Charles River Laboratories Announces Fourth-Quarter and Full-Year 2005 Results

February 8, 2006

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- Q4 Sales Reach $291 Million and 2005 Sales Exceed $1.1 Billion
- Q4 GAAP Earnings Per Share of $0.69 and $0.59 on a Non-GAAP Basis
- 2005 GAAP Earnings Per Share of $1.96 and $2.29 on a Non-GAAP Basis
- Reaffirms 2006 Guidance

WILMINGTON, Mass.--(BUSINESS WIRE)--Feb. 8, 2006--Charles River Laboratories International, Inc. (NYSE:CRL): Charles River Laboratories International, Inc. (NYSE:CRL) today reported fourth-quarter and full-year 2005 financial results. Net sales for the fourth quarter of 2005 increased 22.3% to $291.2 million, including a negative foreign exchange effect of 2.8%, compared to $238.1 million reported in the fourth quarter of 2004. The increase was due primarily to a strong performance by the Preclinical Services business, which benefited from continuing robust demand for outsourced preclinical services and the October 2004 acquisition of Inveresk Research Group, as well as increased sales of North America Research Models and In Vitro products.

Net income on a GAAP basis was $50.4 million, or $0.69 per diluted share, in the fourth quarter of 2005, compared to $20.1 million, or $0.32 per diluted share, in the fourth quarter of 2004. On a non-GAAP basis, net income for the fourth quarter increased to $42.9 million compared to $31.2 million in the fourth quarter of 2004, an increase of 37.6%. Non-GAAP earnings per diluted share for the fourth quarter of 2005 increased 22.9% to $0.59, compared to $0.48 per diluted share in the fourth quarter of 2004. Non-GAAP results in the fourth quarter of 2005 exclude the impact of charges related to the acquisition of Inveresk, the impairment of fixed assets, intangible assets and lease obligations, severance costs, accelerated vesting of certain stock options, and a net benefit from repatriation of accumulated income earned outside the United States under the American Jobs Creation Act of 2004.

For fiscal 2005, net sales increased 46.3% to $1.12 billion from $766.9 million in 2004. Net income on a GAAP basis was $142.0 million, or $1.96 per diluted share, compared to $89.8 million, or $1.68 per diluted share, in 2004. On a non-GAAP basis, net income for 2005 increased 55.4% to $165.8 million, compared to $106.7 million in 2004. Non-GAAP earnings per diluted share were $2.29, compared to $1.98 per diluted share in 2004, an increase of 15.7%. Non-GAAP results for 2005 exclude the impact of charges related to the acquisition of Inveresk, the impairment of fixed assets, intangible assets and lease obligations, severance costs, accelerated vesting of certain stock options, and the net benefit from repatriation of accumulated income earned outside the United States.

James C. Foster, Chairman, President and Chief Executive Officer said, "Throughout 2005, our focus remained on fully supporting our customers while improving operating efficiency as we integrated the Inveresk operations with Charles River. We were very pleased with our Preclinical Services sales results, and ended the year with continuing robust demand for our services, especially in toxicology. We significantly improved the Preclinical non-GAAP operating margin, which on a year-over-year basis, increased to 21.9% from 17.4% in 2004. Our focus on Clinical Services' operations resulted in a non-GAAP operating margin increase to 15.3% for 2005 from 12.1% in the first quarter of 2005. And in December, we were pleased to see higher sales of research models. North America sales were up 12.7% for the quarter, which we believe is an indicator of demand for 2006."

"We are enthusiastic about 2006 as we focus on internal development and organic growth. The demand for drug development products and outsourced services is continuing to grow, and we are expanding our facilities to accommodate our customers' needs. Our West Coast research model facility expansion, which is scheduled to open in phases from late 2006 to mid-2007, will provide additional production capacity and needed space for preconditioning services. In Preclinical Services, we opened a large expansion in Montreal in early 2005 which is currently operating near capacity. In 2006, we will have additional capacity coming on line in a number of our existing facilities beginning with Edinburgh at the end of the first quarter, and ending with a new state-of-the-art facility in Massachusetts late in the fourth quarter. Another new facility will open in Nevada in mid-2007. These investments in our physical plant will significantly expand our preclinical capacity, positioning us to support our clients as they increase their use of strategic outsourced services. Our discussions with pharmaceutical and biotechnology clients confirm our belief that they will continue to outsource, and I'm very pleased to say that in the fourth quarter, we signed an amendment to an existing preferred provider agreement with a large biotechnology client which provides for additional services and dedicated space," he said.

Fourth-Quarter Actions

As the Company announced previously, a one-time, primarily non-cash charge was recorded 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 charges related to the planned closure of Preclinical Services Wisconsin, one of the Company's two Interventional and Surgical Services facilities; exiting one floor of the Company's Cary, North Carolina, Clinical Services facility; and severance costs resulting from the Wisconsin closure and headcount reductions in the Clinical Services and Research Models and Services (RMS) businesses. Also as previously announced, the Company recorded a one time, non-cash charge for the accelerated vesting of certain stock options. The net after tax effect of the fourth-quarter charges was $6.2 million, or $0.08 per diluted share.

Also in the fourth quarter of 2005, the Company repatriated $148.0 million of its accumulated income earned outside the United States (U.S.) in a distribution that qualified for the reduced tax rate under the American Jobs Creation Act of 2004. At the time of the Inveresk acquisition, and in anticipation of repatriating Inveresk's pre-acquisition non-U.S. earnings, the Company recorded a $41.0 million deferred tax liability using its regular U.S. corporate tax rate of 35%. During the fourth quarter of 2005, the Company recognized a one-time net after-tax benefit of $26.2 million, or $0.36 per diluted share; this benefit incorporates the impact of the repatriation, a tax reorganization, and the decision not to repatriate the remaining pre-acquisition non-U.S. Inveresk earnings. The Company decided not to repatriate the remaining pre-acquisition non-U.S. Inveresk earnings due to increased demand for cash outside the U.S. to fund expansion of the Company's preclinical facilities and increased United Kingdom pension funding requirements.

Business Segments Results

Research Models and Services

Fourth-quarter 2005 net sales for the RMS segment of the business were $125.6 million compared to $119.0 million in the previous year, an increase of 5.5% including a negative foreign exchange effect of 3.5%. Growth was due primarily to North America Research Model sales, which increased 12.7%, and In Vitro products, which gained 18.7%. The large animal business also reported significantly higher sales growth of 30.9%. Sales growth was partially offset by the negative effect of foreign exchange in our European and Japanese operations, and by the services businesses, particularly Transgenic Services sales in the United States. Primarily as a result of lower services sales, the effect of an additional week in the fourth quarter, and higher fuel costs, the gross margin declined slightly to 40.8% from 41.0% reported in the fourth quarter of 2004. However, higher fourth-quarter sales resulted in an operating margin improvement to 30.0% from 29.2% in the same period in 2004. When excluding $0.4 million of severance costs incurred as a result of headcount reductions, the non-GAAP operating margin was 30.3%.

Charles River's results are reported on a fiscal year basis which is the twelve-month period ending on the last Saturday in December. As a result, the Company periodically reports a 53-week year, with the additional week included in the fourth quarter. This was the case in 2005.

For fiscal 2005, RMS net sales were $503.2 million, an increase of 5.6% from the $476.7 million reported in 2004. Sales of North America Research Models gained 10.3% for the year and In Vitro Detection rose 23.7%, offset in part by slower growth rates for other businesses in the segment, especially Research Model Services. The gross margin was 42.9% compared to 43.4% in 2004, and the operating margin was 31.8% compared to 32.0% in 2004.

Preclinical Services

Net sales for the Preclinical Services segment were $132.7 million in the fourth quarter of 2005, an increase of 40.0% from the $94.8 million reported in the fourth quarter of 2004. The increase was due to continuing strong demand for outsourced development services and the acquisition of Inveresk.

The segment's gross margin declined to 32.8% from 33.1% in the fourth quarter of 2004. Operating income was $9.1 million in the fourth quarter of 2005, compared to $4.8 million last year. The operating margin was 6.9% compared to 5.1% in the fourth quarter of 2004, with the increase due primarily to higher sales and improved capacity utilization. When excluding amortization of $11.1 million related to the Inveresk acquisition and charges of $6.5 million due to the planned closure of Preclinical Services Wisconsin, the fourth-quarter non-GAAP operating margin rose to 20.1% from 18.3% in the fourth quarter of 2004.

On a sequential basis, the Preclinical fourth-quarter non-GAAP operating margin declined to 20.1% from 24.0% in the third quarter of 2005. The primary drivers of the margin decrease were the impact of the 53rd week, the negative effect of foreign exchange on operating costs in Montreal and an increase in period costs.

For fiscal 2005, Preclinical net sales were $488.5 million compared to $266.0 million in 2004, an increase of 83.7%. The gross margin for 2005 rose to 34.7% from 32.4% in 2004, and the operating margin was 12.0% compared to 12.6% in 2004. When excluding amortization of $41.8 million related to the Inveresk acquisition and the fourth-quarter charges, the non-GAAP operating margin increased to 21.9% from 17.4% in 2004, a gain of 450 basis points.

Clinical Services

For the fourth quarter of 2005, net sales for the Clinical Services segment were $32.8 million. The gross margin was 32.6% and the operating margin was 0.5%. When excluding amortization of $3.1 million related to the Inveresk acquisition and fourth-quarter charges of $1.8 million resulting from the leasehold impairment and headcount reduction, the non-GAAP operating margin was 15.5%.

For fiscal 2005, Clinical net sales were $130.5 million, the gross margin was 33.3%, and the operating margin was 4.6%. When excluding amortization of $12.1 million related to the Inveresk acquisition and the fourth-quarter charges, the non-GAAP operating margin was 15.3%.

Backlog

The backlog for Preclinical and Clinical Services at December 31, 2005, was $448 million compared to $431 million at the end of the third quarter and $425 million at the end of 2004. Net bookings increased 11.7% to $184 million and the net book-to-bill ratio rose to 1.11 from 1.06 in the third quarter of 2005. The Company does not report backlog for the RMS business segment because turnaround time from placement to completion of orders, both for products and services, is rapid.

Stock Repurchase Program

As previously disclosed, Charles River presently has an authorization to repurchase $100.0 million of its common stock. The stock purchases will be made from time to time on the open market, through block trades or otherwise in compliance with Rule 10b-18 of the federal securities laws. Depending on market conditions and other factors, these repurchases may be commenced or suspended at any time or from time to time without prior notice. Funds for the repurchases are expected to come from cash on hand or cash generated by operations.

As of December 31, 2005, the Company had repurchased 396,000 shares at a total cost of $17.5 million. Through February 8, 2006, the Company purchased an additional 128,400 shares at a total cost of $5.7 million. There are currently no specific plans for the shares that have been or may be purchased under the program. As of December 31, 2005, Charles River had approximately 72.4 million shares of common stock outstanding.

2006 Outlook

The following forward-looking guidance is based on current foreign exchange rates.

The Company reaffirmed its expectation that 2006 revenue growth will be in a range of 7% to 9%, including a 1% negative effect from foreign exchange. The Company also reaffirmed its expectation that GAAP earnings per diluted share for 2006, which include the effect of the implementation on January 1, 2006, of Statement of Financial Accounting Standards No. 123R (SFAS 123R), "Share-Based Payment," are expected to be in a range of $1.95 to $2.01. Non-GAAP earnings per diluted share are expected to be in a range of $2.34 to $2.40, and when excluding the effect of SFAS 123R, 2006 non-GAAP earnings per diluted share are expected to be in a range of $2.46 to $2.52, which is consistent with the Company's previous guidance. A reconciliation of GAAP to non-GAAP estimated earnings per diluted share is as follows:

$ in Millions, Except Per Share Amounts	2006E	2006E EPS
GAAP EPS		$ 1.95-$2.01
Stock Option Expense	$ 12.6	$ 0.12
EPS (excluding stock option expense)		$ 2.07-$2.13
Inveresk Amortization	$ 41.1	$ 0.38
Inveresk Compensation Charges	$ 1.2	$ 0.01
NON-GAAP EPS (excluding stock option expense)		$ 2.46-$2.52
Stock Option Expense	$ 12.6	$ 0.12
NON-GAAP EPS (including stock option expense)		$ 2.34-$2.40

Webcast

Charles River Laboratories has scheduled a live webcast on Thursday, February 9, at 8:30 a.m. ET to discuss matters relating to this press release. To participate, please go to 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 February 17, 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. 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, including the outsourcing of these services; the impact of 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; expectations regarding future stock option, restricted stock and other equity grants to the Company's employees and directors; the timing of the opening of new and expanded facilities; 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 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.

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

	Three Months Ended		Twelve Months Ended	
	Dec. 31, 2005	Dec. 25, 2004	Dec. 31, 2005	Dec. 25, 2004

Total net sales	$ 291,155	$ 238,061	$1,122,228	$ 766,917
Cost of products sold and services provided	185,610	152,341	693,493	468,351
Gross margin	105,545	85,720	428,735	298,566
Selling, general and administrative	54,099	39,287	189,544	121,448
Amortization of intangibles	15,170	13,204	58,172	16,795
Operating income	36,276	33,229	181,019	160,323
Interest income (expense)	(5,600)	(4,572)	(20,432)	(8,521)
Other, net	803	679	(174)	723
Income before income taxes and minority interests	31,479	29,336	160,413	152,525
Provision for income taxes	(19,332)	9,171	16,576	61,156
Income before minority interests	50,811	20,165	143,837	91,369
Minority interests	(393)	(88)	(1,838)	(1,577)
Net income	$ 50,418	$ 20,077	$ 141,999	$ 89,792
Earnings per common share				
Basic	$ 0.70	$ 0.33	$ 2.04	$ 1.81
Diluted	$ 0.69	$ 0.32	$ 1.96	$ 1.68
Weighted average number of common shares outstanding				
Basic	71,775,081	60,341,786	69,730,056	49,601,021
Diluted	73,161,997	67,035,677	72,902,385	56,045,848

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

	December 31, 2005	December 25, 2004
Assets		
Current assets		
Cash and cash equivalents	$ 114,821	$ 207,566
Trade receivables, net	203,274	201,794
Inventories	65,270	61,914
Other current assets	35,727	39,032
Total current assets	419,092	510,306
Property, plant and equipment, net	399,454	357,149
Goodwill, net	1,413,307	1,422,586
Other intangibles, net	199,148	256,294
Deferred tax asset	67,911	50,412
Other assets	34,708	30,088
Total assets	$ 2,533,620	$ 2,626,835

Liabilities and Shareholders' Equity		
Current liabilities		
Current portion of long-term debt	$ 80,195	$ 80,456
Accounts payable	30,447	28,672
Accrued compensation	40,358	46,037
Deferred income	116,302	117,490
Other current liabilities	88,110	76,460
Total current liabilities	355,412	349,115
Long-term debt	215,895	605,388
Other long-term liabilities	125,816	190,035
Total liabilities	697,123	1,144,538
Minority interests	9,718	9,792
Total shareholders' equity	1,826,779	1,472,505
Total liabilities and shareholders' equity	$ 2,533,620	$ 2,626,835

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

	Three Months Ended		Twelve Months Ended	
	Dec. 31, 2005	Dec. 25, 2004	Dec. 31, 2005	Dec. 25, 2004
Research Models and Services				
Net sales	$125,603	$119,017	$ 503,168	$476,668
Gross margin	51,288	48,852	215,649	206,797
Gross margin as a % of net sales	40.8%	41.0%	42.9%	43.4%
Operating income	37,685	34,721	159,756	152,556
Operating income as a % of net sales	30.0%	29.2%	31.8%	32.0%
Depreciation and amortization	5,216	4,760	20,016	17,872
Capital expenditures	7,367	11,194	24,742	26,559
Preclinical Services				
Net sales	$132,709	$ 94,772	$ 488,549	$265,977
Gross margin	43,564	31,329	169,684	86,230
Gross margin as a % of net sales	32.8%	33.1%	34.7%	32.4%
Operating income	9,116	4,815	58,594	33,622
Operating income as a % of net sales	6.9%	5.1%	12.0%	12.6%
Depreciation and amortization	17,522	14,943	67,602	25,443
Capital expenditures	19,044	11,747	71,266	18,493
Clinical Services				
Net sales	$ 32,843	$ 24,272	$ 130,511	$ 24,272
Gross margin	10,693	5,539	43,402	5,539
Gross margin as a % of net sales	32.6%	22.8%	33.3%	22.8%
Operating income	152	731	6,005	731
Operating income as a % of net sales	0.5%	3.0%	4.6%	3.0%
Depreciation and amortization	3,738	2,994	14,837	2,994
Capital expenditures	305	284	660	284
Unallocated Corporate Overhead	$(10,677)	$ (7,038)	$ (43,336)	$(26,586)

Total				
Net sales	$291,155	$238,061	$1,122,228	$766,917
Gross margin	105,545	85,720	428,735	298,566
Gross margin as a % of net sales	36.3%	36.0%	38.2%	38.9%
Operating income	36,276	33,229	181,019	160,323
Operating income as a % of net sales	12.5%	14.0%	16.1%	20.9%
Depreciation and amortization	26,476	22,697	102,455	46,309
Capital expenditures	26,716	23,225	96,668	45,336

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

	Three Months Ended		Twelve Months Ended	
	Dec. 31, 2005	Dec. 25, 2004	Dec. 31, 2005	Dec. 25, 2004
Research Models and Services				
Net sales	$ 125,603	$ 119,017	$ 503,168	$ 476,668
Operating income	37,685	34,721	159,756	152,556
Operating income as a % of net sales	30.0%	29.2%	31.8%	32.0%
Add back:				
Severance	365	-	365	-
Operating income, excluding specified charges (Non-GAAP)	38,050	34,721	160,121	152,556
Non-GAAP operating income as a % of net sales	30.3%	29.2%	31.8%	32.0%
Preclinical Services				
Net sales	$ 132,709	$ 94,772	$ 488,549	$ 265,977
Operating income	9,116	4,815	58,594	33,622
Operating income as a % of net sales	6.9%	5.1%	12.0%	12.6%
Add back:				
Amortization related to acquisition	11,113	9,610	41,788	9,610
Impairment	6,258	-	6,258	-
Severance	252	-	252	-
Proteomics write-off	-	2,956	-	2,956
Operating income, excluding specified charges (Non-GAAP)	26,739	17,381	106,892	46,188
Non-GAAP operating income as a % of net sales	20.1%	18.3%	21.9%	17.4%
Clinical Services				
Net sales	$ 32,843	$ 24,272	$ 130,511	$ 24,272
Operating income	152	731	6,005	731
Operating income as a % of net sales	0.5%	3.0%	4.6%	3.0%
Add back:				
Amortization related to acquisition	3,130	2,493	12,116	2,493

Impairment	1,573	-	1,573	-
Severance	246	-	246	-
Operating income, excluding specified charges (Non-GAAP)	5,101	3,224	19,940	3,224
Non-GAAP operating income as a % of net sales	15.5%	13.3%	15.3%	13.3%
Unallocated Corporate Overhead	$ (10,677)	$ (7,038)	$ (43,336)	$ (26,586)
Add back:				
Stock-based compensation related to acquisition	697	2,303	7,804	2,303
Acceleration of stock options	1,556	-	1,556	-
Repatriation	1,305	-	1,305	-
Unallocated corporate overhead, excluding specified charges (Non-GAAP)	(7,119)	(4,735)	(32,671)	(24,283)
Total				
Net sales	$ 291,155	$ 238,061	$1,122,228	$ 766,917
Operating income	36,276	33,229	181,019	160,323
Operating income as a % of net sales	12.5%	14.0%	16.1%	20.9%
Add back:				
Amortization related to acquisition	14,243	12,103	53,904	12,103
Impairment	7,831	-	7,831	-
Severance	863	-	863	-
Stock-based compensation related to acquisition	697	2,303	7,804	2,303
Acceleration of stock options	1,556	-	1,556	-
Repatriation	1,305	-	1,305	-
Proteomics write-off	-	2,956	-	2,956
Operating income, excluding specified charges (Non-GAAP)	62,771	50,591	254,282	177,685
Non-GAAP operating income as a % of net sales	21.6%	21.3%	22.7%	23.2%

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.

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

	Three Months Ended		Twelve Months Ended	
	Dec. 31, 2005	Dec. 25, 2004	Dec. 31, 2005	Dec. 25, 2004
Net income	$ 50,418	$ 20,077	$ 141,999	$ 89,792
Add back:				
Amortization related to acquisition	14,243	12,103	53,904	12,103
Stock-based compensation related to acquisition	697	2,303	7,804	2,303
Tax effect	(2,403)	(4,791)	(17,888)	(4,791)
Inveresk Charges	12,537	9,615	43,820	9,615
Impairment / Proteomics	7,831	2,956	7,831	2,956
Severance	863	-	863	-
Minority Interest on Proteomics write-off	-	(345)	-	(345)
Acceleration of stock options	1,556	-	1,556	-
Deferred financing cost	-	105	-	105
Tax effect	(4,078)	(1,210)	(4,078)	(1,210)
Fourth-Quarter Actions	6,172	1,506	6,172	1,506
Repatriation fees	1,305	-	1,305	-
Deferred tax reversal	(28,271)	-	(28,271)	-
Deferred financing cost	2,155	-	2,155	-
Tax effect	(1,403)	-	(1,403)	-
Repatriation	(26,214)	-	(26,214)	-
Deferred tax asset write-off	-	-	-	7,900
Valuation allowance release	-	-	-	(2,111)
European Reorganization	-	-	-	5,789
Net income, excluding specified charges (Non-GAAP)	$ 42,913	$ 31,198	$ 165,777	$ 106,702

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)	$ 42,913	$ 31,198	$ 165,777	$ 106,702
After-tax equivalent interest expense on 3.5% senior convertible debentures	-	1,090	1,208	4,125
Income for purposes of calculating diluted earnings per share, excluding specified charges (Non-GAAP)	$ 42,913	$ 32,288	$ 166,985	$ 110,827
Weighted average shares outstanding - Basic	71,775,081	60,341,786	69,730,056	49,601,021
Effect of dilutive securities:				
3.5% senior convertible debentures	-	4,759,455	1,462,474	4,759,455
Stock options and contingently issued restricted stock	1,241,411	1,593,121	1,424,740	1,346,665
Warrants	145,505	341,315	285,115	338,707
Weighted average shares outstanding - Diluted	73,161,997	67,035,677	72,902,385	56,045,848
Basic earnings per share	$ 0.70	$ 0.33	$ 2.04	$ 1.81
Diluted earnings per share	$ 0.69	$ 0.32	$ 1.96	$ 1.68
Basic earnings per share, excluding specified charges (Non-GAAP)	$ 0.60	$ 0.52	$ 2.38	$ 2.15
Diluted earnings per share, excluding specified charges (Non-GAAP)	$ 0.59	$ 0.48	$ 2.29	$ 1.98

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.