTON, Mass.--(BUSINESS WIRE)--Aug. 8, 2006-- Charles River Laboratories International, Inc. (NYSE: CRL) today reported second-quarter and year-to-date 2006 financial results. Beginning this period, the Company is reporting results from continuing operations, reflecting its strategic portfolio realignment to focus on its core competencies in research models and preclinical services. As a result of the of the intended sale of the Clinical Phase II - IV business and closure of the Interventional and Surgical Services (ISS) business (announced on May 9, 2006), these businesses are now reported as discontinued operations, and the Company has reclassified historical comparisons accordingly.

Net sales from continuing operations increased 6.8% in the second quarter of 2006, to \$267.9 million from \$250.9 million in the second quarter of 2005. The sales increase was driven by strong Preclinical Services sales, while sales from Research Models & Services (RMS) were unchanged from the second quarter of 2005. GAAP earnings from continuing operations were \$0.46 per diluted share, compared to \$0.43 per diluted share in the second quarter of last year, and on a non-GAAP basis, earnings from continuing operations were \$0.57 per diluted share, compared to \$0.55 per share in the prior period. On a sequential basis, non-GAAP earnings from continuing operations increased 21.3% from \$0.47 per diluted share reported in the first quarter of 2006, and GAAP earnings from continuing operations increased 17.9% from \$0.39 per diluted share.

"We are very pleased with the progress we achieved during the second quarter," said James C. Foster, Chairman, President and Chief Executive Officer. "Exceptional sales growth in the Preclinical Services segment, due in part to new capacity, stable pricing, an optimal study mix and improved operating efficiency, translated into stronger sales and operating income growth for the quarter. In the RMS segment, we saw improvement in Vaccine product sales and another strong quarter for our In Vitro business, however, ongoing cost reductions by several large pharmaceutical customers limited research model sales."

Mr. Foster continued, "At Charles River, we remain committed to further strengthening our core businesses, by executing our planned capacity expansion, increasing operational efficiencies, and enhancing our management team and scientific expertise. During the balance of this year, we will continue to focus on these key initiatives as a means to advance our goal of building a stronger foundation for our business, our customers, and our shareholders over the long term."

### Second-Quarter Results

Net sales from continuing operations increased 6.8% to \$267.9 million in the second quarter of 2006, compared to \$250.9 million in the same period in 2005.

On a GAAP basis, net income from continuing operations was \$32.8 million, or \$0.46 per diluted share, for the second quarter of 2006, compared to \$31.0 million, or \$0.43 per diluted share, for the second quarter of 2005. In accordance with Statement of Financial Accounting Standards No. 123R (SFAS 123R), "Share-Based Payment," which the Company adopted on January 1, 2006, second-quarter 2006 results included \$3.3 million, or \$0.03 per share, of stock option expense.

On a non-GAAP basis, net income from continuing operations was \$40.9 million for the second quarter of 2006, an increase of 2.6% from \$39.9 million for the same period in 2005. Second-quarter earnings per diluted share on a non-GAAP basis were \$0.57, compared to \$0.55 per share in the second quarter of 2005. Non-GAAP net income and earnings per share for the second quarter of 2006 excluded the following planned charges which were recorded during the period:

- \$5.3 million, or \$0.05 per diluted share, for cost-saving initiatives. In the RMS segment, the charges were \$2.3 million for closure of two small vaccine facilities and a management consolidation in the Transgenic Services business. In the Preclinical Services segment, the charges were \$3.0 million, for headcount reductions, primarily in the Montreal facility, and closure of a small Interventional and Surgical Services operation in Ireland.
- \$8.6 million, or \$0.08 per share, of amortization and stock-based compensation costs associated with the acquisition of Inveresk.

Non-GAAP results for the second quarter of 2005 excluded \$12.9 million, or \$0.11 per diluted share, for Inveresk-related amortization and compensation costs.

Including a loss of \$7.0 million from discontinued operations, consolidated net income for the second quarter of 2006 was \$25.7 million, or \$0.36 per diluted share, compared to \$31.9 million, or \$0.44 per diluted share, in the second quarter of 2005.

### Research Models and Services (RMS)

Sales for the RMS segment were \$130.8 million in the second quarter of 2006, unchanged from the second quarter of 2005. Strong sales of Vaccine

and In Vitro products were offset by slower sales of research models in Europe and the United States and Transgenic Services, as a result of certain large pharmaceutical customers' efforts to reduce costs. In addition, foreign exchange reduced net sales by 0.6%.

In the second quarter of 2006, the RMS segment's gross and operating margins were lower than in the second quarter of last year, reflecting slower sales of research models, continuing softness in Transgenic Services, and \$1.3 million associated with the adoption of SFAS 123R. In addition, charges of \$2.3 million associated with cost-saving initiatives in the second quarter reduced the GAAP operating margin. On a GAAP basis, the segment's gross margin was 42.4%, compared to 44.1% for the second quarter of 2005, and the operating margin was 29.1%, compared to 32.9% for the same period last year. On a non-GAAP basis, which excludes the charges associated with cost-saving initiatives, the operating margin was 30.8%. Costs of SFAS 123R reduced the second-quarter 2006 GAAP and non-GAAP operating margins by 0.9% and 1.0%, respectively.

On a sequential basis, the RMS gross margin declined to 42.4% from 43.3% in the first quarter of 2006. The GAAP operating margin declined to 29.1% from 31.4%, and on a non-GAAP basis, the operating margin declined to 30.8% from 31.4% in the first quarter of 2006. Lower sales of research models in Europe and the United States were the primary drivers of the decline.

#### Preclinical Services

Results for the Preclinical Services segment now include the Phase I Clinical business, and historical results have been restated accordingly.

Second-quarter net sales for the Preclinical Services segment were \$137.0 million, an increase of 14.1% from the \$120.1 million in the second quarter of 2005. Sales were driven by a number of factors including: strong demand across the Company's largest facilities; a favorable study mix, particularly in Montreal; new capacity brought on line in the second quarter in existing facilities in Edinburgh, Massachusetts and Nevada; and higher sales of Discovery Services in Massachusetts.

On a GAAP basis, the Preclinical segment's gross margin was 37.7%, up from 36.5% for the second quarter of 2005. The operating margin improved to 16.4% from 15.5%. Significantly higher sales and improved operating efficiencies offset the \$3.0 million charge for cost-saving initiatives and \$1.6 million cost associated with adoption of SFAS 123R. On a non-GAAP basis, which excludes \$8.5 million of amortization related to the Inveresk acquisition and charges associated with cost-saving initiatives, the second-quarter operating margin increased to 24.8% compared to 24.3% for the second quarter of 2005. Non-GAAP operating income for the second quarter of 2005 excluded amortization and compensation charges related to Inveresk of \$10.6 million. The GAAP and non-GAAP operating margins increased in the second quarter of 2006 despite the costs associated with SFAS 123R, which reduced the GAAP and non-GAAP operating margins by 1.2%.

On a sequential basis, the Preclinical gross margin increased to 37.7% from 31.7% in the first quarter of 2006. The GAAP operating margin increased to 16.4% from 11.0% and on a non-GAAP basis, the operating margin increased to 24.8% from 17.6% in the first quarter of 2006. The increases were driven by higher sales growth and improved operating efficiency.

#### Six-Month Results

For the first six months of 2006, net sales from continuing operations increased by 6.0% to \$522.0 million, compared to \$492.3 million in the same period in 2005. The negative effect of foreign exchange reduced the six-month growth rate by approximately 1.6%.

On a GAAP basis, net income from continuing operations was \$61.3 million, or \$0.84 per diluted share, for the first half of 2006, compared to \$59.4 million, or \$0.84 per diluted share, for the same period in 2005. In accordance with SFAS 123R, first-half 2006 results included \$6.7 million, or \$0.06 per share, of stock option expense.

On a non-GAAP basis, net income from continuing operations was \$75.2 million, or \$1.03 per diluted share, for the first six months of 2006, compared to \$77.4 million, or \$1.08 per diluted share, for the same period in 2005. For the first six months of 2006, non-GAAP net income excluded the following charges:

- \$5.3 million, or \$0.05 per diluted share, for cost-saving initiatives.
- \$17.2 million, or \$0.16 per share, of amortization and stock-based compensation costs associated with the acquisition of Inveresk.

Non-GAAP net income for the first half of 2005 excluded Inveresk-related charges of \$26.1 million, or \$0.24 per diluted share.

Including a loss of \$135.7 million from discontinued operations, \$129.2 million of which resulted from the goodwill impairment recorded in the first quarter of 2006 related to the intended sale of the Clinical Phase II - IV business, the consolidated net loss for the first six months of 2006 was \$74.4 million, or \$1.02 per diluted share, compared to net income of \$59.5 million, or \$0.84 per diluted share, for the same period in 2005.

#### Research Models and Services (RMS)

For the first six months of 2006, RMS net sales were \$259.8 million, slightly higher than the first-half 2005 net sales of \$258.7 million, but an increase of 2.6% when excluding the negative effect of foreign exchange. The RMS segment gross margin was 42.9% in the first half of 2006, compared to 44.2% for the year-ago period, and the operating margin was 30.2% compared to 33.0%. On a non-GAAP basis, which excluded the \$2.3 million charge associated with cost-saving initiatives, the operating margin was 31.1%, compared to 33.0% in the first six months of 2005. Costs of \$2.7 million related to SFAS 123R reduced the GAAP and non-GAAP operating margins for the first half of 2006 by 1.0%.

#### Preclinical Services

For the first six months of 2006, Preclinical net sales were \$262.2 million, an increase of 12.2% over first-half 2005 net sales of \$233.6 million. Both the gross and operating margin were affected by the \$3.0 million charge for cost-saving initiatives. On a GAAP basis, the Preclinical segment gross margin was 34.8% in the first half of 2006, compared to 35.7% in the year-ago period, and the operating margin was 13.9% compared to 13.6%. On a non-GAAP basis, the operating margin was 21.4% in the first half of 2006 compared to 22.8% in the in the year-ago period. On a year-to-date basis, the cost of SFAS 123R was \$3.5 million, which reduced the GAAP and non-GAAP operating margins by 1.3%.

#### Stock Repurchase Program

Charles River presently has a stock repurchase authorization in place from its Board of Directors which provides for the purchase of up to \$300.0 million of its common stock. The Company repurchased stock under this authorization pursuant to a Rule 10b5-1 plan initiated in August 2005. Stock repurchases made under this plan totaled approximately 0.9 million shares at a cost of \$37.5 million through June 5, 2006, the date on which the Rule 10b5-1 plan was cancelled.

In the second quarter of 2006, as previously announced, the Company closed the sale of \$350 million of Convertible Senior Notes due in 2013. Concurrent with the sale of those notes, the Company repurchased approximately 3.7 million shares at a cost of \$148.9 million. Combined with stock repurchases made under the 10b5-1 plan, the Company has repurchased a total of approximately 4.6 million shares at a cost of \$186.4 million. There are currently no specific plans for the shares that have been or may be purchased under the authorization. As of July 1, 2006, Charles River had approximately 68.3 million shares of common stock outstanding.

The Company intends to implement an accelerated stock repurchase (ASR) program in the third quarter of 2006. Under the ASR program, the Company expects to repurchase approximately \$75.0 million of common stock, which would leave a balance of approximately \$39.0 million available for repurchases under the current authorization.

#### Guidance

The Company continues to maintain its forward-looking non-GAAP guidance based on continuing operations for 2006, which was originally provided with the first-quarter financial results on May 9, 2006. The 2006 GAAP guidance for continuing operations has been revised to reflect the reclassification to discontinued operations of the first-quarter 2006 Clinical Phase II - IV goodwill impairment charge of \$129.2 million, or \$1.81 per diluted share. In addition, a portion of the amortization and compensation charges related to Inveresk has been reclassified to discontinued operations, as the charges were related to the Clinical Phase II - IV business.

2006 GUIDANCE (from continuing operations)	REVISED
Net sales growth (in %)	6% - 8%
Sales (\$ in millions)	\$1,050 - \$1,075
GAAP EPS estimate	\$1.73 - \$1.79
Q2 cost-saving initiatives	\$0.05
Inveresk amortization and compensation charges	\$0.34
Non-GAAP EPS estimate	\$2.12 - \$2.18

Mr. Foster concluded, "While we do not expect the pressures impacting our pharma customers to improve in the near term, we believe that their growing emphasis on strategic outsourced services, the value of the essential products and services we provide and the strong relationships we maintain with our customers will enable us to achieve our goals for 2006."

#### Webcast

Charles River Laboratories has scheduled a live webcast on Wednesday, August 9, at 8:30 a.m. ET to discuss matters relating to this press release. To participate, please go to [ir.criver.com](http://ir.criver.com) and select the webcast link. You can also find the associated slide presentation and reconciliations to comparable GAAP measures on the website. The webcast will be available until 5:00 p.m. ET on August 23, 2006.

#### 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, goodwill impairment charges taken with respect to our Phase II - IV Clinical business, and strategic cost-saving initiatives. 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 without the effect of one-time charges, 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. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules and regulations. 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](http://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, including the outsourcing of these services; the impact of specific actions intended to improve overall operating efficiencies and profitability, particularly with respect to the Transgenic Services and Montreal businesses; the intended divestiture of the Company's Phase II - IV Clinical Services business; expectations regarding future stock option, restricted stock and other equity grants to the Company's employees and directors; expectations regarding stock repurchases, including the possible implementation of an ASR program; the timing of the opening of new and expanded facilities; future cost reduction activities by our customers; 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: the ability to successfully divest the Phase II - IV Clinical Services business without diverting attention or resources from the Company's core businesses; a decrease in research and development

spending, a decrease in the level of outsourced services, or other cost reduction actions by our customers; 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 14, 2006, 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 two categories which span the drug development pipeline: Research Models and Services, and Preclinical 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 8,500 employees serve clients in more than 50 countries. For more information on Charles River, visit our website at [www.criver.com](http://www.criver.com).

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)  
(dollars in thousands, except for per share data)

	Three Months Ended		Six Months Ended	
	July 1, 2006	June 25, 2005	July 1, 2006	June 25, 2005
Total net sales	\$267,859	\$250,890	\$522,000	\$492,300
Cost of products sold and services provided	160,749	149,286	319,385	294,628
Gross margin	107,110	101,604	202,615	197,672
Selling, general and administrative	50,031	41,070	92,765	80,107
Amortization of intangibles	9,377	11,476	18,452	23,080
Operating income (loss)	47,702	49,058	91,398	94,485
Interest income (expense)	(3,661)	(4,806)	(6,677)	(11,096)
Other, net	(736)	(598)	(688)	(252)
Income before income taxes and minority interests	43,305	43,654	84,033	83,137
Provision for income taxes	9,870	12,223	21,681	22,877
Income before minority interests	33,435	31,431	62,352	60,260
Minority interests	(654)	(422)	(1,056)	(907)
Income from continuing operations	32,781	31,009	61,296	59,353
Income (loss) from discontinued businesses, net of tax	(7,032)	851	(135,662)	155
Net income (loss)	\$25,749	\$31,860	\$(74,366)	\$59,508
Earnings (loss) per common share				
Basic:				
Continuing operations	\$0.46	\$0.44	\$0.86	\$0.88
Discontinued operations	\$(0.10)	\$0.01	\$(1.89)	\$-

Net income	\$0.36	\$0.46	\$(1.04)	\$0.88
Diluted:				
Continuing operations	\$0.46	\$0.43	\$0.84	\$0.84
Discontinued operations	\$(0.10)	\$0.01	\$(1.86)	\$-
Net income	\$0.36	\$0.44	\$(1.02)	\$0.84
Weighted average number of common shares outstanding				
Basic	70,851,430	69,738,107	71,615,867	67,807,103
Diluted	71,835,166	72,916,234	72,798,832	72,734,098

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)  
(dollars in thousands)

	July 1, 2006	December 31, 2005
Assets		
Current assets		
Cash and cash equivalents	\$193,067	\$114,821
Trade receivables, net	177,555	171,259
Inventories	69,036	65,128
Current assets held for sale	44,179	41,256
Other current assets	42,546	26,858
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Total current assets	526,383	419,322
Property, plant and equipment, net	440,348	387,501
Goodwill, net	1,097,932	1,097,590
Other intangibles, net	164,302	175,021
Deferred tax asset	100,633	68,046
Long-term assets held for sale	217,385	356,020
Other assets	70,103	34,709
	-----	-----
Total assets	\$2,617,086	\$2,538,209
	=====	=====
Liabilities and Shareholders' Equity		
Current liabilities		
Current portion of long-term debt	\$36,724	\$36,263
Accounts payable	26,813	28,727
Accrued compensation	35,449	38,238
Deferred income	82,352	95,564
Accrued liabilities	34,450	38,625
Current liabilities held for sale	31,968	30,414
Other current liabilities	27,367	43,581
	-----	-----
Total current liabilities	275,123	311,412
Long-term debt	571,808	259,902
Long-term liabilities held for sale	8,168	13,661
Other long-term liabilities	112,189	116,503
	-----	-----
Total liabilities	967,288	701,478
	-----	-----
Minority interests	8,808	9,718
Total shareholders' equity	1,640,990	1,827,013
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Total liabilities and shareholders' equity	\$2,617,086	\$2,538,209
	=====	=====

SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)  
(dollars in thousands)

	Three Months Ended		Six Months Ended	
	July 1, 2006	June 25, 2005	July 1, 2006	June 25, 2005
<b>Research Models and Services</b>				
Net sales	\$130,816	\$130,771	\$259,788	\$258,683
Gross margin	55,478	57,729	111,344	114,296
Gross margin as a % of net sales	42.4%	44.1%	42.9%	44.2%
Operating income	38,003	43,050	78,479	85,358
Operating income as a % of net sales	29.1%	32.9%	30.2%	33.0%
Depreciation and amortization	5,237	5,047	10,272	9,920
Capital expenditures	4,783	6,478	8,349	11,792
<b>Preclinical Services</b>				
Net sales	\$137,043	\$120,119	\$262,212	\$233,617
Gross margin	51,632	43,875	91,271	83,376
Gross margin as a % of net sales	37.7%	36.5%	34.8%	35.7%
Operating income	22,530	18,596	36,318	31,766
Operating income as a % of net sales	16.4%	15.5%	13.9%	13.6%
Depreciation and amortization	15,288	16,616	29,913	33,865
Capital expenditures	12,620	5,115	48,441	11,967
<b>Unallocated Corporate Overhead</b>	<b>\$(12,831)</b>	<b>\$(12,588)</b>	<b>\$(23,399)</b>	<b>\$(22,639)</b>
<b>Total</b>				
Net sales	\$267,859	\$250,890	\$522,000	\$492,300
Gross margin	107,110	101,604	202,615	197,672
Gross margin as a % of net sales	40.0%	40.5%	38.8%	40.2%
Operating income (loss)	47,702	49,058	91,398	94,485
Operating income as a % of net sales	17.8%	19.6%	17.5%	19.2%
Depreciation and amortization	20,525	21,663	40,185	43,785
Capital expenditures	17,403	11,593	56,790	23,759

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

	Three Months Ended		Six Months Ended	
	July 1, 2006	June 25, 2005	July 1, 2006	June 25, 2005
<b>Research Models and Services</b>				
Net sales	\$130,816	\$130,771	\$259,788	\$258,683
Operating income	38,003	43,050	78,479	85,358
Operating income as a % of net sales	29.1%	32.9%	30.2%	33.0%
Add back:				
Second-quarter actions	2,334	-	2,334	-
	-	-	-	-
Operating income, excluding				

specified charges (Non-GAAP)	40,337	43,050	80,813	85,358
Non-GAAP operating income as a % of net sales	30.8%	32.9%	31.1%	33.0%
Preclinical Services				
Net sales	\$137,043	\$120,119	\$262,212	\$233,617
Operating income	22,530	18,596	36,318	31,766
Operating income as a % of net sales	16.4%	15.5%	13.9%	13.6%
Add back:				
Amortization related to acquisition	8,532	10,610	16,789	21,393
Second-quarter actions	2,966	-	2,966	-
	-----			
Operating income, excluding specified charges (Non-GAAP)	34,028	29,206	56,073	53,159
Non-GAAP operating income as a % of net sales	24.8%	24.3%	21.4%	22.8%
Unallocated Corporate Overhead				
	\$(12,831)	\$(12,588)	\$(23,399)	\$(22,639)
Add back:				
Stock-based compensation related to acquisition	117	2,285	402	4,676
	-	-	-	-
	-----			
Unallocated corporate overhead, excluding specified charges (Non-GAAP)	(12,714)	(10,303)	(22,997)	(17,963)
Total				
Net sales	\$267,859	\$250,890	\$522,000	\$492,300
Operating income	47,702	49,058	91,398	94,485
Operating income as a % of net sales	17.8%	19.6%	17.5%	19.2%
Add back:				
Amortization related to acquisition	8,532	10,610	16,789	21,393
Stock-based compensation related to acquisition	117	2,285	402	4,676
Second-quarter actions	5,300	-	5,300	-
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Operating income, excluding specified charges (Non-GAAP)	61,651	61,953	113,889	120,554
Non-GAAP operating income as a % of net sales	23.0%	24.7%	21.8%	24.5%

Charles River management believes that 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 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.

	Three Months Ended		Six Months Ended	
	July 1, 2006	June 25, 2005	July 1, 2006	June 25, 2005
Net income (loss)	\$25,749	\$31,860	\$(74,366)	\$59,508
Less: Discontinued operations	7,032	(851)	135,662	(155)
Net income from continuing operations	32,781	31,009	61,296	59,353
Add back:				
Amortization related to acquisition	8,532	10,610	16,789	21,393
Stock-based compensation related to acquisition	117	2,285	402	4,676
Second-quarter actions:				
Severance	2,556		2,556	
Impairment	2,644		2,644	
Other	100		100	
Tax effect	(5,791)	(3,988)	(8,595)	(8,064)
Net income from continuing operations, excluding specified charges (Non-GAAP)	\$40,939	\$39,916	\$75,192	\$77,358
Calculation of earnings per common share, excluding specified charges (Non-GAAP):				
Net income for purposes of calculating earnings per share, excluding specified charges (Non-GAAP)	\$40,939	\$39,916	\$75,192	\$77,358
After-tax equivalent interest expense on 3.5% senior convertible debentures	-	295	-	1,463
Income for purposes of calculating diluted earnings per share, excluding specified charges (Non-GAAP)	\$40,939	\$40,211	\$75,192	\$78,821
Weighted average shares outstanding - Basic	70,851,430	69,738,107	71,615,867	67,807,103
Effect of dilutive securities:				
3.5% senior convertible debentures	-	1,202,939	-	2,981,197
Stock options and contingently issued restricted stock	851,925	1,633,092	1,043,535	1,604,147
Warrants	131,811	342,096	139,430	341,651
Weighted average shares outstanding - Diluted	71,835,166	72,916,234	72,798,832	72,734,098



Basic earnings (loss) per share	\$0.36	\$0.46	\$(1.04)	\$0.88
Diluted earnings (loss) per share	\$0.36	\$0.44	\$(1.02)	\$0.84
Basic earnings per share, excluding specified charges (Non-GAAP)	\$0.58	\$0.57	\$1.05	\$1.14
Diluted earnings per share, excluding specified charges (Non-GAAP)	\$0.57	\$0.55	\$1.03	\$1.08

Charles River management believes that 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 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.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)  
(dollars in thousands, except for per share data)

	Three Months Ended	
	April 1, 2006	March 26, 2005
Total net sales	\$254,141	\$241,410
Cost of products sold and services provided	158,636	145,342
Gross margin	95,505	96,068
Selling, general and administrative	42,734	39,037
Amortization of intangibles	9,075	11,604
Operating income (loss)	43,696	45,427
Interest income (expense)	(3,016)	(6,290)
Other, net	48	346
Income before income taxes and minority interests	40,728	39,483
Provision for income taxes	11,811	10,654
Income before minority interests	28,917	28,829
Minority interests	(402)	(485)
Income from continuing operations	28,515	28,344
Income (loss) from discontinued businesses, net of tax	(128,630)	(696)
Net income (loss)	\$(100,115)	\$27,648
Earnings (loss) per common share		
Basic:		
Continuing operations	\$0.40	\$0.43

Discontinued operations	\$(1.80)	\$(0.01)
Net income	\$(1.40)	\$0.42
Diluted:		
Continuing operations	\$0.39	\$0.41
Discontinued operations	\$(1.76)	\$(0.01)
Net income	\$(1.37)	\$0.40

Weighted average number of common shares  
outstanding

Basic	71,505,478	65,876,099
Diluted	72,890,237	72,526,888

Reclassified to reflect continuing and discontinued operations

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.  
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED)  
(dollars in thousands)

	Three Months Ended	
	-----	
	April 1, 2006	March 26, 2005
Research Models and Services		
Net sales	\$128,972	\$127,912
Gross margin	55,866	56,567
Gross margin as a % of net sales	43.3%	44.2%
Operating income	40,476	42,308
Operating income as a % of net sales	31.4%	33.1%
Depreciation and amortization	5,035	4,873
Capital expenditures	3,566	5,314
Preclinical Services		
Net sales	\$125,169	\$113,498
Gross margin	39,639	39,501
Gross margin as a % of net sales	31.7%	34.8%
Operating income	13,788	13,170
Operating income as a % of net sales	11.0%	11.6%
Depreciation and amortization	14,625	17,249
Capital expenditures	35,821	6,852
Unallocated Corporate Overhead	\$(10,568)	\$(10,051)
Total		
Net sales	\$254,141	\$241,410
Gross margin	95,505	96,068
Gross margin as a % of net sales	37.6%	39.8%
Operating income (loss)	43,696	45,427
Operating income as a % of net sales	17.2%	18.8%
Depreciation and amortization	19,660	22,122
Capital expenditures	39,387	12,166

Reclassified to reflect continuing and discontinued operations

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

Three Months Ended

	-----	
	April 1, March 26,	
	2006	2005
Research Models and Services		
Net sales	\$128,972	\$127,912
Operating income	40,476	42,308
Operating income as a % of net sales	31.4%	33.1%
Add back:		
Second-quarter actions	-	
	-----	
Operating income, excluding specified charges (Non-GAAP)	40,476	42,308
Non-GAAP operating income as a % of net sales	31.4%	33.1%
Preclinical Services		
Net sales	125,169	113,498
Operating income	13,788	13,170
Operating income as a % of net sales	11.0%	11.6%
Add back:		
Amortization related to acquisition	8,257	10,783
Second-quarter actions	-	-
	-----	
Operating income, excluding specified charges (Non-GAAP)	22,045	23,953
Non-GAAP operating income as a % of net sales	17.6%	21.1%
Unallocated Corporate Overhead	(10,568)	(10,051)
Add back:		
Stock-based compensation related to acquisition	285	2,391
	-	-
	-----	
Unallocated corporate overhead, excluding specified charges (Non-GAAP)	(10,283)	(7,660)
Total		
Net sales	254,141	241,410
Operating income	43,696	45,427
Operating income as a % of net sales	17.2%	18.8%
Add back:		
Amortization related to acquisition	8,257	10,783
Stock-based compensation related to acquisition	285	2,391
Second-quarter actions	-	-
	-----	
Operating income, excluding specified charges (Non-GAAP)	52,238	58,601
Non-GAAP operating income as a % of net sales	20.6%	24.3%

Reclassified to reflect continuing and discontinued operations

Charles River management believes that 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 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.

RECONCILIATION OF GAAP EARNINGS TO NON-GAAP EARNINGS  
(dollars in thousands, except for per share data)

	Three Months Ended	
	April 1, 2006	March 26, 2005
Net income (loss)	\$(100,115)	\$27,648
Less: Discontinued operations	128,630	696
Net income from continuing operations	28,515	28,344
Add back:		
Amortization related to acquisition	8,257	10,783
Stock-based compensation related to acquisition	285	2,391
Second-quarter actions:	-	-
Severance	-	-
Impairment	-	-
Other	-	-
Tax effect	(2,804)	(4,076)
Net income from continuing operations, excluding specified charges (Non-GAAP)	\$34,253	\$37,442
Calculation of earnings per common share, excluding specified charges (Non-GAAP):		
Net income for purposes of calculating earnings per share, excluding specified charges (Non-GAAP)	\$34,253	\$37,442
After-tax equivalent interest expense on 3.5% senior convertible debentures	-	1,168
Income for purposes of calculating diluted earnings per share, excluding specified charges (Non-GAAP)	\$34,253	\$38,610
Weighted average shares outstanding - Basic	71,505,478	65,876,099
Effect of dilutive securities:		
3.5% senior convertible debentures	-	4,759,455
Stock options and contingently issued restricted stock	1,239,254	1,550,175
Warrants	145,505	341,159
Weighted average shares outstanding - Diluted	72,890,237	72,526,888
Basic earnings (loss) per share	\$(1.40)	\$0.42
Diluted earnings (loss) per share	\$(1.37)	\$0.40
Basic earnings per share, excluding specified charges (Non-GAAP)	\$0.48	\$0.57
Diluted earnings per share, excluding specified charges (Non-GAAP)	\$0.47	\$0.53

Reclassified to reflect continuing and discontinued operations

Charles River management believes that 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 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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SOURCE: Charles River Laboratories International, Inc.