Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED DECEMBER 27, 2008

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO

Commission File No. 001-15943

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**06-1397316** (I.R.S. Employer Identification No.)
251 Ballardvale Street **Wilmington, Massachusetts** (Address of Principal Executive Offices)	**01887** (Zip Code)

(Registrant's telephone number, including area code): **(781) 222-6000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, $0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer o	Non-accelerated filer o (Do not check if smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☒

On June 28, 2008, the aggregate market value of the Registrant's voting common stock held by non-affiliates of the Registrant was approximately $4,303,090,433.

As of February 13, 2009, there were outstanding 66,789,799 shares of the Registrant's common stock, $0.01 par value per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement for its 2009 Annual Meeting of Stockholders scheduled to be held on May 7, 2009, which will be filed with the Securities and Exchange Commission not later than 120 days after December 27, 2008, are incorporated by reference into Part III of this Annual Report on Form 10-K. With the exception of the portions of the 2009 Proxy Statement expressly incorporated into this Annual Report on Form 10-K by reference, such document shall not be deemed filed as part of this Form 10-K.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
ANNUAL REPORT ON FORM 10-K

TABLE OF CONTENTS

PART I

Item 1. Business

General

This Annual Report on Form 10-K contains forward-looking statements regarding future events and the future results of Charles River Laboratories International, Inc. that are based on current expectations, estimates, forecasts, and projections about the industries in which Charles River operates and the beliefs and assumptions of our management. Words such as "expect," "anticipate," "target," "goal," "project," "intend," "plan," "believe," "seek," "estimate," "will," "likely," "may," "designed," "would," "future," "can," "could" and other similar expressions that are predictions of or indicate future events and trends or which do not relate to historical matters are intended to identify such forward-looking statements. These statements are based on current expectations and beliefs of Charles River and involve a number of risks, uncertainties, and assumptions that are difficult to predict. For example, we may use forward-looking statements when addressing topics such as: future demand for drug discovery and development products and services, including the outsourcing of these services; present spending trends and other cost reduction activities by our customers (particularly in light of the challenging economic environment); future actions by our management; the outcome of contingencies; changes in our business strategy; changes in our business practices and methods of generating revenue; the development and performance of our services and products; market and industry conditions, including competitive and pricing trends; changes in the composition or level of our revenues; our cost structure; the impact of acquisitions and dispositions; the timing of the opening of new and expanded facilities; our expectations with respect to sales growth, efficiency improvements and operating synergies (including the impact of specific actions intended to cause related improvements); changes in our expectations regarding future stock option, restricted stock, performance awards and other equity grants to employees and directors; changes in our expectations regarding our stock repurchases; expectations with respect to foreign currency exchange; assessing (or changing our assessment of) our tax positions for financial statement purposes; and our cash flow and liquidity. In addition, these statements include the availability of funding for our customers and the impact of economic and market conditions on them generally the effects of our first quarter 2009 cost-saving actions and other actions designed to manage expenses, operating costs and capital spending and to streamline efficiency, the timing of our repatriation of accumulated income earned outside the United States and the ability of Charles River to withstand the current market conditions. You should not rely on forward-looking statements because they are predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document or in the case of statements incorporated by reference, on the date of the document incorporated by reference. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in this Form 10-K under the section entitled "Our Strategy," the section entitled "Risks Related to Our Business and Industry," the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in our press releases and other financial filings with the Securities and Exchange Commission. We have no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or risks. New information, future events or risks may cause the forward-looking events we discuss in this report not to occur.

Corporate History

Charles River has been operating since 1947 and during that time, we have undergone several changes to our business structure. Charles River Laboratories International, Inc. was incorporated in 1994. In 2000, we completed the initial public offering of Charles River Laboratories International, Inc. Our stock is traded on the New York Stock Exchange under the symbol "CRL "and is included in the Standard & Poor's MidCap 400, 1000 and Composite 1500 Indices, the Dow Jones US Biotechnology Index, the NYSE Composite Index and the NYSE Healthcare Sector Index, among others. We are

headquartered in Wilmington, Massachusetts. Our headquarters mailing address is 251 Ballardvale Street, Wilmington, MA 01887, and the telephone number at that location is (781) 222-6000. Our Internet site is *www.criver.com*. Material contained on our Internet site is not incorporated by reference into this Form 10-K. Unless the context otherwise requires, references in this Form 10-K to "Charles River," "we," "us" or "our" refer to Charles River Laboratories International, Inc. and its subsidiaries.

This Form 10-K, as well as all other reports filed with the Securities and Exchange Commission are available free of charge through the Investor Relations section of our Internet site as soon as practicable after we electronically file such material with, or furnish it to, the SEC. You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. In addition, you may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (*http://www.sec.gov*) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Overview

We are a leading global provider of solutions that accelerate the drug discovery and development process, including research models and associated services, and outsourced preclinical services. The drug development process continues to require the steadily increasing investment of time and money—various studies and reports estimate it takes between 10-15 years, between $800 million and $1 billion, and exploration of more than 10,000 drug compounds to produce a single FDA approved drug. Charles River is positioned to leverage our core competencies in laboratory animal medicine and science, and regulatory-compliant preclinical services in an efficient and cost-effective way to aid our customers in bringing their drugs to market faster.

We currently have two reporting segments: Research Models and Services (RMS) and Preclinical Services (PCS). We provide the animal research models required in research and development of new drugs, devices and therapies and have been in this business for 60 years. We have built upon our core competencies to develop a diverse and growing portfolio of products and services. Our wide array of tools and services enables our customers to reduce costs, increase speed and enhance their productivity and effectiveness in drug discovery and development. Our customer base includes global pharmaceutical companies, biotechnology companies, as well as government agencies, and leading hospitals and academic institutions around the world. We currently operate approximately 70 facilities in 17 countries worldwide. Our products and services, supported by our global infrastructure and deep scientific expertise, enable our customers to meet many of the challenges of early-stage life sciences research. In 2008, our net sales from continuing operations were $1.34 billion, and while we had a net operating loss of $521.8 million, this included a $700.0 million goodwill impairment charge.

In recent years, we have completed a number of acquisitions that have broadened our present portfolio of high-end services to include general toxicology, specialty toxicology, discovery and imaging services, biopharmaceutical services and Phase I clinical services. In addition, these acquisitions:

- significantly expanded our overall corporate size;
- significantly increased the breadth of the products and services that we offer; and
- expanded and strengthened our global footprint in the growing market for pharmaceutical research and development services.

These acquisitions, which include the acquisitions of NewLab BioQuality AG and MIR Preclinical Services in 2008, have been critical in our continuing mission to support our key pharmaceutical and biotechnology customers, who are increasingly seeking full service, global partners to whom they can outsource more of their preclinical research and development efforts. By some estimates, the outsourced drug development services market is approximately $5.0 billion annually. It is thought that this represents only 20-25% of all of the drug development work currently performed, and is expected to increase over time as outsourcing trends continue.

In 2008, much of our focus has been dedicated towards our continued positioning of ourselves to take advantage of long-term opportunities to support our clients as they continue to outsource drug development services. The major elements of our capacity expansion program, which has been underway for three years and included the replacement of two of our larger existing PCS facilities with new, state-of-the-art facilities, are drawing to a close. We opened the first of the replacement sites in Massachusetts in 2007 and the second in Nevada in 2008. In addition, we opened a new PCS facility in China in late 2008, which we anticipate will be one of the first GLP-compliant facilities in China by the end of the first half of 2009, bolstering our efforts to become the partner of choice for our global pharmaceutical customers as they establish and expand research and development activities in China. We expect to open a new PCS facility in Sherbrooke (Canada) in the first quarter of 2009 in order to relieve capacity constraints at our Montreal facility. However, as a result of certain market factors which emerged in the second half of 2008 and negatively affected our sales growth, we evaluated our expansion plans and determined that we have sufficient capacity to accommodate our clients' current demand. Accordingly, we have delayed the expansion of our Ohio facility until 2010 when the industry will be better positioned to absorb additional capacity. In addition to our PCS capacity expansions, in 2008 we opened a new RMS facility in Maryland, in part to support the 10-year agreement with the National Cancer Institute to manage its research model colonies.

Research Models and Services (RMS). Charles River has been supplying research models to the drug development industry since 1947. With approximately 150 different strains, we continue to maintain our position as the global leader in the production and sale of research models, principally genetically and virally defined purpose-bred rats and mice. We also provide a variety of related services that are designed to assist our customers in supporting the use of research models in drug development. With multiple facilities located on three continents (North America, Europe and Asia (Japan)), we maintain production centers, including a total of approximately 180 barrier rooms or isolator facilities, strategically located near our customers. In 2008, RMS accounted for 49% of our total net sales and approximately 41% of our employees including approximately 128 science professionals with advanced scientific degrees.

Our RMS segment is comprised of (1) Research Models, (2) Research Model Services and (3) other related products and services.

Research Models. A significant portion of this business is comprised of the commercial production and sale of research models, principally purpose-bred rats, mice and other species for use by researchers. We provide our rodent models to numerous customers around the world, including most pharmaceutical companies, a broad range of biotechnology companies, many government agencies, and leading hospitals and academic institutions. We have approximately 23 production facilities located in 9 countries worldwide, which are strategically located to be in close proximity to our customers. Our research models include both standard strains and disease models such as those with compromised immune systems, which are increasingly in demand as early-stage research tools. The United States Food and Drug Administration (FDA) and foreign regulatory bodies typically require the safety and efficacy of new drug candidates be tested on research models like ours prior to testing in humans. As a result, our research models are an essential part of the drug discovery and development process.

Our rodent species have been and continue to be some of the most extensively used research models in the world, largely as a result of our continuous commitment to innovation and quality in the breeding process. Our research models are bred and maintained in controlled environments which are designed to ensure that the animals are free of specific viral and bacterial agents and other contaminants that can disrupt research operations and distort results. With our barrier room production capabilities, we are able to deliver consistently high-quality research models worldwide.

Our small research models include:

- outbred animals, which are genetically heterogeneous;
- inbred animals, which are genetically identical;

- hybrid animals, which are the offspring of two different inbred parents;
- spontaneous mutant animals, which contain a naturally occurring genetic mutation (such as immune deficiency); and
- other genetically modified research models, including knock-out models with one or more disabled genes and transgenic animals.

We also offer proprietary, disease-specific mouse and rat models used to find new treatments for diseases such as diabetes, obesity and cardiovascular and kidney disease. We are presently focusing our disease model program on four areas of research: cardiovascular, metabolic, renal and oncology which, in addition to providing overlapping disease modalities that support multiple uses of certain models, also permits us to concentrate on focused sales and marketing efforts.

In addition to our small research models, we also are a premier provider of high-quality purpose-bred, specific pathogen-free (SPF) or disease free, large research models to the biomedical research community, principally for use in their drug discovery and development studies.

Research Model Services. RMS also offers a variety of services, described below, designed to assist our customers in screening drug candidates faster. These services capitalize on the technologies and relationships developed through our research model business, and address the need among pharmaceutical and biotechnology companies to outsource the non-core aspects of their drug discovery activities. These services include those which are related to genetically defined research models for in-house research, as well as those services designed to implement efficacy screening protocols to improve the customer's drug evaluation process. We currently offer four major categories of research models services—Genetically Engineered Models and Services, Consulting and Staffing Services, Research Animal Diagnostics, and Discovery and Imaging Services.

Genetically Engineered Models and Services (GEMS). In this area of our business, we assist our customers in validating, maintaining, improving, breeding and testing research models purchased or created by our customers for biomedical research activities. While the creation of a genetically engineered model (GEM) can be a critical scientific event, it is only the first step in the discovery process. Productive utilization of GEMs requires significant additional technical expertise. We provide breeding expertise, model characterization (including genotyping and phenotyping) and colony development, quarantine, embryo cryopreservation, embryo transfer and health and genetic monitoring. We provide these services to over 500 laboratories around the world from pharmaceutical and biotechnology companies to hospitals and universities and maintain more than 1,000 different types of naturally occurring or genetically engineered models for our customers.

Consulting and Staffing Services. Building upon our core capability as the leading provider of high-quality research models, we manage animal care operations (including recruitment, training, staffing and management services) on behalf of government and academic organizations, as well as commercial customers. Demand for our services results from the growing trend by these research institutions to outsource internal functions or activities that are not critical to the core scientific innovation process, or for which they do not maintain the necessary resources in-house. In addition, we believe that our expertise in animal care and facility operations enhances the productivity and quality of our customers' animal care and use programs.

Research Animal Diagnostics. We assist our customers in monitoring and analyzing the health and genetics of the research models used in their research protocols. We developed this capability internally by building upon the scientific foundation created by the diagnostic laboratory needs of our research model business. Depending upon a customer's needs, we may serve as its sole-source testing laboratory, or as an alternative source supporting its internal laboratory capabilities. We believe that the continued growth in model development and characterization and utilization of specific disease models and GEMs will drive our future growth as the reference laboratory of choice for health and genetic testing of laboratory animals.

Discovery and Imaging Services. Augmenting our traditional model production and GEMS described above, we believe there are emerging opportunities to assist our customers in a variety of discovery and imaging areas, such as by speeding the development process by providing services that prepare models to be used in studies immediately upon arrival at the customer's facility, rather than requiring time and effort on the part of the customer to prepare the models. As a result of our veterinary medicine expertise, we are well positioned to provide such services, which include surgical procedures, feeding and aging, and biological and chemical modification. In addition, through our acquisition of MIR Preclinical Services, we now offer extensive *in vivo* imaging capabilities, as well as expertise in oncology and inflammation pharmacology. The Discovery and Imaging Services that we offer through our RMS business are complimentary to the Discovery Support services that we offer through our PCS business.

Other Related Research Model Products and Services. We also offer two other categories of products and services within RMS—endotoxin and microbial detection products and vaccine support.

Endotoxin and Microbial Detection (EMD or In Vitro). Our EMD business provides non-animal, or *in vitro*, methods for lot release testing of medical devices and injectable drugs for endotoxin contamination. We are committed to being the leader in providing our customers with *in vitro* alternatives as these methods become scientifically validated and commercially feasible, and toward that goal we work with and support the European Center for Validation of Alternative Methods in these efforts. Endotoxin testing uses a processed extract from the blood of the horseshoe crab, known as limulus amebocyte lysate (LAL). The LAL test is the first and only major FDA-validated *in vitro* alternative to an animal model test. The process of extracting blood is generally not harmful to the crabs, which are subsequently returned to their natural ocean environment. Our *in vitro* technology business produces and distributes endotoxin testing kits, reagents, software, accessories, instruments and associated services to pharmaceutical and biotechnology companies worldwide. We are a market leader in endotoxin testing, which is used for FDA-required quality control testing of injectable drugs and medical devices, their components and the processes by which they are manufactured.

We have developed the next generation of the endotoxin testing platform, known as the Endosafe Portable Testing System (Endosafe®-PTS™). The PTS is a portable endotoxin testing platform which allows rapid endotoxin testing in the central laboratory or in the field, affording researchers accurate and timely results. In 2006, we received FDA approval for the sale and marketing of the PTS system for FDA-required lot release endotoxin testing. The PTS can also be used for non-regulated applications, ranging from drug research and development to environmental monitoring. The PTS system has recently expanded into markets such as cell transplant and dialysis clinics, and, especially, nuclear pharmacies, where PTS is being adopted for lot release testing of nuclear medicines in response to pending FDA regulations. We are anticipating other opportunities developing as our customers react to the FDA's Process Analytical Technology (PAT) Initiative. In addition, over the next few years we look towards exploring other applications such as the environmental contaminant markets (pesticides and hazardous materials) and clinical diagnostics (infectious disease at point of care).

Vaccine Support. We are the global leader for the supply of specific pathogen-free, or SPF, chickens and fertile chicken eggs. SPF chicken embryos are used by animal health companies as self-contained "bioreactors" for the manufacture of live viruses. These viruses are used as a raw material primarily in poultry, as well as human vaccine, applications. The production of SPF eggs is done under biosecure conditions, similar in many ways to our research model production. We have a worldwide presence in North America with several SPF egg production facilities in the United States and contracted production capabilities in Hungary, and franchise operations in India, China and Australia. We also operate a specialized avian laboratory in the United States, which provides in-house testing quality control testing of the SPF flocks, offers testing services to vaccine companies and commercial poultry operations, and manufactures poultry diagnostics and bulk antigens for poultry vaccines.

Preclinical Services (PCS). Our PCS customers are principally engaged in the discovery and development of new drugs, devices and therapies.

Discovery represents the earliest stages of research in the life sciences, directed at the identification, screening and selection of a lead compound for future drug development. Discovery activities typically last anywhere from 4-6 years in conventional pharmaceutical research and development timelines.

Development activities, which follow, and which can take up to seven years, are directed at demonstrating the *safety*, *tolerability* and *clinical efficacy* of the selected drug candidates. During the preclinical stage of the development process, a drug candidate is tested *in vitro* (typically on a cellular or subcellular level in a test tube or multi-well petri plate) and *in vivo* (in research models) to support planned or on-going human trials. With our focus on early-stage drug development support, we view clinical Phase I studies as a strategic component of our preclinical service offerings.

The development services portion of our PCS business enables our customers to outsource their critical, regulatory-required drug and toxicology disposition activities to us. The demand for these services was historically driven by preclinical development programs of biotechnology companies, which traditionally have been outsourced, and also by the selective outsourcing strategy of larger global pharmaceutical companies. The necessary significant investments in personnel, facilities and other capital resources required in order to efficiently conduct and perform these activities means that global pharmaceutical companies and biotechnology companies are frequently choosing to outsource their development activities, allowing them to focus on their core competencies of innovation and early drug discovery and, particularly for pharmaceutical companies, promotion and market distribution.

We are one of the two largest providers of preclinical services worldwide and offer particular expertise in the design, execution and reporting of general and specialty toxicology studies, especially those dealing with innovative therapies and biologicals. We currently provide preclinical services at multiple facilities located in the United States, Canada, Europe and Asia (China). We have recently completed significant expansions at our preclinical facilities in Massachusetts and Nevada, and are nearing completion of an expansion of capacity in Canada. In recognition of the current market conditions, we are postponing the expansion of our Ohio facility until such time as our available capacity is filled, which we target as 2010. Our PCS segment represented 51% of our total net sales in 2008 and employed 59% of our employees including approximately 450 science professionals with advanced scientific degrees.

We currently offer the following preclinical services, in which we include both *in vivo* and *in vitro* studies, supportive laboratory services, and strategic preclinical consulting and program management to support product development from inception to proof of concept.

Toxicology. Toxicology is one of our core preclinical competencies and a competitive strength. Once a lead molecule is selected, the stage of preclinical development begins where appropriate toxicology studies are conducted to support initial clinical trials. These studies are performed on animal models to understand the toxic effects that a compound has on an organism over a variety of doses and over various time periods, and focus on safety and potential harmful effects. Our toxicology services feature:

- all the standard protocols for general toxicity testing (genotoxicity, safety pharmacology, acute, subacute, chronic toxicity and carcinogenicity potential) required for regulatory submissions supporting "first-in-human" to "first-on-the-market" strategies;

- expertise in specialty routes of administration and modes of administration (e.g., infusion, intravitreal administration, and inhalation), which are important not only for the testing of potential pharmaceuticals, but also for safety testing of medical devices, industrial chemicals, food additives, agrochemicals, biocides, nutraceuticals, animal health products and other materials;

- market-leading expertise in the conduct and assessment of reproductive and developmental toxicology studies (in support of larger scale, human clinical trials);

- services in important specialty areas such as ocular, bone, juvenile/neonatal, and immuno-toxicology as well as photobiology and dermal testing;

- work in all major therapeutic areas;

- study design and strategic advice to our clients based on our wealth of experience in support of drug development; and

- a strong history of aiding our sponsors in reaching their regulatory or internal milestones for safety testing, including studies addressing stem cell therapies, DNA vaccines, recombinant proteins, standard small molecules and medical devices.

Our toxicology facilities operate in compliance with Good Laboratory Practices (GLPs) as required by the FDA as well as other international regulatory bodies. Our facilities are regularly inspected by U.S. and other GLP compliance monitoring authorities, as well as our own and our customers' Quality Assurance departments.

Pathology Services. In the drug development process, the ability to identify and characterize clinical and anatomic pathologic change is critical in determining the safety of a new compound. We employ a large number of highly trained pathologists who use state-of-the-art techniques to identify potential compound-related changes within tissues, fluids and cells, as well as at the molecular level. Pathology support is critical for regulatory driven safety studies, but also for specialized investigative studies, discovery support, and stand-alone immunohistochemistry evaluations for monoclonal antibodies. Key "go/no-go" decisions regarding continued product development are typically dependent on the identification, characterization and evaluation of gross and microscopic pathology findings we perform for our clients.

Bioanalysis, Pharmacokinetics, and Drug Metabolism. In support of preclinical drug safety testing, our customers are required to demonstrate ample drug exposure, stability in the collected sample, kinetics of their drug or compound in circulation, the presence of metabolites, and with recombinant proteins and peptides, the presence of anti-drug antibodies. We have scientific depth in the sophisticated analytical techniques required to satisfy these requirements for a number of drug classes (including oligonucleotide and inhibitory RNAs). In the event that the sample analysis for preclinical study support translates to opportunities to analyze clinical samples for the same drug once human testing begins, we have opportunities to capture the benefits of bridging preclinical bioanalysis with later clinical development. Once the analysis is complete, our scientists evaluate the data to provide information on the pharmacokinetics and/or toxicokinetics of the exposure to the drug, as well as complete evaluation of the distribution of the drug or metabolites by radio-labeled techniques. Pharmacokinetics refers to understanding what the body does to a drug or compound once administered, including the process by which the drug is absorbed, distributed in the body, metabolized, and excreted (ADME); toxicokinetics refers to the same understanding as applied to potential toxic substances. Our clients require these studies for the full preclinical assessment of the disposition of the drug, the results of which are used in the final preclinical safety evaluation of the compound.

Discovery Support. At the earliest stages of lead compound identification, our scientists are engaged in evaluating the activity and efficacy of drug candidates in several important therapeutic areas, including:

- asthma (through our specialized disease model colonies);
- bone disease (using our state-of-the-art imaging and pathology capabilities);
- ophthalmology (using our models of neovascularization);
- general cardiovascular and device testing (using our surgical models); and
- early drug formulation and bioanalysis support and method development.

We also offer lead optimization strategies including early pharmacokinetic, metabolism, and toxicology support to help in early integrative drug selection criteria. The Discovery Support services that we offer through our PCS business are complimentary to the Discovery and Imaging Services that we offer through our RMS business.

Biopharmaceutical Services.

We provide specialized characterization, identity and safety testing of biologicals frequently outsourced by global pharmaceutical and biotechnology developers. Our laboratories in the United States, Germany (acquired in 2008 through our purchase of NewLab BioQuality AG), Scotland and Ireland provide timely, compliant molecular biology, virology, bioanalytical, immunochemistry, microbiology and related services. Our services in this area confirm that biological processes and the drug candidates produced are consistent, correctly defined, stable and essentially contaminant free. This type of testing is required by the FDA and other global regulatory authorities for our customers to obtain new drug approvals, to maintain government licensed manufacturing facilities and to release approved therapeutic products for patient treatment.

Our manufacturing services group grows and stores well-characterized early-stage client cell lines for later development or manufacture of therapeutic proteins and vaccines for clinical trials. We also collaborate with clients on process development, validation, manufacturing scale-up and biological testing.

Phase I Trials in Healthy, Normal and Special Populations

Phase I clinical trials are usually short duration studies conducted on a small number (20-100) of healthy human subjects (although special populations can be used) under highly controlled conditions. Testing is usually performed where trial participants can be closely monitored in a secure environment, such as at a clinic-type facility or hospital.

Our clinical services capabilities are centered around our premier Phase I clinic in Tacoma, Washington with a capacity of 250 beds. We focus our clinical services business on high-end clinical pharmacology studies in healthy participants. From a strategic perspective, we believe that our clinical services business benefits from pull-through from our preclinical and laboratory services (particularly with our biotechnology customers). Correspondingly, our preclinical and laboratory services businesses benefit from the presence of our Phase I clinical offerings as we can take advantage of enhanced economies of scale as well as "pull-down" from existing clinical customers.

We offer a wide range of Phase I clinical research services designed to move lead pharmaceutical candidates rapidly from preclinical development through Phase I pharmacokinetic tolerability and pharmacodynamic assessment to explore human pharmacology. We can conduct studies across a wide range of therapeutic areas, and have demonstrated experience in complex dose tolerance, radio-labeled, cardiac safety, pharmacokinetics, pharmacodynamics and bioavailability studies. In addition, we provide customers with high-end "first-in-human" studies for novel compounds, and expertise in complex drug-drug interaction studies. Participants at our clinics are evaluated through an intensive screening

process to ensure study suitability. We employ clinical regulatory compliance staff to monitor the conduct and reporting of Phase I trials and to assure management that these trials are conducted in compliance with appropriate regulatory requirements.

Our Strategy

Our objective is to be the preferred strategic global partner for our clients in accelerating the search for drugs, devices and therapies. From discovery through proof of concept, our goal is to deliver a full portfolio of products and services for drug discovery and development (which are almost entirely mandated by law) and to partner with our clients to create the greatest value and strategic benefit to them. Our business is primarily driven by the continued growth of research and development spending by pharmaceutical and biotechnology companies, the federal government and academic institutions, and of outsourced services. According to reports by the Biomedical Industry Advisory Group, it takes 11 to 16 years and costs in the range of $180 million to $1.65 billion, with an average cost of approximately $900 million, to bring a new drug to market. Similarly, a separate report by the Pharmaceutical Research and Manufacturers of America estimate that it takes 10 to 15 years and costs in excess of $800 million to develop a drug ($1.2 billion for a biologic).

As the pressure to develop a strong pipeline of innovative new drugs increases, so does the pressure to contain costs, to implement research in multiple countries simultaneously and to identify, hire and retain a breadth of scientific and technical experts. These pressures are becoming more intense as patent expiries approach for many of our customers, leading them to increasingly rationalize their portfolios around therapeutic areas, streamline their operations, and look to outside partners to manage their non-core activities. In order to facilitate and speed their research (as well as to convert largely fixed costs into variable expenses), our pharmaceutical and biotechnology customers are increasingly making strategic decisions to outsource services which can be provided by high-quality full service providers like us. For instance, many of our larger customers—particularly those in the pharmaceutical industry—have announced plans to rationalize their workforce and facilities and/or increase outsourcing in order to concentrate on their core businesses and new product research and identification. These challenges are also leading to an increase in the role of procurement for cost control purposes, resulting in more bundled services and unique and deeper partnership arrangements from the perspective of both facility management and breadth of service. Over the past several years, we believe that the increase in these actions and the necessary growth of outsourcing is being driven by a unique confluence of events, including:

- the current outlook for drugs coming off patent protection and resulting threats from generic drug manufacturers, which are expected to affect a large percentage of these companies' existing revenues in the intermediate future (up to an estimated 30% of pharmaceutical companies' revenues by 2012);
- the reduction over the past decade in growth rate of drugs gaining approval;
- increased pressure to find drugs to cure critical diseases, many of which are complex and chronic and affect small patient populations, increasing risk and cost of development while segmenting and shrinking the patient populations from blockbusters to smaller, more specialized indications;
- continued productivity and cost containment pressures on the medical device, diagnostics and biopharmaceutical industries due in part to escalating global healthcare costs, increasing concentration of buying power attributable to larger payors and governments, while customers in those fields simultaneously need to manage increased financial focus on operating margins and returns;
- increasing globalization of drug development (particularly increased research and development activity in the India and China markets);
- heightened regulatory authority scrutiny worldwide, particularly concerning drug safety; and

- enhanced urgency to push the growing number of new compounds through the drug pipeline.

Outsourcing allows our customers to concentrate their internal expertise and resources on early drug discovery, while continuing to advance their most promising products through the development pipeline. This creates opportunities for companies such as ours who can help optimize our clients' programs and assist in accelerating the drug discovery and development process. Our strategy is to capitalize on these opportunities by continuing to build our portfolio of premium, value-added products and services through internal development and investment, augmented by strategic "bolt-on" transactions.

Our customers have faced a challenging market environment toward the end of 2008 and start of 2009. Among the factors that have affected them, we have seen the following have the most material impact:

- Large pharmaceutical companies have intensified their cost-savings and efficiency actions, and have announced significant initiatives to improve their research and development productivity and enhance their drug pipelines. This focus has been manifested through reductions in infrastructure and by spending constraints. In the short term, we have seen large pharmaceuticals slow down their preclinical and Phase I studies in favor of their later-stage products as they reprioritize compound pipelines (focusing on the back-end of their pipelines in the near-term) and moderate their spending per drug candidate;

- Biotechnology customers, particularly those that are cash-negative, have been highly focused on rationing their liquid assets in a challenging funding environment. In general, funding for biotechnology companies has been compromised by the current economic crisis;

- Many customers are narrowing their pipeline focus to a smaller number of similar, high potential therapeutic areas where they may yield the greatest returns;

- Many larger customers have diversified their technology platform bases and have focused their portfolios across biologics (therapeutic proteins, antibodies, RNAi and vaccines) while retaining their core expertise in small molecules;

- Our customers generally have been focused on near-term cost constraints as they contend with the challenges of the global economic slowdown; and

- Senior management turnover and structural realignment has resulted in some internal turmoil and slower decision-making in some of our larger customers while they finalize and roll-out their restructuring plans.

While the short term consequences of these actions have temporarily mitigated the outsourcing growth rate trends, we believe that in the mid-term there is no fundamental change in our clients' drug development activities and strategies, and in fact these changes will provide enhanced outsourcing opportunities going forward. In particular, we believe that as larger pharmaceutical companies become leaner and more efficient, they will also become more conservative in their staffing, lose experienced personnel, and generally focus on their core competencies of fundamental research and development and commercialization. This should lead to resumption of outsourcing as they assess their key internal priorities. Charles River is positioned to address our customers' future needs, as we can:

- provide external expertise which may be too costly for our customers to build and/or maintain in-house;

- partner with customers to allow them to compensate for recent capacity reductions;

- provide flexible arrangements to better balance our clients' workload/staff requirements;

- provide customized solutions by therapeutic area;

- address our customers' demands for "non-core" but strategically important activities, such as *in vivo* biology, general and specialty toxicology and program management; and

- provide value to our customers through broad-based partnerships across the breadth of the Charles River portfolio.

In today's business environment, we believe there is a particular advantage in being a global, full service, high-quality provider of services throughout the drug discovery and development continuum. Many of our customers, especially large pharmaceutical companies, are attracted to Tier 1 contract research organizations with a full breadth of capabilities, and choose to establish preferred provider relationships with only a small number, which allows them to simplify their relationship management as well as access greater value from their outsourcing partner. Recent trends suggest that large pharmaceutical restructurings, with increased focus on key therapeutic areas, may favor larger contract research organizations who can present customers with the benefits of economies of scale and scope, global footprint and simplified communications and coordination. Those companies with critical mass and financial stability are likely to have an advantage, as we expect that customers will gravitate towards placing long-term studies with providers they can rely upon. We are focused on being recognized as a premier preferred provider and building broader and deeper long-term strategic partnerships with our customers. Accordingly, with many of our largest customers, we enter into global preferred provider agreements that span both segments of our business. And as the role of the procurement department of our customers in selecting outsourcing partners increases, we expect that global reach and the availability of value-added services will become essential, which will aid Charles River in capitalizing on future opportunities. In addition, in response to individual customer needs, we have also been flexible in entering into broad-based multi-year partnering arrangements, generally involving financial commitments from the customer, which tap into the broad array of physical and/or service resources that we provide, such as reserving dedicated space within existing facilities, building out space to a particular specification, working within our clients' infrastructure, or even establishing a new facility.

We intend to continue to broaden the scope of the products and services we provide across the drug development continuum primarily through internal development, which will be augmented, as needed, through focused acquisitions and alliances. Our approach to acquisitions is a disciplined one that seeks to target businesses that are a sound strategic fit and that offer the prospect of enhancing stockholder value. This strategy may include geographic expansion of existing core services, strengthening of one of our core services or the addition of a new product or service in a related or adjacent business. In 2008, we completed 6 acquisitions, ranging in size from $48.5 million to $1.4 million.

We believe that we are well positioned to exploit both existing and new outsourcing opportunities. As strategic outsourcing by our customers increases, we believe that our expertise in areas previously addressed by our customers' in-house capabilities allows us to provide a more flexible, efficient and cost-effective alternative for them. In short, because these products and services are the core of our business, we are able to build and maintain expertise and tap into economies of scale that are difficult for our customers to match with their internal capabilities.

We intend to focus our marketing efforts on, among other things, stimulating demand for further outsourcing across our entire portfolio. We believe that our ability to provide solutions that address all aspects of *in vivo* biology are increasingly attractive to our customers, and we are aligning our commercial activities to deliver flexible, customized programs designed to meet our client's global and site-specific needs, with an increasing emphasis on defining efficiency metrics and tangible value. In addition, as our customers narrow their focus toward specific therapeutic areas, we have increasingly aligned our services portfolio along therapeutic lines, particularly those subject to major research areas, such as oncology, metabolism, inflammation and cardiovascular. We have also focused on adding expertise in the biologics development areas. As a result of these collective efforts, we expect to be better positioned to gain market share by taking advantage of these trends, as well as broader based collaboration across the *in vivo* discovery to first-in-human continuum. In 2007 and 2008 we invested heavily in expanding our facilities capacity, which we expect to normalize beginning in 2009. Similarly,

we are investing in our information technology systems and resources in order to better serve our customers, harmonize our data, and streamline our processes.

Customers

Our customers continue to consist primarily of all of the major pharmaceutical companies, many biotechnology companies, animal health, medical device, diagnostic and other life sciences companies, and leading hospitals, academic institutions, and government agencies. We have stable, long-term relationships with many of our customers. During 2008, no single commercial customer accounted for more than 5% of our total net sales.

For information regarding net sales and long-lived assets attributable to both of our business segments for the last three fiscal years, please see Note 10 included in the Notes to Consolidated Financial Statements included elsewhere in this Form 10-K. For information regarding net sales and long-lived assets attributable to operations in the United States, Europe, Canada, Japan and other countries for each of the last three fiscal years, please review Note 10 included in the Notes to Consolidated Financial Statements included elsewhere in this Form 10-K.

Sales, Marketing and Customer Support

We sell our products and services principally through our direct sales force and account management teams, the majority of whom work in North America, with the balance in Europe and the Asia-Pacific countries. Our primary promotional activities include organizing scientific symposia, publishing scientific papers, making presentations and participating at scientific conferences and trade shows in North America, Europe and Asia. We supplement these scientifically based marketing activities with trade advertising, direct mail and newsletters. In 2008, we launched our newly designed website. The direct sales force is supplemented by international distributors and agents for our products and services, particularly with respect to our EMD and Biopharmaceutical Services business.

Our internal marketing/product management teams support the field sales staff and account management teams while developing and implementing programs to create close working relationships with customers in the biomedical research industry. We maintain client/customer service, technical assistance and consulting service departments, which address both our customers' routine and more specialized needs. We frequently assist our customers in solving problems related to animal husbandry, health and genetics, biosecurity, preclinical and clinical study design, regulatory consulting, protocol development and other areas in which our expertise is widely recognized as a valuable resource by our customers.

Competition

Our strategy is to be a leader in each of the markets in which we participate. We compete in the marketplace on the basis of quality, reputation, responsiveness, pricing, innovation, breadth of therapeutic and scientific expertise, timeliness and availability, supported by our professional bench strength in animal science and toxicology, global capabilities and strategically located facilities worldwide. We are able to offer a unique portfolio through our broad array of both routine and specialized preclinical services, as well as a wide range of research models and research model services.

The competitive landscape for our two business segments varies.

- For RMS, our main competitors include three smaller competitors in North America (each of whom have a global scope), and several smaller competitors in Europe and in Japan. Of our main U.S. competitors, two are privately held businesses and the third is a government funded, not-for-profit institution. We believe that none of our competitors in RMS has our comparable global reach, financial strength, breadth of product and services offerings, technical expertise or pharmaceutical and biotechnology industry relationships.

- As for PCS, we believe we are one of the two largest providers of preclinical services in the world, based on net service revenue. Our commercial competitors for preclinical services consist of both publicly held and privately owned companies, and it is estimated that the top five participants (including Charles River) account for approximately 50% of the global market (exclusive of clinical services), with the rest of the market remaining highly fragmented. Our PCS segment (including our Phase I business) also competes with in-house departments of pharmaceutical and biotechnology companies, universities and teaching hospitals. Independently, the Phase I clinical services market is highly fragmented, with many public and private participants sharing the bulk of the market augmented by a number of smaller, limited-service providers also providing capacity.

We believe that the barriers to entry in certain of our business units, particularly those which require substantial capital expenditures, trained and specialized personnel, and mandate GLP compliant practices, are generally high and present a significant impediment for new market participants.

Industry Support and Animal Welfare

One of our core values is a concern for and commitment to animal welfare. We have been in the forefront of animal welfare improvements in our industry, and continue to show our commitment with special recognition programs for employees who demonstrate an extraordinary commitment in this critical area of our business. We created our own Humane Care Initiative, which is directed by our Animal Welfare and Training Group. The goal of the initiative is to assure that we continue as a worldwide leader in the humane care of laboratory animals. Laboratory animals are an important resource that further our knowledge of living systems and contribute to the discovery of life-saving drugs and procedures. We work hand-in-hand with the scientific community to understand how living conditions, handling procedures and stress play an important role in the quality and efficiency of research. As animal caregivers and researchers, we are responsible to our clients and the public for the health and well being of the animals in our care.

We support a wide variety of organizations and individuals working to further animal welfare as well as the interests of the biomedical research community. We fund scholarships to laboratory animal training programs, provide financial support to non-profit institutions that educate the public about the benefits of animal research and provide awards and prizes to outstanding leaders in the laboratory animal medicine field.

Employees

As of December 27, 2008, we had approximately 9,000 employees including approximately 577 science professionals with advanced degrees, including approximately 143 D.V.M.s, 191 Ph.D.s and 13 M.D.s. Our employees are not unionized in the United States, although employees are unionized at some of our European facilities, consistent with local customs for our industry. Our annual satisfaction surveys indicate that we have an excellent relationship with our employees.

Backlog

Our backlog for our PCS business segment was approximately $310.7 million at December 27, 2008 as compared to $393 million at December 29, 2007. Our preclinical services are performed over varying durations, from short to extended periods of time, which may be as long as several years. We maintain an order backlog to track anticipated revenue from studies and projects that either have not started, but are anticipated to begin in the near future, or are in process and have not been completed. We only recognize a study or project in backlog after we have received written evidence of a customer's intention to proceed. We do not recognize verbal orders. Cancelled studies or projects are removed from backlog.

We believe our aggregate backlog as of any date is not necessarily a meaningful indicator of our future results for a variety of reasons. First, studies vary in duration (i.e., some studies that are

included in 2008 backlog may be completed in 2009, while others may be completed in later years). Second, the scope of studies may change, which may either increase or decrease their value. Third, studies included in backlog may be subject to bonus or penalty payments. Fourth, studies may be terminated or delayed at any time by the client or regulatory authorities for a number of reasons, including the failure of a drug to satisfy safety and efficacy requirements or a sponsor making a strategic decision that a study or service is no longer necessary. Delayed contracts remain in our backlog until a determination of whether to continue, modify or cancel the study has been made. We cannot provide any assurance that we will be able to realize all or most of the net revenues included in backlog or estimate the portion to be filled in the current year.

Regulatory Matters

As our business operates in a number of distinct operating environments and in a variety of locations worldwide, we are subject to numerous, and sometimes overlapping, regulatory environments, as described below.

The Animal Welfare Act (AWA) governs the care and use of certain species of animals used for research. The United States Congress has passed legislation which excludes laboratory rats, mice and chickens used for research from regulation under the AWA. As a result, most of our United States small animal research model activities and our vaccine support services operations are not subject to regulation under the AWA. For regulated species, the AWA and attendant Animal Care regulations require producers and users of regulated species to provide veterinary care and to utilize specific husbandry practices such as cage size, shipping conditions, sanitation and, for certain species, environmental enrichment to assure the welfare of these animals. We comply with licensing and registration requirement standards set by the United States Department of Agriculture (USDA) for the care and use of regulated species. Our animal production facilities and preclinical facilities in the U.S. are accredited by the Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC), a private, nonprofit, international organization that promotes the humane treatment of animals in science through voluntary accreditation and assessment programs. AAALAC covers all species of laboratory animals, including rats, mice and birds. Our preclinical business is also generally regulated by the USDA.

Our import and export of animals in support of several of our business units as well as our operations in foreign countries are subject to a variety of national, regional, and local laws and regulations, which establish the standards for the humane treatment, care and handling of animals by dealers and research facilities. We maintain the necessary certificates, licenses, detailed standard operating procedures and other documentation required to comply with applicable regulations for the humane treatment of the animals in our custody at our locations.

Our PCS business conducts nonclinical laboratory safety studies intended to support the registration or licensing of our clients' products throughout the world. A minor part of our RMS business also conducts similar studies for our clients. The conduct of these studies must comply with national statutory or regulatory requirements for Good Laboratory Practice (GLP). GLP regulations describe a quality system concerned with the organizational process and the conditions under which nonclinical laboratory studies are planned, performed, monitored, recorded, archived and reported. GLP compliance is required by such regulatory agencies as the FDA, United States Environmental Protection Agency, European Agency for the Evaluation of Medicinal Products, Medicines and Healthcare Products Regulatory Agency (MHRA) in the United Kingdom, Health Canada, State Food and Drug Administration of the Peoples' Republic of China, and the Japanese Ministry of Health and Welfare. GLP requirements are significantly harmonized throughout the world and our laboratories are capable of conducting studies in compliance with all appropriate requirements. To assure our compliance obligations, we have established quality assurance units (QAU) in each of our nonclinical laboratories. The QAUs operate independently from those individuals that direct and conduct studies and monitor each study to assure management that the facilities, equipment, personnel, methods, practices, records, and controls are in compliance with GLP. Our laboratory managers use the results of

QAU monitoring as part of a continuous process improvement program to assure our nonclinical studies meet client and regulatory expectations for quality and integrity.

Our PCS business also conducts human Phase I clinical trials and provides services in support of our clients' registration or licensing applications. Human clinical trials are conducted in a progressive fashion beginning with Phase I, and in the case of approved drugs, continued through Phase IV trials. Phase I studies are the initial human clinical trials and are conducted with a small number of subjects under highly controlled conditions. These clinical trials and services are performed in accordance with the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use Good Clinical Practice Consolidated Guidance and in compliance with regulations governing the conduct of clinical investigations and the protection of human clinical trial subjects. In the United States, these trials and services must comply with FDA regulations and in Europe our clinical trials and services must comply with the clinical trials directive of the European Union. Neither FDA regulations nor the clinical trials directive requires a quality assurance program; however, our Phase I facilities have established quality assurance units that monitor the conduct and reporting of Phase I trials to assure that these trials are conducted in compliance with appropriate regulatory requirements.

Our manufacturing business produces endotoxin test kits, reagents, cell banks used in research and biopharmaceutical production and vaccine support products. Additionally, several of our laboratories conduct identity, stability and potency testing in support of our clients' manufacturing programs. These activities are subject to regulation by the FDA and other national regulatory agencies under their respective Good Manufacturing Practice (GMP) regulations. We are subject to inspection on a routine basis for compliance with these regulations. These regulations require that we manufacture our products or perform testing in a prescribed manner with respect to GMP compliance, and maintain records of, our manufacturing, testing and control activities. We also maintain an Establishment License with USDA's Center for Veterinary Biologics (CVB) that covers certain of our sites which manufacture antigens used in a licensed diagnostic kit for rodents or—particular to our vaccine support business—which manufacturer USDA licensed antigens, antibodies, and viruses that are sold to clients for use in the manufacturing of their own USDA licensed products. Our vaccine support business also manufactures and markets two USDA licensed products that are considered final use products (Mycoplasma Gallisepticum Antigen and Mycoplasma Synoviae Antigen), and sites involved in the manufacture of these articles are subject to regular inspection by USDA/CVB.

All of our sites are also subject to licensing and regulation under national, regional and local laws relating to the surface and air transportation of laboratory specimens, the handling, storage and disposal of laboratory specimens, hazardous waste and radioactive materials, and the safety and health of laboratory employees. Although we believe we are currently in compliance in all material respects with such national, regional and local laws (which include the USDA, the standards set by the International Air Transport Association, and European oversight agencies), failure to comply could subject us to denial of the right to conduct business, fines, criminal penalties and other enforcement actions.

To ensure that all business sectors comply with applicable statutory and regulatory requirements and satisfy our client expectations for quality and regulatory compliance, we have established a corporate regulatory affairs and compliance organization that oversees our corporate quality system and all quality assurance functions within the Company, headed by our Corporate Vice President for Regulatory Affairs and Compliance.

Intellectual Property

We have developed and implemented computer software and technically derived procedures and products intended to maximize the quality and effectiveness of our services. Although our intellectual property rights are valuable to our success, we believe that such factors as the technical expertise, proprietary know-how, ability and experience of our professionals are more important, and that, overall,

these technological capabilities provide significant benefits to our clients. Where we consider it appropriate, steps are taken to protect our know-how through confidentiality agreements and protection through registration of title or use. In addition, we in-license technology and products from other companies where it enhances both our product and services business. In the future, in-licensing may become a larger initiative to enhancing our offerings, particularly as we focus on therapeutic area expertise. With the exception of technology related to our *in vitro* testing business, including the Endosafe-PTS, we have no patents, trademarks, licenses, franchises or concessions which are material and upon which any of the products or services we offer are dependent.

Corporate Governance

We are committed to operating our business with integrity and accountability. We strive to meet or exceed all of the corporate governance standards established by the New York Stock Exchange, the Securities and Exchange Commission, and the Federal government as implemented by the Sarbanes-Oxley Act of 2002. Nine of the ten members of our Board of Directors are independent and have no significant financial, business or personal ties to the Company or management and all of our Board committees are composed entirely of independent directors. The Board adheres to Corporate Governance Guidelines and a Code of Business Conduct and Ethics which has been communicated to employees and posted on our website. We are diligent in complying with established accounting principles and are committed to providing financial information that is transparent, timely and accurate. We have a Related Person Transactions Policy designed to promote the timely identification of such transactions and to ensure we give appropriate consideration to any real or perceived conflicts in our commercial arrangements. We have a global process through which employees, either directly or anonymously, can notify management (and the Audit Committee of the Board of Directors) of alleged accounting and auditing concerns or violations including fraud. Our internal Disclosure Committee meets regularly and operates pursuant to formal disclosure procedures and guidelines which help to ensure that our public disclosures are accurate and timely. Copies of our Corporate Governance Guidelines, Code of Business Conduct and Ethics and Related Person Transactions Policy are available on our website at www.criver.com under the "Investor Relations—Corporate Governance" caption.

Item 1A. Risk Factors

Risks Related to Our Business and Industry

Set forth below and elsewhere in this Form 10-K and in other documents we file with the SEC are risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements contained in this Form 10-K. We note that factors set forth below, individually or in the aggregate, may cause our actual results to differ materially from expected and historical results. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider the following to be a complete discussion of all potential risks or uncertainties.

The outsourcing trend in the preclinical and clinical stages of drug discovery and development may decrease, which could slow our growth.

Over the past several years, some areas of our businesses have grown significantly as a result of the increase in pharmaceutical and biotechnology companies outsourcing their preclinical and clinical research support activities. While industry analysts expect the outsourcing trend to continue for the next several years, a decrease in preclinical and/or clinical outsourcing activity could result in a diminished growth rate in the sales of one or more of our expected higher-growth areas and adversely affect our financial condition and results of operations. For additional discussion of the factors that we believe have recently been influencing outsourcing demand from our customers, please see the section entitled "Our Strategy" included elsewhere in the Form 10-K. Furthermore, our customer contracts are generally terminable on little or no notice. Termination of a large contract or multiple contracts could adversely affect our sales and profitability. Our operations and financial results could be significantly affected by these risks.

A reduction in research and development budgets at pharmaceutical and biotechnology companies may adversely affect our business.

Our customers include researchers at pharmaceutical and biotechnology companies. Our ability to continue to grow and win new business is dependent in large part upon the ability and willingness of the pharmaceutical and biotechnology industries to continue to spend on compounds in the preclinical phase of research and development and to outsource the products and services we provide. Fluctuations in the expenditure amounts in each phase of the research and development budgets of these researchers and their organizations could have a significant effect on the demand for our products and services. Research and development budgets fluctuate due to changes in available resources, mergers of pharmaceutical and biotechnology companies, spending priorities and institutional budgetary policies. Our business could be adversely affected by any significant decrease in life sciences research and development expenditures by pharmaceutical and biotechnology companies, as well as by academic institutions, government laboratories or private foundations. In particular, recent studies have indicated that a majority of academic researchers are anticipating reductions in their budgets. Similarly, economic factors and industry trends that affect our clients in these industries, including funding for biotechnology companies, which have suffered during the economic downturn in 2008/2009, also affect their research and development budgets and, consequentially, our business as well. The economic downturn has also negatively affected us to the extent that the research and development budgets at our pharmaceutical customers have recently slowed down their preclinical and Phase I studies in favor of their later-stage products as they reprioritize compound pipelines (focusing on the back-end of their pipelines in the near-term) and moderate their spending per drug candidate. For additional discussion of the factors that we believe have recently been influencing outsourcing demand from our customers, please see the section entitled "Our Strategy" included elsewhere in the Form 10-K.

A reduction or delay in government funding of research and development may adversely affect our business.

A portion of net sales in our RMS segment is derived from customers at academic institutions and research laboratories whose funding is partially dependent on both the level and timing of funding from government sources, such as the U.S. National Institutes of Health (NIH) and similar domestic and international agencies. Government funding of research and development is subject to the political process, which is inherently unpredictable. Our sales may be adversely affected if our customers delay purchases as a result of uncertainties surrounding the approval of government budget proposals. Also, government proposals to reduce or eliminate budgetary deficits have sometimes included reduced allocations to the NIH and other government agencies that fund research and development activities. Although recent reports indicate that the new administration's stimulus package includes a substantial increase in NIH funding for 2009, NIH funding has remained fairly flat in recent years and a reduction in government funding for the NIH or other government research agencies could adversely affect our business and our financial results.

Changes in government regulation or in practices relating to the pharmaceutical or biotechnological industries, including potential health care reform, could decrease the need for the services we provide.

Governmental agencies throughout the world, but particularly in the United States, strictly regulate the drug development process. Our business involves helping pharmaceutical and biotechnology companies, among others, navigate the regulatory drug approval process. Accordingly, many regulations, and often new regulations, are expected to result in higher regulatory standards and often additional revenues for companies that service these industries. However, some changes in regulations, such as a relaxation in regulatory requirements or the introduction of simplified drug approval procedures, or an increase in regulatory requirements that we have difficulty satisfying or that make our services less competitive, could eliminate or substantially reduce the demand for our services. In addition, if regulatory authorities were to mandate a significant reduction in safety testing procedures which utilize laboratory animals (as has been advocated by certain groups), certain segments of our business could be materially adversely affected.

In recent years the U.S. Congress and state legislatures have considered various types of health care reform in order to control growing health care costs. We are unable to predict what legislative proposals will be adopted in the future, if any. Similar reform movements have occurred in Europe and Asia.

Implementation of health care reform legislation that contains costs could limit the profits that can be made from the development of new drugs. This could adversely affect research and development expenditures by pharmaceutical and biotechnology companies, which could in turn decrease the business opportunities available to us both in the United States and abroad. In addition, new laws or regulations may create a risk of liability, increase our costs or limit our service offerings. Furthermore, if health insurers were to change their practices with respect to reimbursements for pharmaceutical products, our customers may spend less, or reduce their growth in spending on research and development.

Our standard customer agreements contain customer-determined termination and service reduction provisions, which may result in less contract revenue than we anticipate.

Generally, our agreements with our customers provide that the customers can terminate the agreements or reduce the scope of services under the agreements with little or no notice. Customers may elect to terminate their agreements with us for various reasons, including: the products being tested fail to satisfy safety requirements; unexpected or undesired study results; production problems resulting in shortages of the drug being tested; the customer's decision to forego or terminate a particular study; or the loss of funding for the particular research study. If a customer terminates a contract with us, we are entitled under the terms of the contract to receive revenue earned to date as well as certain other costs and, in some cases, penalties. Cancellation of a large contract or proximate cancellation of multiple contracts could materially adversely affect our business (particularly our PCS segment) and, therefore, may adversely affect our operating results.

Many of our contracts are fixed price and may be delayed or terminated or reduced in scope for reasons beyond our control, or we may under-price or overrun cost estimates with these contracts, potentially resulting in financial losses.

Many of our contracts provide for services on a fixed price or fee-for-service with a cap basis and, accordingly, we bear the financial risk if we initially under-price our contracts or otherwise overrun our cost estimates. In addition, these contracts may be terminated or reduced in scope either immediately or upon notice. Cancellations may occur for a variety of reasons, and often at the discretion of the customer. The loss, reduction in scope or delay of a large contract or the loss or delay of multiple contracts could materially adversely affect our business, although our contracts frequently entitle us to receive the costs of winding down the terminated projects, as well as all fees earned by us up to the time of termination. Some contracts also entitle us to a termination fee.

Contaminations in our animal populations can damage our inventory, harm our reputation for contaminant-free production, result in decreased sales and cause us to incur additional costs.

Our research models and fertile chicken eggs must be free of certain adventitious, infectious agents such as certain viruses and bacteria because the presence of these contaminants can distort or compromise the quality of research results and could adversely impact human or animal health. The presence of these infectious agents in our animal production facilities and certain service operations could disrupt our contaminant-free research model and fertile egg production as well as our animal services businesses including GEMS, harm our reputation for contaminant-free production and result in decreased sales.

Contaminations typically require cleaning up, renovating, disinfecting, retesting and restarting production or services. Such clean-ups result in inventory loss, clean-up and start-up costs, and reduced sales as a result of lost customer orders and credits for prior shipments. In addition to microbiological

contaminations, the potential for genetic mix-ups or mismatings also exists and may require the restarting of the applicable colonies. While this does not require the complete clean-up, renovation and disinfection of the barrier room, it would likely result in inventory loss, additional start-up costs and possibly reduced sales. In addition, contaminations expose us to risks that customers will request compensation for damages in excess of our contractual indemnification requirements. There also exists a risk that contaminations from models that we produce may affect our customer's facilities, with similar impact to them. In some cases, we may produce or import animals carrying infectious agents capable of causing disease in man; and in the case of such a contamination or undiagnosed infection, there could be a possible risk of human exposure and infection.

All such contaminations described above are unanticipated and difficult to predict and could adversely impact our financial results. We have made significant capital expenditures designed to strengthen our biosecurity and have significantly improved our operating procedures to protect against such contaminations; however, contaminations may still occur.

Our business is subject to risks relating to operating internationally.

A significant part of our net sales is derived from operations outside the United States. Our international revenues, which include revenues from our non-U.S. subsidiaries, have represented approximately one-half our total net sales in recent years. We expect that international revenues will continue to account for a significant percentage of our revenues for the foreseeable future. There are a number of risks associated with our international business, including:

- foreign currencies we receive for sales and which we record as expenses outside the United States could be subject to unfavorable exchange rates with the U.S. dollar and reduce the amount of revenue (and increase the amount of expenses) that we recognize and cause fluctuations in reported financial results;
- certain contracts, particularly in Canada, are frequently denominated in currencies other than the currency in which we incur expenses related to those contracts and where expenses are incurred in currencies other than those in which contracts are priced, fluctuations in the relative value of those currencies could have a material adverse effect on our results of operations;
- general economic and political conditions in the markets in which we operate;
- potential international conflicts, including terrorist acts;
- potential trade restrictions, exchange controls and legal restrictions on the repatriation of funds into the United States;
- difficulties and costs associated with staffing and managing foreign operations, including risks of violations of local laws or the U.S. Foreign Corrupt Practices Act by employees overseas or the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions;
- unexpected changes in regulatory requirements;
- the difficulties of compliance with a wide variety of foreign laws and regulations;
- unfavorable labor regulations in foreign jurisdictions;
- longer accounts receivable cycles in certain foreign countries; and
- import and export licensing requirements.

Upgrading and integrating our business systems could result in implementation issues and business disruptions.

We currently are engaged in a project to replace many of our numerous legacy business systems at our different sites globally with an enterprise wide, integrated enterprise resource planning (ERP)

system. The process of planning and preparing for such an integrated, wide-scale implementation is extremely complex and we are required to address a number of challenges including data conversion, system cutover and user training. Problems in any of these areas could cause operational problems during implementation including delayed shipments, missed sales, billing and accounting errors and other operational issues. There have been numerous, well-publicized instances of companies experiencing difficulties with the implementation of ERP systems which resulted in negative business consequences.

Negative attention from special interest groups may impair our business.

The products and services which we provide our customers are essential to the drug discovery and development process, and are almost universally mandated by law. Notwithstanding, certain special interest groups categorically object to the use of animals for valid research purposes. Historically, our core research model activities with rats, mice and other rodents have not been the subject of significant animal rights media attention. However, research activities with animals have been the subject of adverse attention, impacting the industry. This has included on-site demonstrations near facilities operated by us. Any negative attention, threats or acts of vandalism directed against our animal research activities in the future could impair our ability to operate our business efficiently.

Several of our product and service offerings are dependent on a limited source of supply, which if interrupted could adversely affect our business.

We depend on a limited international source of supply of large animal models required in our product and service offerings. Disruptions to their continued supply may arise from health problems, export or import restrictions or embargoes, foreign government or economic instability, severe weather conditions, increased competition amongst suppliers for models, disruptions to the air travel system or other normal-course or unanticipated events. Any disruption of supply could harm our business if we cannot remove the disruption or are unable to secure an alternative or secondary supply source on comparable commercial terms.

Any failure by us to comply with applicable regulations and related guidance could harm our reputation and operating results.

Any failure on our part to comply with applicable regulations could result in the termination of ongoing research or the disqualification of data for submission to regulatory authorities. This could harm our reputation, our prospects for future work and our operating results. For example, if we were to fail to verify that informed consent is obtained from participants in connection with a particular Phase I clinical trial, the data collected from that trial could be disqualified and we might be required to redo the trial at no further cost to our customer, but at substantial cost to us. Furthermore, the issuance of a notice of observations or a warning from the FDA based on a finding of a material violation by us of good clinical practice, good laboratory practice or current good manufacturing practice requirements could materially and adversely affect us.

In addition, regulations and guidance worldwide concerning the production and use of laboratory animals for research purposes continues to be updated. Notably, there has been a recent updating of guidance in Europe that will be implemented over a period of several years on a country-by-country basis. Similarly, guidance has been and continues to be developed for other areas that impact the biomedical research community including transportation and the use of disinfectants. In the United States, an updating of guidance used by the National Institutes of Health and by certain oversight agencies has been recently funded, and it is expected that over the next 3 years, standards will be updated for the care and use of laboratory animals in all aspects of our US business units. These new guidelines could cause us increased costs attributable to additional facilities, the need to add personnel to address new processes, as well as increased administrative burden, and the upgrading of existing facilities.

The drug discovery and development services industry is highly competitive.

The drug discovery and development services industry is highly competitive. We often compete for business not only with other drug discovery and development companies, but also with internal discovery and development departments within our larger clients, who may have greater resources than ours. We also compete with universities and teaching hospitals. We compete on a variety of factors, including:

- reputation for on-time quality performance;
- reputation for regulatory compliance;
- expertise and experience in specific areas;
- scope and breadth of service and product offerings;
- broad geographic availability;
- price/value;
- technological expertise and efficient drug development processes;
- quality of facilities;
- financial stability;
- size;
- ability to acquire, process, analyze and report data in an accurate manner; and
- ability to manage Phase I clinical trials both domestically and internationally.

If we do not compete successfully, our business will suffer. Increased competition might lead to price and other concessions that might adversely affect our operating results. The drug discovery and development services industry has continued to see a trend towards consolidation, particularly among the biotechnology companies, who are targets for each other and for larger pharmaceutical companies (although recent trends in late 2008 and early 2009 may signal increased merger activity between larger pharmaceutical companies themselves). If this trend continues, it is likely to produce more competition among the larger companies and contract research organizations generally, with respect to both clients and acquisition candidates. In addition, while there are substantial barriers to entry for large, global competitors with broad-based services, small, specialized entities considering entering the contract research organization industry will continue to find lower barriers to entry, and private equity firms may determine that there are opportunities in acquiring and rolling up these companies, thus further increasing possible competition. Furthermore, in recent years both Charles River and our competitors, particularly in the preclinical services area, have been investing in capital projects to increase capacity. An ongoing challenge for all participants is balancing capacity growth and market demand. If capacity has been increased too much, pressure to lower prices or to take on lower-margin studies and projects may occur. These competitive pressures may affect the attractiveness of our services and could adversely affect our financial results.

We could be adversely affected by tax law changes in Canada and the United Kingdom.

We have substantial operations in Canada and the United Kingdom which currently benefit from favorable corporate tax arrangements. We receive substantial tax credits in Canada from both the Canadian federal and Quebec governments and benefits from tax credits and accelerated tax depreciation allowances in the United Kingdom. Any reduction in the availability or amount of these tax credits or allowances would be likely to have a material adverse effect on profits, cash flow and our effective tax rate.

Impairment of goodwill may adversely impact future results of operations.

We have intangible assets, including goodwill and other identifiable and indefinite-lived acquired intangibles on our balance sheet due to our acquisitions of businesses. The initial identification and valuation of these intangible assets and the determination of the estimated useful lives at the time of acquisition involve use of management judgments and estimates. These estimates are based on, among other factors, input from accredited valuation consultants, reviews of projected future income cash flows and statutory regulations. The use of alternative estimates and assumptions might have increased or decreased the estimated fair value of our goodwill and other intangible assets that could potentially result in a different impact to our results of operations.

We perform an annual impairment analysis of goodwill to determine if impairment exists. The goodwill impairment analysis is a two-step process. The first step is used to identify potential impairment and involves comparing each reporting unit's estimated fair value to its carrying value, including goodwill. Fair value is determined by using a weighted combination of a market-based approach and an income approach, as this combination is deemed to be the most indicative of our fair value in an orderly transaction between market participants. Under the market-based approach, we utilize information about our Company as well as publicly available industry information to determine earnings multiples and sales multiples that are used to value our reporting units. Under the income approach, we determine fair value based on the estimated future cash flows of each reporting unit, discounted by an estimated weighted-average cost of capital which reflects the overall level of inherent risk of the reporting unit and the rate of return an outside investor would expect to earn. Determining the fair value of a reporting unit is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates, profit margin percentages, discount rates, perpetuity growth rates, future capital expenditures and future market conditions, among others. Our projections are based on an internal strategic review. Key assumptions, strategies, opportunities and risks from this strategic review along with a market evaluation are the basis for our assessment. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill is not considered to be impaired. However, if the carrying value exceeds estimated fair value, there is an indication of potential impairment and the second step is performed to measure the amount of impairment.

The second step of the goodwill impairment process involves the calculation of an implied fair value of goodwill for each reporting unit for which step one indicated impairment. The implied fair value of goodwill is determined similar to how goodwill is calculated in a business combination, by measuring the excess of the estimated fair value of the reporting unit as calculated in step one, over the estimated fair values of the individual assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. If the carrying value of goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess. In determining the fair value of assets we utilize appraisals for the fair value of property and equipment and valuations of certain intangible assets, including customer relationships.

Our annual goodwill impairment assessment has historically been completed at the beginning of the fourth quarter. Based on our initial assessment (step one) for 2008, the fair value of our business units exceeded their carrying value therefore our goodwill was not impaired. As economic conditions worsened late in the fourth quarter and our business performance and outlook was not as strong as anticipated coupled with a decrease in our market capitalization, management determined that circumstances had changed enough to trigger another goodwill impairment test as of December 27, 2008. Our analysis resulted in the determination that the fair value our PCS business was less than its carrying value. The second step of the goodwill impairment test involved us calculating the implied goodwill for the PCS business. The carrying value of the goodwill assigned to the PCS business exceeded the implied fair value of goodwill resulting in a goodwill impairment of $700 million.

Goodwill will not be amortized, but will be reviewed for impairment at least annually. The results of this year's impairment test are as of a point in time. If the future growth and operating results of our business are not as strong as anticipated and/or our market capitalization declines, this could

impact the assumptions used in calculating the fair value in subsequent years. To the extent goodwill is impaired, its carrying value will be written down to its implied fair value and a charge will be made to our earnings. Such an impairment charge could materially and adversely affect our operating results and financial condition. As of December 27, 2008, we had recorded goodwill and other intangibles of $593.7 million in the consolidated balance sheet.

Contract research services create a risk of liability.

As a contract research organization we face a range of potential liabilities which may include:

- errors or omissions in reporting of study detail in preclinical or Phase I clinical studies that may lead to inaccurate reports, which may potentially advance studies absent the necessary support or inhibit studies from proceeding to the next level of testing;
- litigation risk, including resulting from our errors or omissions, associated with the possibility that the drugs/compounds of our clients that were included in drug development trials we participated in may cause illness, personal injury or have other negative side effects to clinical study participants or other persons (including death);
- general risks associated with operating a Phase I clinical business, including negative consequences from the administration of drugs to clinical trial participants or the professional malpractice of Phase I medical care providers;
- risks associated with our possible failure to properly care for our customers' property, such as research models and samples, study compounds, records, work in progress, other archived materials, or goods and materials in transit, while in our possession;
- risks that models in our breeding facilities or in facilities that we run may be infected with diseases that may be harmful and even lethal to themselves or humans despite preventive measures contained in our company policies for the quarantine and handling of imported animals; and
- errors and omissions during a trial that may undermine the usefulness of a trial or data from the trial.

We attempt to mitigate these risks through a variety of methods. Nonetheless, it is impossible to completely eradicate such risks.

In our RMS business, we mitigate these risks to the best of our abilities through our regimen of animal testing, quarantine, and veterinary staff vigilance, through which we seek to control the exposure of animal related disease or infections.

In our PCS business, we attempt to reduce these risks by contract provisions entitling us to be indemnified or entitling us to a limitation of liability; insurance maintained by our clients, investigators, and by us; and various regulatory requirements we must follow in connection with our business.

In both our RMS and PCS businesses, contractual indemnifications generally do not protect us against liability arising from certain of our own actions, such as negligence or misconduct. We could be materially and adversely affected if we were required to pay damages or bear the costs of defending any claim which is not covered by a contractual indemnification provision or in the event that a party who must indemnify us does not fulfill its indemnification obligations or which is beyond the level of our insurance coverage. Furthermore, there can be no assurance that we will be able to maintain such insurance coverage on terms acceptable to us.

We may be unable to build out our facilities as anticipated.

To support our customers' demand for drug discovery and development services, including increased strategic focus on outsourcing services and programs, we had engaged in a substantial capacity expansion program over the past two years with $227 million spent on capital expenditures in

2007 and $197 million in 2008. We estimated $100-$120 million allocated for capital expenditures in 2009, as major expansions complete and capacity comes on-line. Included in our 2009 capital plan are the following: continuing fit-out work at our new PCS facility in Nevada, dedicated space initiatives at our new PCS facility in Massachusetts, expansions at our Canada and Scotland PCS facilities, and the remaining work for completing the construction of our new PCS facility in China. We cannot assure you that any or all of these facilities, or any particular phase of such facilities, will be constructed on the anticipated timetable or on budget. Any material delay in bringing these facilities on-line, or substantial increase in costs to complete these facilities, could materially and adversely affect us. In addition, the costs of these capacity expansion programs may have an adverse impact on our operating margins, particularly within our PCS business.

If we are unable to attract suitable participants for our Phase I clinical trials, our business might suffer.

The Phase I clinical research studies we run rely upon the ready accessibility and willing participation of subjects. Participants generally include people from the communities in which the studies are conducted, which such communities to date have provided a substantial pool of potential subjects for research studies. Our Phase I clinical research activities could be adversely affected if we were unable to attract suitable and willing participants on a consistent basis.

New technologies may be developed, validated and increasingly used in biomedical research that could reduce demand for some of our products and services.

For many years, groups within the scientific and research communities have attempted to develop models, methods and systems that would replace or supplement the use of living animals as test subjects in biomedical research. Some companies have developed techniques in these areas, including vaccine development, that may have scientific merit. In addition, technological improvements to existing or new processes, such as imaging technology, could result in a refinement in the number of animal research models necessary to conduct the required research. It is our strategy to participate in some fashion with any non-animal test method or other method that reduces the need for animal research models as it becomes validated as a research model alternative or adjunct in our markets. For instance, we acquired imaging capabilities in 2008 through our acquisition of MIR Preclinical. However, we generally may not be successful in commercializing these methods if developed, and sales or profits from these methods may not offset reduced sales or profits from research models. Alternative research methods could decrease the need for research models, and we may not be able to develop new products effectively or in a timely manner to replace any lost sales.

The drug discovery and development industry has a history of patent and other intellectual property litigation, and we might be involved in costly intellectual property lawsuits.

The drug discovery and development industry has a history of patent and other intellectual property litigation and these lawsuits will likely continue. Accordingly, we face potential patent infringement suits by companies that have patents for similar products and methods used in business or other suits alleging infringement of their intellectual property rights. Legal proceedings relating to intellectual property could be expensive, take significant time and divert management's attention from other business concerns, whether we win or lose. If we do not prevail in an infringement lawsuit brought against us, we might have to pay substantial damages, including treble damages, and we could be required to stop the infringing activity or obtain a license to use technology on unfavorable terms.

We may not be able to successfully develop and market new services.

We may seek to develop and market new services that complement or expand our existing business or service offerings. If we are unable to develop new services and/or create demand for those newly developed services, our future business, results of operations, financial condition, and cash flows could be adversely affected.

Our debt level could adversely affect our business and growth prospects.

At December 27, 2008, we had approximately $575.8 million of debt. This debt could have significant adverse effects on our business, including making it more difficult for us to obtain additional financing on favorable terms; requiring us to dedicate a substantial portion of our cash flows from operations to the repayment of debt and the interest on this debt; limiting our ability to capitalize on significant business opportunities; and making us more vulnerable to rising interest rates. For additional information regarding our debt, please see Note 4 included in the Notes to Consolidated Financial Statements elsewhere in this Form 10-K.

If we are not successful in selecting and integrating the businesses and technologies we acquire, our business may suffer.

During the past seven years, we have expanded our business through several acquisitions. We plan to continue to acquire businesses and technologies and form strategic alliances. However, businesses and technologies may not be available on terms and conditions we find acceptable. We risk spending time and money investigating and negotiating with potential acquisition or alliance partners, but not completing transactions. For instance, in 2008, we expensed over $1.3 million for costs incurred for potential deals that we decided to abandon prior to signing definitive agreements.

Even if completed, acquisitions and alliances involve numerous risks which may include:

- difficulties and expenses incurred in assimilating and integrating operations, services, products or technologies;
- challenges with developing and operating new businesses, including diversion of management's attention from other business concerns;
- potential losses resulting from undiscovered liabilities of acquired companies that are not covered by the indemnification we may obtain from the seller;
- acquisitions could be dilutive to earnings, or in the event of acquisitions made through the issuance of our common stock to the shareholders of the acquired company, dilutive to the percentage of ownership of our existing stockholders;
- loss of key employees of the acquired companies;
- risks of not being able to overcome differences in foreign business practices, customs and importation regulations, language and other cultural barriers in connection with the acquisition of foreign companies;
- the presence or absence of adequate internal controls and/or significant fraud in the financial systems of acquired companies; and
- difficulties in achieving business and financial success.

In the event that an acquired business or technology or an alliance does not meet our expectations, our results of operations may be adversely affected.

We could experience a breach of the confidentiality of the information we hold or of the security of our computer systems.

We operate large and complex computer systems that contain significant amounts of customer data. As a routine element of our business, we collect, analyze and retain substantial amounts of data pertaining to the preclinical and the clinical studies we conduct for our customers. Unauthorized third parties could attempt to gain entry to such computer systems for the purpose of stealing data or disrupting the systems. We believe that we have taken adequate measures to protect them from intrusion, but in the event that our efforts are unsuccessful we could suffer significant harm. Our contracts with our customers typically contain provisions that require us to keep confidential the

information generated from these studies. In the event the confidentiality of such information was compromised, we could suffer significant harm.

We depend on key personnel and may not be able to retain these employees or recruit additional qualified personnel, which would harm our business.

Our success depends to a significant extent on the continued services of our senior management and other members of management. James C. Foster, our Chief Executive Officer since 1992 and Chairman since 2000, has held various positions with us for over 30 years. We have no employment agreement with Mr. Foster or other members of our management. If Mr. Foster or other members of management do not continue in their present positions, our business may suffer.

Because of the specialized scientific nature of our business, we are highly dependent upon attracting and retaining qualified scientific, technical and managerial personnel. While we have an excellent record of employee retention, there is still strong competition for qualified personnel in the veterinary, pharmaceutical and biotechnology fields. Therefore, we may not be able to attract and retain the qualified personnel necessary for the development of our business. The loss of the services of existing personnel, as well as the failure to recruit additional key scientific, technical and managerial personnel in a timely manner, could harm our business.

Our quarterly operating results may vary, which could negatively affect the market price of our common stock.

Our results of operations in any quarter may vary from quarter to quarter and are influenced by such factors as:

- the number and scope of ongoing customer engagements,
- the commencement, postponement, progress, completion or cancellation of customer contracts in the quarter,
- changes in the mix of our products and services,
- the extent of cost overruns,
- holiday patterns of our customers,
- budget cycles of our customers,
- the timing and charges associated with completed acquisitions and other events, and
- exchange rate fluctuations.

We believe that operating results for any particular quarter are not necessarily a meaningful indication of future results. Nonetheless, fluctuations in our quarterly operating results could negatively affect the market price of our common stock

Item 1B. Unresolved Staff Comments

There are no unresolved comments to be reported in response to Item 1B.

Item 2. Properties

We own or lease the land and buildings where we have facilities. We own large facilities (facilities over 50,000 square feet) for our PCS businesses in the United States, Canada, Scotland and Ireland, and lease large facilities in the United States, Canada and China. We own large RMS facilities in the United Kingdom, France, Germany, Japan, Canada and the United States. None of our leases are individually material to our business operations and many have an option to renew. We believe that we will be able to successfully renew expiring leases on terms satisfactory to us. We believe that our facilities are adequate for our operations and that suitable additional space will be available when

needed. For additional information see Note 9 to the Consolidated Financial Statements included elsewhere in this Form 10-K.

Item 3. Legal Proceedings

We are not a party to any material legal proceedings, other than ordinary routine litigation incidental to our business that is not material to our business or financial condition.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Supplementary Item. Executive Officers of the Registrant *(pursuant to Instruction 3 to Item 401(b) of Regulation S-K).*

Below are the names, ages and principal occupations of each our current executive officers. All such persons have been elected to serve until their successors are elected and qualified or until their earlier resignation or removal.

Thomas F. Ackerman, age 54, joined us in 1988 with over eleven years of combined public accounting and international finance experience. He was named Controller, North America in 1992 and became our Vice President and Chief Financial Officer in 1996. In 1999, he was named a Senior Vice President and in 2005 he was named a Corporate Executive Vice President. He is currently responsible for overseeing our Accounting and Finance Department and several other corporate staff departments. Prior to joining us, Mr. Ackerman was an accountant at Arthur Andersen & Co.

Christophe Berthoux, age 46, rejoined us in February 2005 as General Manager of our clinical services business. Following the sale of our Phase II-IV clinical services business in August 2006, Dr. Berthoux was named Corporate Senior Vice President, U.S. Research Models and Services and In Vitro Products and Services, and in 2008 he was named our Corporate Executive Vice President, Global Sales and Marketing and Chief Commercial Officer. Previously, from 1990 to early 2004, Dr. Berthoux held a variety of managerial positions with the Company, including Corporate Vice President and head of European Research Models and Services.

James C. Foster, age 58, joined us in 1976 as General Counsel. Over the past 30 years, Mr. Foster has held various staff and managerial positions, and was named our President in 1991, Chief Executive Officer in 1992 and our Chairman in 2000.

Nancy A. Gillett, age 53, joined us in 1999 with the acquisition of Sierra Biomedical. Dr. Gillett has 22 years of experience as an ACVP board certified pathologist and scientific manager. In 1999, she became Senior Vice President and General Manager of our Sierra Biomedical division, and subsequently held a variety of managerial positions, including President and General Manager of Sierra Biomedical and Corporate Vice President and General Manager of Drug Discovery and Development (the predecessor to our Preclinical Services business segment). In 2004, Dr. Gillett was named Corporate Senior Vice President and President, Global Preclinical Services, and in 2006 she became a Corporate Executive Vice President.

David P. Johst, age 47, joined us in 1991 as Corporate Counsel and was named Vice President, Human Resources in 1995. He became Vice President, Human Resources and Administration in 1996, a Senior Vice President in 1999, and a Corporate Executive Vice President in 2005. He currently serves as the Company's Chief Administrative Officer and is responsible for overseeing our Human Resources department, our Consulting and Staffing Services business unit and several other corporate staff departments. Prior to joining the Company, Mr. Johst was an attorney in the Corporate Department at Hale and Dorr.

Real H. Renaud, age 62, joined us in 1964 and has over 40 years of research models production and related management experience. In 1986, Mr. Renaud became Vice President of Production, with responsibility for overseeing the Company's North American small animal operations, and was named Vice President, Worldwide Production in 1990. Mr. Renaud became Vice President and General Manager, European and North American Animal Operations in 1996, following a two-year European assignment during which he provided direct oversight to our European operations. In 1999, he became a Senior Vice President and in 2003, Mr. Renaud became Corporate Executive Vice President and President Global Research Models and Services.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock began trading on the New York Stock Exchange on June 23, 2000 under the symbol "CRL." The following table sets forth for the periods indicated below the high and low sales prices for our common stock.

2009	High	Low
First quarter (through February 13, 2009)	$29.87	$23.14

2008	High	Low
First quarter	$69.04	$53.73
Second quarter	65.95	55.14
Third quarter	69.19	57.84
Fourth quarter	58.00	19.92

2007	High	Low
First quarter	$47.64	$42.71
Second quarter	54.04	45.30
Third quarter	56.64	50.15
Fourth quarter	68.00	55.11

There were no equity securities that were not registered under the Securities Act of 1933, as amended, sold by the Company during the fiscal year ended December 27, 2008.

Shareholders

As of February 13, 2009 there were approximately 572 registered shareholders of the outstanding shares of common stock.

Dividends

We have not declared or paid any cash dividends on shares of our common stock in the past two years and we do not intend to pay cash dividends in the foreseeable future. We currently intend to retain any earnings to finance future operations and expansion. Some of the restrictive covenants contained in our revolving credit agreement and term loan agreements limit our ability to pay dividends.

Issuer Purchases of Equity Securities

The following table provides information relating to the Company's purchases of shares of its common stock during the quarter ended December 27, 2008.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
Sep. 28, 2008—Oct. 25, 2008	209,825	$ 46.91	209,308	$202,065,830
Oct. 26, 2008—Nov. 22, 2008	220,671	$ 28.49	220,000	$195,803,701
Nov. 23, 2008—Dec. 27, 2008	370,000	$ 23.42	370,000	$187,139,993
Total	800,496		799,308	

The Board of Directors of the Company has authorized a share repurchase program, originally authorized on July 27, 2005 and subsequently amended on October 26, 2005, May 9, 2006, August 1, 2007 and July 24, 2008 to acquire up to a total of $600.0 million of common stock. The program does not have a fixed expiration date.

During the quarter ended December 27, 2008, the Company repurchased 799,308 shares of common stock for approximately $24.7 million. The timing and amount of any future repurchases will depend on market conditions and corporate considerations. Additionally, the Company's Incentive Plans permit the netting of common stock upon vesting of restricted stock awards in order to satisfy individual tax withholding requirements. Accordingly, during the quarter ended December 27, 2008, the Company acquired 1,188 shares as a result of such withholdings.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table summarizes, as of December 27, 2008, the number of options issued under the Company's stock option plans and the number of options available for future issuance under these plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plan approved by security holders:			
Charles River 2000 Incentive Plan	3,459,396	$ 41.28	174,618
Charles River 1999 Management Incentive Plan	30,754	$ 14.52	15,617
Inveresk 2002 Stock Option Plan	136,305	$ 28.00	—
2007 Incentive Plan	915,765(1)	$ 58.25	4,399,402
Equity compensation plans not approved by security holders	—	—	—
Total	4,542,220(2)	$ 43.93	4,589,637(3)

(1) Includes shares payable under our performance awards granted in fiscal year 2008 under our 2007 Incentive Plan, utilizing 100% target award level of 61,100 shares; actual awards to be determined in February 2009 may differ from this number. The weighted-average exercise prices in column (b) do not take these performance awards into account.

(2) None of the options outstanding under any equity compensation plan of the Company include rights to any dividend equivalents (i.e., a right to receive from the Company a payment commensurate to dividend payments received by holders of common stock or other equity instruments of the Company).

(3) On March 22, 2007, the Board of Directors determined that, upon approval of the 2007 Incentive Plan, no future awards would be granted under the preexisting equity compensation plans, including the Charles River 1999 Management Incentive Plan and the Charles River 2000 Incentive Plan. Shareholder approval was obtained on May 8, 2007. Previously, on February 28, 2005, the Board of Directors terminated the Inveresk 2002 Stock Option Plan to the extent that no further awards would be granted thereunder.

The following table provides additional information regarding the aggregate issuances under the Company's existing equity compensation plans as of December 27, 2008:

Category	Number of securities outstanding (a)	Weighted average exercise price (b)	Weighted average term (c)
Total number of restricted shares outstanding(1)	716,394	$ —	—
Total number of options outstanding(2)	4,542,220	$ 43.93	5.02

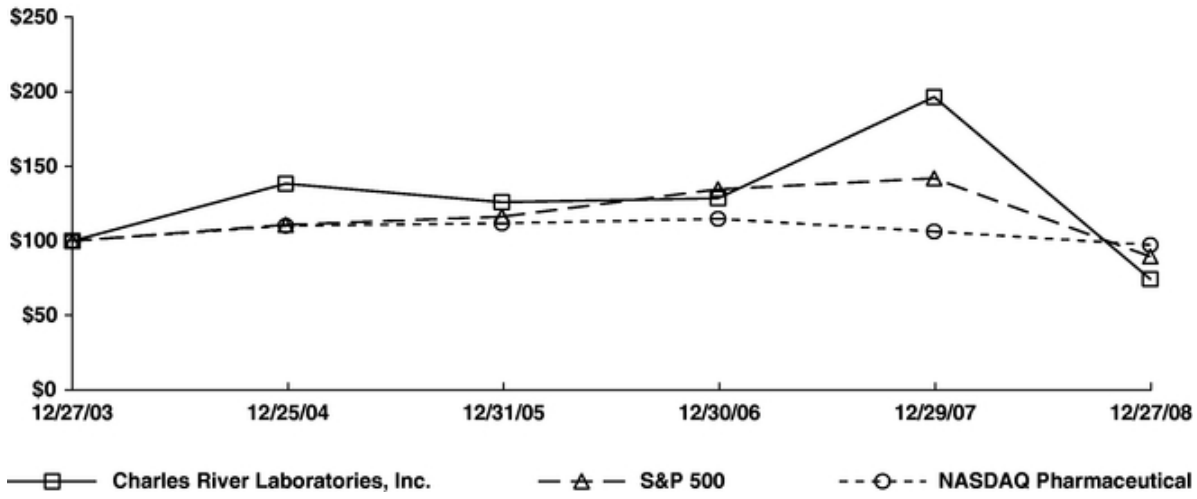
(1) For purposes of this table, only unvested restricted stock as of December 27, 2008 is included. Also for purposes of this table only, the total includes 46,465 restricted stock units granted to certain employees of the Company outside of the United States.

(2) Includes shares payable under our performance awards granted in fiscal year 2008 under our 2007 Incentive Plan, utilizing target award level of 61,100 shares; actual awards determined in February 2009 differ from this number. The weighted-average exercise prices in column (b) do not take these performance awards into account.

Comparision of 5-Year Cumulative Total Return

Among Charles River Laboratories International, Inc., The S&P 500 Index and The NASDAQ Pharmaceutical Index.

The following stock performance graph compares the annual percentage change in the Company's cumulative total shareholder return on its Common Stock during a period commencing on December 27, 2003 and ending on December 27, 2008 (as measured by dividing (1) the sum of (A) the cumulative amount of dividends for the measurement period, assuming dividend reinvestment, and (B) the difference between the Company's share price at the end and the beginning of the measurement period; by (2) the share price at the beginning of the measurement period) with the cumulative total return of the S&P 500 Index and the NASDAQ Pharmaceutical Index during such period. The Company has not paid any dividends on the Common Stock, and no dividends are included in the representation of the Company's performance. The stock price performance on the graph below is not necessarily indicative of future price performance. The graph is not "soliciting material," is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934 whether made before or after the date hereof and irrespective of any general incorporation language in any such filing. Information used in the graph was obtained from Standards & Poor's Institutional Market Services, a source believed to be reliable, but the Company is not responsible for any errors or omissions in such information.



	Dec. 27, 2003	Dec. 25, 2004	Dec. 31, 2005	Dec. 30, 2006	Dec. 29, 2007	Dec. 27, 2008
Charles River Laboratories International, Inc.	100.00	138.50	126.06	128.68	196.73	74.44
S&P 500	100.00	110.88	116.33	134.70	142.10	89.53
NASDAQ Pharmaceutical	100.00	110.22	111.87	114.89	106.37	97.32

Item 6. Selected Consolidated Financial Data

The following selected financial data should be read in conjunction with Item 7., "Management's Discussion and Analysis of Financial Condition and Results of Operations" and consolidated financial statements and notes thereto contained in Item 8., "Financial Statements and Supplementary Data" of this report.

	Fiscal Year(1)				
	2008	2007	2006	2005	2004
			(dollars in thousands)		
Statement of Income Data:					
Net sales	$ 1,343,493	$ 1,230,626	$ 1,058,385	$ 993,328	$ 724,221
Cost of products sold and services provided	832,784	752,435	651,778	603,624	435,499
Selling, general and administrative expenses	230,159	217,491	180,795	157,999	116,879
Goodwill impairment	700,000	—	—	—	—
Amortization of goodwill and intangibles	30,312	33,509	37,639	47,011	13,857
Operating income (loss)	(449,762)	227,191	188,173	184,694	157,986
Interest income	8,691	9,683	6,836	3,695	3,262
Interest expense	(14,009)	(18,004)	(19,426)	(24,324)	(11,718)
Other, net	(5,930)	(1,448)	981	(177)	937
Income (loss) before income taxes, minority interests and earnings from equity investments	(461,010)	217,422	176,564	163,888	150,467
Provision for income taxes	61,944	59,400	49,738	16,261	60,159
Income (loss) before minority interests and earnings from equity investments	(522,954)	158,022	126,826	147,627	90,308
Minority interests	687	(470)	(1,605)	(1,838)	(1,577)
Income (loss) from continuing operations	(522,267)	157,552	125,221	145,789	88,731
Income (loss) from discontinued businesses, net of tax	424	(3,146)	(181,004)	(3,790)	1,061
Net income (loss)	$ (521,843)	$ 154,406	$ (55,783)	$ 141,999	$ 89,792
Common Share Data:					
Earnings (loss) per common share					
Basic					
Continuing operations	$ (7.76)	$ 2.35	$ 1.82	$ 2.09	$ 1.79
Discontinued operations	$ 0.01	$ (0.05)	$ (2.63)	$ (0.05)	$ 0.02
Net income (loss)	$ (7.76)	$ 2.31	$ (0.81)	$ 2.04	$ 1.81
Diluted					
Continuing operations	$ (7.76)	$ 2.29	$ 1.79	$ 2.02	$ 1.65
Discontinued operations	$ 0.01	$ (0.05)	$ (2.59)	$ (0.05)	$ 0.02
Net income (loss)	$ (7.76)	$ 2.25	$ (0.80)	$ 1.96	$ 1.68
Other Data:					
Depreciation and amortization	$ 91,183	$ 86,379	$ 82,586	$ 87,935	$ 42,063
Capital expenditures	197,081	227,036	181,747	94,520	44,735
Balance Sheet Data (at end of period):					
Cash and cash equivalents	$ 243,592	$ 225,449	$ 175,380	$ 114,821	$ 207,566
Working capital	317,141	305,336	241,762	107,910	161,191
Goodwill, net	457,578	1,120,540	1,119,309	1,097,590	1,102,511
Total assets	2,159,918	2,805,537	2,557,544	2,538,209	2,626,835
Total debt	576,098	510,049	572,054	296,090	686,844
Total shareholders' equity	1,199,025	1,860,467	1,595,211	1,827,013	1,472,505

(1) Our fiscal year consists of 12 months ending on the last Saturday on, or prior to, December 31.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Continuing Operations

We are a leading global provider of solutions that advance the drug discovery and development process, including research models and associated services and outsourced preclinical services. We provide our products and services to global pharmaceutical companies, biotechnology companies, as well as government agencies, and leading hospitals and academic institutions throughout the world in order to bring drugs to market faster and more efficiently. Our broad portfolio of products and services enables our customers to reduce costs, increase speed to market and enhance their productivity and effectiveness in drug discovery and development. We have built upon our core competency of laboratory animal medicine and science (research model technologies) to develop a diverse and growing portfolio of regulatory compliant preclinical services which address drug discovery and development in the preclinical arena. We have been in business for over 60 years and currently operate approximately 70 facilities in 17 countries worldwide.

Our sales growth in 2008 was driven by continued spending by major pharmaceuticals, biotechnology companies and academic institutions on our global products and services, which aid in their development of new drugs and products, partially offset by the impact of the slower economy and world wide credit crisis. We expect the long-term drivers for our business as a whole primarily to emerge from our customers' continued demand for research models and services and regulatory compliant preclinical services, as well as increased strategic focus on outsourcing. During the second half of 2008, demand for our services decelerated at a greater rate than products impacting our growth rate. We believe this was primarily due to emerging factors which include: business restructuring and reprioritization of pipelines by pharmaceutical and biotechnology clients, which led to significant and accelerating study slippage and delays; lack of funding for biotechnology companies; and tight cost controls which resulted in more measured spending and some pricing pressure.

Our 2009 expectations reflect softer market demand, particularly for preclinical services which will continue at least until mid-year. We believe that our clients will continue to outsource drug development services as they strive to improve the efficiency of their drug pipelines. For additional discussion of the factors that we believe are influencing outsourcing demand from our customers, please see the section entitled "Our Strategy" included elsewhere in this Form 10-K.

We are using this period of market uncertainty to streamline our operations, and have implemented additional actions to improve our operating efficiency. These actions include initiating a hiring freeze, a salary freeze for a substantial percentage of our workforce, including all incentive-eligible employees, continued tight control of discretionary spending and implementing a headcount reduction affecting 3% of our total workforce (predominately in our PCS business segment) and the closure of our Arkansas facility. As a result of these cost-saving actions, the Company will take a one-time charge in 2009 of approximately $9.0 million. The Company expects that these actions will reduce costs by approximately $20.0 million in 2009, with an annual run-rate of approximately $25.0 million. We also are pursuing strategic alternatives for our clinical Phase I operation in Scotland, with an intention to divest these operations.

Our capital expenditures totaled $197.1 million in 2008 and our planned capital expenditures in 2009 are in the range of $100 million to $120 million. As a result of the factors which are affecting our sales growth, we evaluated our expansion plans and determined that we have sufficient capacity to accommodate our clients' current demand. We expect to open the Sherbrooke (Canada) facility in the first half of 2009, in order to relieve capacity constraints at our Montreal facility. We have delayed the expansion of our Ohio facility until 2010, when we believe the industry will be better positioned to absorb additional capacity.

In addition to internally generated organic growth, our business strategy includes strategic "bolt-on" acquisitions that complement our business, increase the rate of our growth or geographically

expand our existing services, as evidenced by our acquisitions of NewLab BioQuality AG and MIR Preclinical Services in 2008.

Our annual goodwill impairment assessment has historically been completed at the beginning of the fourth quarter. Based on our initial assessment (step one) for 2008, the fair value of our business units exceeded their carrying value therefore our goodwill was not impaired. As economic conditions worsened late in the fourth quarter and our business performance and outlook were not as strong as anticipated, coupled with a decrease in our market capitalization, management determined that circumstances had changed enough to trigger another goodwill impairment test as of December 27, 2008. Our analysis resulted in the determination that the fair value our PCS business was less than its carrying value. The second step of the goodwill impairment test involved us calculating the implied goodwill for the PCS business. The carrying value of the goodwill assigned to the PCS business exceeded the implied fair value of goodwill, resulting in a goodwill impairment of $700 million.

Total net sales in 2008 were $1.3 billion, an increase of 9.2% over 2007 with demand decelerating during the second half of the year. The sales increase was due primarily to increased customer demand and higher pricing in Research Models and Services (RMS), strong large model safety testing and certain specialty toxicology sales partially offset by slower demand for PCS due to our clients' restructuring and reprioritization efforts, particularly in Europe. The effect of foreign currency translation added 1.3% to sales growth. Our gross margin decreased to 38.0% of net sales compared to 38.9% of net sales in 2007, due primarily to lower sales growth.

Our operating loss for 2008 was $449.8 million compared to income of $227.2 million for 2007 primarily due to the goodwill impairment of $700 million in 2008.

Net loss from continuing operations was $522.3 million in 2008 compared to income of $157.6 million in 2007. Diluted loss per share from continuing operations for 2008 was $7.76 compared to earnings per share of $2.29 in 2007.

We report two segments: RMS and PCS, which reflect the manner in which our operating units are managed.

Our RMS segment, which represented 49.1% of net sales in 2008, includes sales of research models, genetically engineered models and services (GEMS), research animal diagnostics, discovery and imaging services, consulting and staffing services, vaccine support and in vitro technology (primarily endotoxin testing). Although demand decelerated during the second half of the year, net sales for this segment increased 14.3% compared to 2007 due to increased small model sales in the United States and Europe, increased consulting and staffing services and strong in vitro sales. Favorable foreign currency translation increased the net sales gain by 3.7%. We experienced decreases in both the RMS gross margin and operating margin compared to last year (to 43.1% from 43.2% and to 30.1% from 30.7%, respectively) due mainly to the impact of the greater proportion of services in the sales mix and the second-quarter increase in operating expenses in Japan.

Our PCS segment, which represented 50.9% of net sales in 2008, includes services required to take a drug through the development process including discovery support, toxicology, pathology, biopharmaceutical, bioanalysis, pharmacokinetics and drug metabolism services, as well as Phase I clinical trials. Sales for this segment increased 4.6% over 2007, however, demand decelerated during the second half of the year. Sales were driven by continuing demand for large model safety testing and certain specialty toxicology studies as well as the acquisition of NewLab BioQuality AG, partially offset by more measured pharmaceutical spending due to our clients' restructuring and reprioritization efforts, particularly in Europe. Unfavorable foreign currency decreased sales growth by 0.9%. We experienced a decrease in the PCS gross margin during 2008 to 33.1% from 35.0% in 2007, due mainly to the lower sales growth and additional costs associated with the transition to the new preclinical facility in Nevada and start-up costs in China. As a result of the goodwill impairment, the 2008 operating margin was a negative 87.3% compared to 15.8% in 2007.

Net Income

Net loss for 2008 was $521.8 million compared to income of $154.4 million in 2007.

Critical Accounting Policies and Estimates

The preparation of these financial statements requires management to use judgment when making assumptions that are involved in preparing estimates that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and assumptions. Some of those estimates can be complex and require management to make estimates about the future and actual results could differ from those estimates. Management bases its estimates and assumptions on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. For any given estimate or assumption made by management, there may also be other estimates or assumptions that are reasonable.

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses the consolidated financial statements of Charles River Laboratories International, Inc. which have been prepared in accordance with accounting principles generally accepted in the United States. Management believes the following critical accounting policies are most affected by significant judgments and estimates used in the preparation of our consolidated financial statements. The following summary should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this Form 10-K. We believe the following critical accounting policies and estimates reflect our more significant judgments and estimates than usual in the preparation of our consolidated financial statement:

- Goodwill and other intangible assets;
- Revenue recognition;
- Pension plan accounting;
- Stock-based compensation; and
- Income taxes and deferred tax assets.

Goodwill, Other Intangible Assets We have intangible assets, including goodwill and other identifiable and indefinite-lived acquired intangibles on our balance sheet due to our acquisitions of businesses. The initial identification and valuation of these intangible assets and the determination of the estimated useful lives at the time of acquisition involve use of management judgments and estimates. These estimates are based on, among other factors, input from accredited valuation consultants, reviews of projected future income cash flows and statutory regulations. The use of alternative estimates and assumptions might have increased or decreased the estimated fair value of our goodwill and other intangible assets that could potentially result in a different impact to our results of operations.

We perform an annual impairment analysis of goodwill to determine if impairment exists. The goodwill impairment analysis is a two-step process. The first step is used to identify potential impairment and involves comparing each reporting unit's estimated fair value to its carrying value, including goodwill. Fair value is determined by using a weighted combination of a market-based approach and an income approach, as this combination is deemed to be the most indicative of our fair value in an orderly transaction between market participants. Under the market-based approach, we utilize information about our Company as well as publicly available industry information to determine earnings multiples and sales multiples that are used to value our reporting units. Under the income approach, we determine fair value based on the estimated future cash flows of each reporting unit, discounted by an estimated weighted-average cost of capital which reflects the overall level of inherent risk of the reporting unit and the rate of return an outside investor would expect to earn. Determining

the fair value of a reporting unit is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates, profit margin percentages, discount rates, perpetuity growth rates, future capital expenditures and future market conditions, among others. Our projections are based on an internal strategic review. Key assumptions, strategies, opportunities and risks from this strategic review along with a market evaluation are the basis for our assessment. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill is not considered to be impaired. However, if the carrying value exceeds estimated fair value, there is an indication of potential impairment and the second step is performed to measure the amount of impairment.

The second step of the goodwill impairment process involves the calculation of an implied fair value of goodwill for each reporting unit for which step one indicated impairment. The implied fair value of goodwill is determined similar to how goodwill is calculated in a business combination, by measuring the excess of the estimated fair value of the reporting unit as calculated in step one, over the estimated fair values of the individual assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. If the carrying value of goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess. In determining the fair value of assets we utilize appraisals for the fair value of property and equipment and valuations of certain intangible assets, including customer relationships.

Our annual goodwill impairment assessment has historically been completed at the beginning of the fourth quarter. Based on our initial assessment (step one) for 2008, the fair value of our business units exceeded their carrying value therefore our goodwill was not impaired. As economic conditions worsened late in the fourth quarter and our business performance and outlook was not as strong as anticipated coupled with a decrease in our market capitalization, management determined that circumstances had changed enough to trigger another goodwill impairment test as of December 27, 2008. Our analysis resulted in the determination that the fair value our PCS business was less than its carrying value. The second step of the goodwill impairment test involved us calculating the implied goodwill for the PCS business. The carrying value of the goodwill assigned to the PCS business exceeded the implied fair value of goodwill resulting in a goodwill impairment of $700 million.

Goodwill will not be amortized, but will be reviewed for impairment at least annually. The results of this year's impairment test are as of a point in time. If the future growth and operating results of our business are not as strong as anticipated and/or our market capitalization declines, this could impact the assumptions used in calculating the fair value in subsequent years. To the extent goodwill is impaired, its carrying value will be written down to its implied fair value and a charge will be made to our earnings. Such an impairment charge could materially and adversely affect our operating results and financial condition. As of December 27, 2008, we had recorded goodwill and other intangibles of $593.7 million in the consolidated balance sheet.

Revenue Recognition We recognize revenue on product and services sales. We record product revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collectability is reasonably assured. Recognition of service revenue is primarily based on the completion of agreed-upon service procedures including rate specified contracts and fixed fee contracts. Revenue of agreed-upon rate contracts is recognized as services are performed, based on rates specified in the contract. Revenue of fixed fee contracts is recognized as services are performed in relation to estimated costs to complete procedures specified by the customers in the form of study protocols. Our fixed fee service contracts, which are utilized mainly in our Preclinical segment, vary in term from a few days to greater than a year, with the majority of such contracts having a term of less than six months. Management reviews the costs incurred and services provided to date on these contracts in relation to the total estimated effort to complete the contract. As a result of the reviews, revisions in estimated effort to complete the contract are reflected in the period in which the change became known. These judgments and estimates are not expected to result in a change that would materially affect our reported results. In some cases, a portion of the contract fee is paid at the time the study is initiated. These advances are recorded as deferred revenue and recognized as revenue as services are performed. Conversely, in some cases, revenue is recorded based on the level of service

performed in advance of billing the customer with the offset to unbilled receivable. As of December 27, 2008, we had recorded unbilled revenue of $51.8 million and deferred revenue of $86.7 million in our consolidated balance sheet based on the difference between the estimated level of services performed and the billing arrangements defined by our service contracts.

Pension Plan Accounting As of December 27, 2008, we had a pension liability of $32.2 million. The actuarial computations require the use of assumptions to estimate the total benefits ultimately payable to employees and allocate this cost to the service periods. The key assumptions include the discount rate, the expected return on plan assets and expected future rate of salary increases. In addition, our actuaries determine the expense or liability of the plan using other assumptions for future experiences such as withdrawal and mortality rate. The key assumptions used to calculate pension costs are determined and reviewed annually by management after consulting with outside investment advisors and actuaries. The assumed discount rate, which is intended to be the actual rate at which benefits could effectively be settled, is adjusted based on the change in the long-term bond yield as of the measurement date. As of December 27, 2008, the weighted-average discount rate for our pension plans was 5.74%.

The assumed expected return on plan assets is the average return expected on the funds invested or to be invested to provide future benefits to pension plan participants. This includes considering the assets allocation and expected returns likely to be earned over the life of the plan. If the actual return is different from the assumed expected return in plan assets, the difference would be amortized over a period of approximately 15 to 20 years. The estimated effect of a 1.0% change in the expected rate of return would increase or decrease pension expense by $1.3 million.

During 2008, our Board of Directors voted to freeze the accrual of benefits under our U.S. pension plan effective April 30, 2008. In accordance with SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," we recorded a curtailment gain of $3.3 million in 2008.

Stock-based Compensation We recognize compensation expense for all share-based payment awards made to employees and directors including employee stock options and restricted stock awards based on estimated fair values. Accordingly, stock-based compensation cost is measured at grant date, based on the estimated fair value of the award and is recognized as expense on a straight-line basis over the requisite service period which is generally the vesting period. During the year ended December 27, 2008, we recognized $24.3 million of stock compensation expense associated with stock options, restricted stock and performance based stock awards.

We estimate the fair value of stock options using the Black-Scholes option-pricing model and the fair value of our restricted stock awards and restricted stock units based on the quoted market price of our common stock. We recognize the associated compensation expense on a straight-line basis over the vesting periods of the awards, net of estimated forfeitures. Forfeiture rates are estimated based on historical pre-vesting forfeitures and are updated on vesting date to reflect actual forfeitures.

Estimating the fair value for stock options requires judgment, including estimating stock-price volatility, expected term, expected dividends and risk-free interest rates. The expected volatility rates are estimated based on historical volatilities of our common stock over a period of time that approximates the expected term of the options. The expected term represents the average time that options are expected to be outstanding and is estimated based on the historical exercise and post-vesting cancellation patterns of our stock options. Expected dividends are estimated based on our dividend history as well as our current projections. The risk-free interest rate is based on the market yield of U.S. Treasury securities for periods approximating the expected terms of the options in effect at the time of grant. These assumptions are updated on at least an annual basis or when there is a significant change in circumstances that could affect these assumptions.

The fair value of option based stock awards granted during 2008 was estimated on the grant date using the Black-Scholes option pricing model with the following weighted-average assumptions:

	December 27, 2008
Expected life (in years)	4.5
Expected volatility	24.0%
Risk-free interest rate	2.76%
Expected dividend yield	0.0%
Weighted-average option grant date fair value	$ 14.85

Income Taxes As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our current tax expense and assessing temporary and permanent differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in our consolidated balance sheet. We must assess the likelihood that our deferred tax assets will be recovered from future taxable income and, to the extent we believe that recovery is not likely, we must establish a valuation allowance. In the event that actual results differ from these estimates, or we adjust these estimates in future periods, we may need to establish an additional valuation allowance which could impact our financial position or results of operations.

As of December 27, 2008, earnings of non-U.S. subsidiaries considered to be indefinitely reinvested totaled $192.9 million. No provision for U.S. income taxes has been provided thereon. Upon distribution of those earnings in the form of dividends or otherwise, we would be subject to both U.S. Federal and state taxes and withholding taxes payable to the various foreign countries. It is not practicable to estimate the amount of additional tax that might be payable on this undistributed foreign income.

We are a worldwide business and operate in various tax jurisdictions where tax laws and tax rates are subject to change given the political and economic climate in these countries. We report and pay income taxes based upon operational results and applicable law. Our tax provision is based upon enacted tax rates in effect to determine both the current and deferred tax position. Any significant fluctuation in tax rates or changes in tax laws could cause our estimate of taxes to change resulting in either increases or decreases in our effective tax rate.

Effective December 31, 2006, we adopted the provisions of FIN 48 "Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109," which clarifies the accounting for income tax positions by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on the derecognition of previously recognized income tax items, measurement, classification, interest and penalties, accounting in interim periods and financial statement disclosure. Under FIN 48, we recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the tax position. The tax benefits recognized in our financial statements from such positions are measured on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution.

Due to our size and the number of tax jurisdictions within which we conduct our global business operations, we are subject to income tax audits on a regular basis. As a result, we have tax reserves which are attributable to potential tax obligations around the world. We believe we have sufficiently provided for all audit exposures and assessments. Settlements of these audits or the expiration of the statute of limitations on the assessment of income taxes for any tax year may result in an increase or decrease to our effective tax rate.

Segment Operations

The following tables show the net sales and the percentage contribution of each of our reportable segments for the past three years. They also show cost of products sold and services provided, selling, general and administrative expenses, amortization of goodwill and intangibles and operating income by segment and as percentages of their respective segment net sales.

	Fiscal Year Ended		
	December 27, 2008	December 29, 2007	December 30, 2006
	(dollars in millions)		
Net sales:			
Research models and services	$ 659.9	$ 577.2	$ 515.0
Preclinical services	683.6	653.4	543.4
Cost of products sold and services provided:			
Research models and services	$ 375.3	$ 327.9	$ 300.9
Preclinical services	457.5	424.5	350.9
Goodwill impairment			
Research models and services	$ —	$ —	$ —
Preclinical services	700.0	—	—
Selling, general and administrative expenses:			
Research models and services	$ 83.3	$ 70.3	$ 65.9
Preclinical services	94.8	93.7	73.0
Unallocated corporate overhead	52.1	53.5	41.9
Amortization of other intangibles:			
Research models and services	$ 2.6	$ 1.9	$ 0.4
Preclinical services	27.7	31.6	37.2
Operating income (loss):			
Research models and services	$ 198.7	$ 177.1	$ 147.8
Preclinical services	(596.4)	103.6	82.3
Unallocated corporate overhead	(52.1)	(53.5)	(41.9)

	Fiscal Year Ended		
	December 27, 2008	December 29, 2007	December 30, 2006
Net sales:			
Research models and services	49.1%	46.9%	48.7%
Preclinical services	50.9%	53.1%	51.3%
Cost of products sold and services provided:			
Research models and services	56.9%	56.8%	58.4%
Preclinical services	66.9%	65.0%	64.6%
Goodwill impairment			
Research models and services	—	—	—
Preclinical services	102.4%	—	—
Selling, general and administrative expenses:			
Research models and services	12.6%	12.2%	12.8%
Preclinical services	13.9%	14.3%	13.4%
Unallocated corporate overhead	—	—	—
Amortization of other intangibles:			
Research models and services	0.4%	0.3%	0.1%
Preclinical services	4.1%	4.8%	6.8%
Operating income:			
Research models and services	30.1%	30.7%	28.7%
Preclinical services	(87.3)%	15.9%	15.2%
Unallocated corporate overhead	(3.9)%	(4.3)%	(4.0)%

In our consolidated statements of income, we provide a breakdown of net sales and cost of sales between net products and services. Such information is reported irrespective of the business segment from which the sales were generated.

Results of Operations

The following table summarizes historical results of operations as a percentage of net sales for the periods shown:

	Fiscal Year Ended		
	December 27, 2008	December 29, 2007	December 30, 2006
Net sales	100.0%	100.0%	100.0%
Cost of products sold and services provided	62.0%	61.1%	61.6%
Selling, general and administrative expenses	17.1%	17.7%	17.0%
Goodwill impairment	52.1%	—	—
Amortization of other intangibles	2.3%	2.7%	3.6%
Operating income (loss)	(33.5)%	18.5%	17.8%
Interest income	0.6%	0.8%	0.6%
Interest expense	1.0%	1.5%	1.8%
Provision for income taxes	4.6%	4.8%	4.7%
Minority interests	0.1%	—%	0.2%
Income (loss) from continuing operations	(38.9)%	12.8%	11.8%

Fiscal 2008 Compared to Fiscal 2007

Net Sales. Net sales in 2008 were $1,343.5 million, an increase of $112.9 million, or 9.2%, from $1,230.6 million in 2007.

Research Models and Services. In 2008, net sales for our RMS segment were $659.9 million, an increase of $82.7 million, or 14.3%, from $577.2 million in 2007, due to increased small model sales in the United States and Europe, increased consulting and staffing services and strong in vitro sales. Favorable foreign currency translation increased sales growth by approximately 3.7%. RMS sales increased due to pricing and unit volume increases in both models, including large models, and services. The RMS sales growth was driven by increases in basic research and biotechnology spending, which drove greater demand for our products and services.

Preclinical Services. In 2008, net sales for our PCS segment were $683.6 million, an increase of $30.2 million, or 4.6%, compared to $653.4 million in 2007. Sales were driven by continuing demand for large model safety testing and certain specialty toxicology studies as well as the acquisition of NewLab BioQuality AG, partially offset by more measured pharmaceutical spending due to our clients' restructuring and reprioritization efforts, particularly in Europe. Unfavorable foreign currency had a negative impact on sales growth by 0.9%.

Cost of Products Sold and Services Provided. Cost of products sold and services provided in 2008 was $832.8 million, an increase of $80.4 million, or 10.7%, from $752.4 million in 2007. Cost of products sold and services provided in 2008 was 62.0% of net sales, compared to 61.1% in 2007.

Research Models and Services. Cost of products sold and services provided for RMS in 2008 was $375.3 million, an increase of $47.5 million, or 14.5%, compared to $327.8 million in 2007. Cost of products sold and services provided as a percentage of net sales in 2008 was 56.9% compared to 56.8% in 2007. The greater facility utilization was the result of the increased sales during the quarter, partially offset by an unfavorable product mix due to greater growth in the lower margin service area.

Preclinical Services. Cost of services provided for the PCS segment in 2008 was $457.5 million, an increase of $32.9 million, or 7.8%, compared to $424.6 million in 2007. Cost of services provided as a

percentage of net sales was 66.9% in 2008, compared to 65.0% in 2007. The increase in cost of services provided as a percentage of net sales was primarily due to the impact of lower sales growth and the start-up and transition costs of PCS Nevada facilities.

Selling, General and Administrative Expenses. Selling, general and administrative expenses in 2008 were $230.2 million, an increase of $12.7 million, or 5.8%, from $217.5 million in 2007. Selling, general and administrative expenses in 2008 were 17.1% of net sales compared to 17.7% of net sales in 2007.

Research Models and Services. Selling, general and administrative expenses for RMS in 2008 were $83.3 million, an increase of $13.0 million, or 18.5%, compared to $70.3 million in 2007. Selling, general and administrative expenses increased as a percentage of sales to 12.6% in 2008 from 12.2% in 2007 due mainly to higher operating costs.

Preclinical Services. Selling, general and administrative expenses for the PCS segment in 2008 were $94.8 million, an increase of $1.1 million, or 1.2%, compared to $93.7 million in 2007. Selling, general and administrative expenses in 2008 decreased to 13.9% of net sales compared to 14.3% in 2007.

Unallocated Corporate Overhead. Unallocated corporate overhead, which consists of various costs primarily related to activities centered at our corporate headquarters, such as compensation (including stock-based compensation), information systems, compliance and facilities expenses associated with our corporate, administration and professional services functions was $52.1 million in 2008, compared to $53.5 million in 2007. The decrease in unallocated corporate overhead in 2008 was primarily due to the gain associated with the curtailment of the U.S. pension plan and slower growth in health care costs.

Amortization of Other Intangibles. Amortization of other intangibles in 2008 was $30.3 million, a decrease of $3.2 million, from $33.5 million in 2007.

Research Models and Services. In 2008, amortization of other intangibles for our RMS segment was $2.6 million, an increase of $0.7 million from $1.9 million in 2007.

Preclinical Services. In 2008, amortization of other intangibles for our PCS segment was $27.7 million, a decrease of $3.9 million from $31.6 million in 2007.

Goodwill Impairment. Our annual goodwill impairment assessment has historically been completed at the beginning of the fourth quarter. Based on our initial assessment (step one) for 2008, the fair value of our business units exceeded their carrying value therefore our goodwill was not impaired. As economic conditions worsened late in the fourth quarter and our business performance and outlook was not as strong as anticipated coupled with a decrease in our market capitalization, management determined that circumstances had changed enough to trigger another goodwill impairment test as of December 27, 2008. Our analysis resulted in the determination that the fair value our PCS business was less than its carrying value. The second step of the goodwill impairment test involved us calculating the implied goodwill for the PCS business. The carrying value of the goodwill assigned to the PCS business exceeded the implied fair value of goodwill resulting in a goodwill impairment of $700 million.

Operating Income. Operating loss in 2008 was $449.8 million, compared to operating income of $227.2 million in 2007.

Research Models and Services. In 2008, operating income for our RMS segment was $198.7 million, an increase of $21.5 million, or 12.2%, from $177.2 million in 2007. Operating income as a percentage of net sales in 2008 was 30.1%, compared to 30.7% in 2007. The decrease in operating income as a percentage of sales was primarily due to increased operating expenses offset by improved utilization due to the higher sales volume.

Preclinical Services. In 2008, operating loss for our PCS segment was $596.4 million, compared to operating income of $103.5 million in 2007. The decrease in operating income as a percentage of net sales was primarily due to goodwill impairment as well as to the start-up and transition costs for our

PCS Nevada facilities partially offset by improved operating efficiency as a result of higher sales and lower amortization costs.

Interest Expense. Interest expense in 2008 was $14.0 million, compared to $18.0 million in 2007, due primarily to lower outstanding debt and lower interest rates.

Interest Income. Interest income in 2008 was $8.7 million compared to $9.7 million in 2007.

Income Taxes. Income tax expense in 2008 was $61.9 million, an increase of $2.5 million compared to $59.4 million in 2007. Our effective tax rate in 2008 was (13.4)% which was adversely impacted by the goodwill impairment by (40.5)%. Our 2007 effective tax rate was 27.3%. The change from 2007 to 2008 effective tax rate was primarily due to the goodwill impairment.

Net Income(Loss). Net loss in 2008 was $521.8 million compared to net income of $154.4 million in 2007.

Fiscal 2007 Compared to Fiscal 2006

Net Sales. Net sales in 2007 were $1,230.6 million, an increase of $172.2 million, or 16.3%, from $1,058.4 million in 2006.

Research Models and Services. In 2007, net sales from our RMS segment were $577.2 million, an increase of $62.2 million, or 12.1%, from $515.0 million in 2006. Favorable foreign currency translation increased our net sales gain by 2.9%. RMS sales increased due to pricing and unit volume increases in both models and services. The RMS sales growth was driven by increases in basic research and biotechnology spending, which drove greater demand for our products and services, partially offset by lower sales growth in research models in Japan.

Preclinical Services. In 2007, net sales from our Preclinical Services segment were $653.4 million, an increase of $110.0 million, or 20.2%, compared to $543.4 million in 2006. The increase was primarily due to the increased customer demand for toxicology and other specialty preclinical services, reflecting increased customer outsourcing along with the full year impact of the acquisition of Northwest Kinetics. Favorable foreign currency increased sales growth by 2.9%.

Cost of Products Sold and Services Provided. Cost of products sold and services provided in 2007 was $752.4 million, an increase of $100.6 million, or 15.4%, from $651.8 million in 2006. Cost of products sold and services provided in 2007 was 61.1% of net sales, compared to 61.6% in 2006.

Research Models and Services. Cost of products sold and services provided for RMS in 2007 was $327.9 million, an increase of $27.0 million, or 9.0%, compared to $300.9 million in 2006. Cost of products sold and services provided in 2007 decreased to 56.8% of net sales compared to 58.4% of net sales in 2006. The favorable cost of products sold and services provided as a percentage of sales was due to greater facility utilization as a result of increased sales.

Preclinical Services. Cost of services provided for the Preclinical Services segment in 2007 was $424.5 million, an increase of $73.6 million, or 21.0%, compared to $350.9 million in 2006. Cost of services provided as a percentage of net sales was 65.0% in 2007, compared to 64.6% in 2006. The increase in cost of services provided as a percentage of net sales was primarily due to the impact of increased costs related to the transition to our new Massachusetts facility and the foreign exchange impact of the strengthening Canadian dollar, partially offset by improved performance at certain PCS locations.

Selling, General and Administrative Expenses. Selling, general and administrative expenses in 2007 were $217.5 million, an increase of $36.7 million, or 20.3%, from $180.8 million in 2006. Selling, general and administrative expenses in 2007 were 17.7% of net sales compared to 17.1% of net sales in 2006. The increase as a percentage of sales was due primarily to increases in unallocated corporate overhead and charges related to the accelerated exit of our Worcester facility.

Research Models and Services. Selling, general and administrative expenses for RMS in 2007 were $70.3 million, an increase of $4.4 million, or 6.8%, compared to $65.9 million in 2006. Selling, general and administrative expenses decreased as a percentage of sales to 12.2% in 2007 from 12.8% in 2006 due mainly to greater economies of scale.

Preclinical Services. Selling, general and administrative expenses for the Preclinical Services segment in 2007 were $93.7 million, an increase of $20.7 million, or 28.3%, compared to $73.0 million in 2006. Selling, general and administrative expenses in 2007 increased to 14.3% of net sales, compared to 13.4% of net sales in 2006 due to charges related to the accelerated exit of our Worcester facility.

Unallocated Corporate Overhead. Unallocated corporate overhead, which consists of various corporate expenses including those associated with stock based compensation, pension and departments such as senior executives, corporate accounting, legal, tax, treasury, global informational technology, human resources and investor relations, was $53.5 million in 2007, compared to $41.9 million in 2006. The increase in unallocated corporate overhead in 2007 was due to increased equity based compensation, higher information technology costs and higher bonus accruals.

Amortization of Other Intangibles. Amortization of other intangibles in 2007 was $33.5 million, a decrease of $4.1 million, from $37.6 million in 2006. The decreased amortization was primarily due to reduced amortization related to the acquisition of Inveresk.

Research Models and Services. In 2007, amortization of other intangibles for our RMS segment was $1.9 million, an increase of $1.5 million from $0.4 million in 2006. The increased amortization was primarily due to the acquisition of the remaining 15% of the equity of Charles River Laboratories Japan, Inc., from the minority interest partner in the first quarter of 2007.

Preclinical Services. In 2007, amortization of other intangibles for our Preclinical Services segment was $31.6 million, a decrease of $5.6 million from $37.2 million in 2006. The decrease in amortization of other intangibles was primarily due to reduced amortization related to the Inveresk acquisition.

Operating Income. Operating income in 2007 was $227.2 million, an increase of $39.0 million, or 20.7%, from $188.2 million in 2006. Operating income in 2007 was 18.5% of net sales, compared to 17.8% of net sales in 2006. The increase as a percentage of sales was due primarily to increased operating income margins in RMS along with lower amortization costs.

Research Models and Services. In 2007, operating income for our RMS segment was $177.2 million, an increase of $29.4 million, or 19.9%, from $147.8 million in 2006. Operating income as a percentage of net sales in 2007 was 30.7%, compared to 28.7% in 2006. The increase in operating income as a percentage of sales was primarily due to improved capacity utilization resulting from the higher sales volume.

Preclinical Services. In 2007, operating income for our Preclinical Services segment was $103.5 million, an increase of $21.2 million, or 25.8%, from $82.3 million in 2006. Operating income as a percentage of net sales increased to 15.8%, compared to 15.2% of net sales in 2006. The increase in operating income as a percentage of net sales was primarily due to higher sales which resulted in improved operating efficiency and lower amortization costs, partially offset by the start-up and transition costs for our PCS Massachusetts facilities and the foreign exchange impact of the strengthening Canadian dollar.

Interest Income. Interest income in 2007 was $9.7 million, compared to $6.8 million in 2006. The $2.9 million increase was primarily due to increased funds invested.

Interest Expense. Interest expense in 2007 was $18.0 million, compared to $19.4 million in 2006. The $1.4 million decrease was primarily due to debt repayment.

Income Taxes. Income tax expense for 2007 was $59.4 million, an increase of $9.7 million compared to $49.7 million in 2006. Our effective tax rate for 2007 was 27.3% compared to 28.2% for 2006. The decline in effective tax rate in 2007 was primarily due to benefits recorded in 2007 related to tax law changes in the United Kingdom and Germany and benefits generated due to mix of earnings.

Income from Continuing Operations. Income from continuing operations in 2007 was $157.6 million, an increase of $32.4 million from $125.2 million in 2006.

Loss from Discontinued Operations. The loss from discontinued operations in 2007 was $3.1 million. The loss from discontinued operations for 2006 was $181.0 million which included a goodwill impairment of $129.2 million, the tax expense of $37.8 million related to the sale of the Phase II-IV Clinical business, as well as results from our ISS business.

Net Income (Loss). Net income in 2007 was $154.4 million compared to a net loss of $55.8 million in 2006.

Liquidity and Capital Resources

The following discussion analyzes liquidity and capital resources by operating, investing and financing activities as presented in our condensed consolidated statements of cash flows.

Our principal sources of liquidity have been our cash flow from operations, the convertible debt offering, our marketable securities and our revolving line of credit arrangements.

We had marketable securities of $19.0 million and $63.4 million as of December 27, 2008 and December 29, 2007, respectively. The decline was primarily due to management's decision to move funds into cash equivalent type investments. As of December 27, 2008 and December 29, 2007, we had $19.0 million and $38.2 million invested in auction rate securities rated AAA by a major credit rating agency. Our auction rate securities are guaranteed by U.S. federal agencies. These auction rate securities provide liquidity via an auction process that resets the applicable interest rate at predetermined calendar intervals, usually every 7 or 35 days. The overall credit concerns in the capital markets as well as the failed auctions of these securities have impacted our ability to liquidate these investments. The auctions for the securities we own continue to fail, the investment may not be readily convertible to cash until a future auction of these investments is successful. Based on our ability to access our cash and other short-term investments, our expected operating cash flows, and other sources of cash, we do not anticipate the current lack of liquidity on these investments will affect our ability to operate our business as usual.

In 2006, we issued $350.0 million of 2.25% Convertible Senior Notes (the 2013 notes) due in 2013. At December 27, 2008, the fair value of our outstanding 2013 Notes was approximately $311.1 based on their quoted market value. During the fourth quarter of 2008 no conversion triggers were met.

Concurrently with the sale of the 2013 Notes, we entered into convertible note hedge transactions with respect to our obligation to deliver common stock under the 2013 Notes. The convertible note hedges give us the right to receive, for no additional consideration, the numbers of shares of common stock that we are obligated to deliver upon conversion of the 2013 Notes (subject to antidilution adjustments substantially identical to those in the 2013 Notes), and expire on June 15, 2013. The aggregate cost of these convertible note hedges was $98.3 million.

Separately and concurrently with the pricing of the 2013 Notes, we issued warrants for approximately 7.2 million shares of our common stock. The warrants give the holders the right to receive, for no additional consideration, cash or shares (at our option) with a value equal to the appreciation in the price of our shares above $59.925, and expire between September 13, 2013 and

January 22, 2014 over 90 equal increments. The total proceeds from the issuance of the warrants were $65.4 million.

From our economic perspective, the cumulative impact of the purchase of the convertible note hedges and the sale of the warrants increases the effective conversion price of the 2013 Notes from $48.94 to $59.925 per share.

We currently have a $428 million credit agreement and a $50 million credit agreement. At December 27, 2008, we had term loans of $134.9 million and $90.0 million under our revolving credit facility outstanding. As of December 27, 2008, we had $104.4 million available to borrow under our revolving credit agreements. As of December 27, 2008, we were compliant with all financial covenants specified in the credit agreements. For additional information regarding the 2013 Notes, the $428 million credit agreement and the $50 million credit agreement, please see Note 4 included in the Notes to Consolidated Financial Statements included elsewhere in this Form 10-K.

During the first quarter of 2009, the Company plans to repatriate approximately $90.0 million of the earnings of its non-U.S. subsidiaries. As such, the Company has changed its permanent reinvestment assertion with regards to these unremitted earnings. As a result of the change in assertion, the Company recorded a tax benefit primarily due to foreign tax credits in the fourth quarter of 2008 of $7.2 million, of which $4.0 million was reflected in the effective tax rate and $3.2 million was reflected in the Cumulative Translation Account. The proceeds from the repatriation will be used for general corporate purposes. The Company continues to maintain its permanent reinvestment assertion with regards to the remaining unremitted earnings of its non-U.S. subsidiaries.

Our Board of Directors has authorized a share repurchase program, originally authorized on July 27, 2005 and subsequently amended on October 26, 2005, May 9, 2006, August 1, 2007 and July 24, 2008 to acquire up to a total of $600.0 million of common stock. The program does not have a fixed expiration date. In order to facilitate these share repurchases, the Company has entered into Rule 10b5-1 Purchase Plans. As of December 27, 2008, approximately $187.1 million remained authorized for share repurchases.

Cash and cash equivalents totaled $243.6 million at December 27, 2008 compared to $225.4 million at December 29, 2007.

Net cash provided by operating activities in 2008 and 2007 was $279.5 million and $288.4 million, respectively. The decrease in cash provided by operations was primarily due to a decrease in deferred revenue. Our days sales outstanding (DSO) of 40 days as of December 27, 2008 increased from 35 days at December 29, 2007. Our DSO includes deferred revenue as an offset to accounts receivable in the calculation.

Net cash used in investing activities in 2008 and 2007 was $227.2 million and $200.8 million, respectively. Our capital expenditures in 2008 were $197.1 million of which $60.5 million was related to RMS and $136.6 million to PCS. For 2009 we project capital expenditures to be in the range of $100 to $120 million. We anticipate that future capital expenditures will be funded by operating activities and existing credit facilities.

Net cash used in financing activities in 2008 was $17.3 million and $46.4 million in 2007. During 2008, we purchased $115.1 million of treasury stock and repaid debt of $36.5 million partially offset by proceeds from exercises of employee stock options and warrants of $28.5 million and proceeds from debt of $102.0 million. During 2007, we purchased $41.6 million of treasury stock and repaid $64.5 million of debt, partially offset by proceeds from exercises of employee stock options of $54.0 million.

Minimum future payments of our contractual obligations at December 27, 2008 are as follows:

Contractual Obligations	Total	Less than 1 Year	1—3 Years	3—5 Years	After 5 Years
Debt	$ 575.8	$ 35.4	$ 190.4	$ 350.0	$ —
Interest payments	45.6	12.8	28.8	4.0	—
Operating leases	98.3	21.4	24.8	17.4	34.7
Pension	94.5	9.4	9.7	28.7	46.7
Construction commitments	27.4	27.4	—	—	—
Total contractual cash obligations	$ 841.6	$ 106.4	$ 253.7	$ 400.1	$ 81.4

The above table does not reflect unrecognized tax benefits of $28.7 million. Refer to Note 6 to the Consolidated Financial Statements for additional discussion on unrecognized tax benefits.

Off-Balance Sheet Arrangements

The conversion features of our 2013 Notes are equity-linked derivatives. As such, we recognize these instruments as off-balance sheet arrangements. The conversion features associated with these notes would be accounted for as derivative instruments, except that they are indexed to our common stock and classified in stockholders' equity. Therefore, these instruments meet the scope of exception of paragraph 11(a) of SFAS No. 133, "Accounting for Derivatives Instruments and Hedging Activities," and are accordingly not accounted for as derivatives for purposes of SFAS No. 133.

Recent Accounting Pronouncements

In June, the FASB issued FSP No. EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities" (FSP EITF 03-6-1) which clarifies that share-based payment awards that entitle their holders to receive nonforfeitable dividends before vesting should be considered participating securities. As participating securities, these instruments should be included in the calculation of basic earnings per share. FSP EITF 03-6-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, as well as interim periods within those years. Once effective, all prior-period earnings per share data presented must be adjusted retrospectively (including interim financial statements, summaries of earnings, and selected financial data) to conform with the provisions of the FSP. Early application is not permitted. Upon adoption of FSP EITF 03-6-1, we expect to revise prior period earning per share from continuing operations as follows: decrease 2008 basic and diluted loss per share by $0.08; reduce 2007 basic and diluted earning per share by $0.02 and reduce 2006 basic earning per share by $0.02 and diluted earning per share from continuing operations by $0.01.

In May 2008, the FASB issued FSP No. APB 14-1 "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" (FSP 14-1). This FSP specifies that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. This FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008 and interim periods within those fiscal years and will be applied retrospectively to all periods presented. We estimate that upon adoption of the provisions of FSP 14-1, $261,508 of the total proceeds from our debt will be allocated to the liability component, which represents the estimated fair value of similar debt instruments without the conversion option as of the date of issuance. The remaining $88,492 will be allocated to the equity component. The debt discount of $88,492 will be amortized to interest expense over the seven year period from June 2006 to June 2013, the expected life of the instrument. Additionally, upon adoption, approximately $1,903 of deferred financing costs capitalized at the time of issuance will be reclassified to equity as equity issuance costs and will not be amortized to interest expense.

In March 2008, the FASB issued SFAS No. 161 "Disclosures about Derivative Instruments and Hedging Activities" (FAS 161). FAS 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under FASB Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. FAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. This statement is not expected to have an impact on our consolidated financial statements.

In February 2008, the FASB issued FSP 157-1 and 157-2 that (1) partially deferred the effective date of SFAS 157 for one year for certain nonfinancial assets and nonfinancial liabilities and (2) removed certain leasing transactions from the scope of SFAS 157. SFAS 157 as amended by this FSP is effective for nonfinancial assets and liabilities in fiscal years beginning after November 15, 2008 and will be applied prospectively. The provisions of SFAS 157 will not have a material impact on our consolidated financial statements.

In February 2008, the FASB issued FSP FAS 140-3: "Accounting for Transfers of Financial Assets and Repurchase Financing Transactions" (FSP 140-3). FSP 140-3 provides guidance on accounting for a transfer of a financial asset and a repurchase financing. This FSP presumes that an initial transfer for a financial asset and a repurchase financing are considered part of the same arrangement (linked transaction) under Statement 140. However, if certain criteria are met, the initial transfer and repurchase financing shall not be evaluated as a linked transaction and shall be evaluated separately under Statement 140. This FSP is not expected to have an impact on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations" (SFAS 141(R)) and No. 160, "Noncontrolling Interests in Consolidated Financial Statements" (SFAS 160). SFAS 141(R) and SFAS 160 introduce significant changes in the accounting for and reporting of business acquisitions and noncontrolling interests in a subsidiary. SFAS 141(R) continues the movement toward the greater use of fair values in financial reporting and increased transparency through expanded disclosures. SFAS 141(R) changes how business acquisitions are accounted for and will impact financial statements at the acquisition date and in subsequent periods. In addition, SFAS 141(R) will impact the annual goodwill impairment test associated with acquisitions that close both before and after its effective date. SFAS 141(R) amends SFAS 109 changing the accounting for adjustments to deferred tax asset valuation allowances and income tax uncertainties related to acquisitions that close both before and after its effective date, generally requiring adjustments to be reflected in income tax expense. SFAS 141(R) applies prospectively to fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. An entity may not apply SFAS 141(R) before that date. The adoption of SFAS 141(R) and SFAS 160 will impact our consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosure about Market Risk

Certain of our financial instruments are subject to market risks, including interest rate risk and foreign currency exchange rates. We generally do not use financial instruments for trading or other speculative purposes.

Interest Rate Risk

The fair value of our marketable securities is subject to interest rate risk and will fall in value if market interest rates increase. If market rates were to increase immediately and uniformly by 100 basis points from levels at December 27, 2008, then the fair value of the portfolio would decline by approximately $0.2 million.

We have entered into two credit agreements, the $428 million credit agreement and the $50 million credit agreement. Our primary interest rate exposure results from changes in LIBOR or the

base rates which are used to determine the applicable interest rates under our term loans in the $428 million credit agreement and in the $50 million agreement and our revolving credit facilities. Our potential additional interest expense over one year that would result from a hypothetical, instantaneous and unfavorable change of 100 basis points in the interest rate would be approximately $3.3 million on a pre-tax basis.

We issued $350 million of the 2013 Notes in a private placement in the second quarter of 2006. The convertible senior debenture notes bear an interest rate of 2.25%. The fair market value of the outstanding notes was $311.1 million on December 27, 2008.

Foreign Currency Exchange Rate Risk

We operate on a global basis and have exposure to some foreign currency exchange rate fluctuations for our earnings and cash flows. This risk is mitigated by the fact that various foreign operations are principally conducted in their respective local currencies. However, a portion of our foreign operations' revenue is denominated in U.S. dollars, with the costs accounted for in their local currencies. We attempt to minimize this exposure by using certain financial instruments, for purposes other than trading, in accordance with our overall risk management and our hedge policy. In accordance with our hedge policy, we designate certain transactions as hedges as set forth in SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities."

During 2008, we utilized foreign exchange contracts, principally to hedge the impact of currency fluctuations on customer transactions and certain balance sheet items. No foreign exchange contracts were outstanding on December 27, 2008.

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment our management concluded that, as of December 27, 2008, our internal control over financial reporting was effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 27, 2008 has been audited by PricewaterhouseCoopers LLP, an Independent Registered Public Accounting Firm, as stated in their report which is included herein.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Charles River Laboratories International, Inc:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, shareholders' equity and cash flows present fairly, in all material respects, the financial position of Charles River Laboratories International, Inc and its subsidiaries at December 27, 2008 and December 29, 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 27, 2008 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 27, 2008, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 8. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 6 to the consolidated financial statements, the Company changed its method of accounting for uncertain tax positions as of December 31, 2006.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
February 23, 2009

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per share amounts)

	Fiscal Year Ended		
	December 27, 2008	December 29, 2007	December 30, 2006
Net sales related to products	$ 471,741	$ 415,247	$ 374,832
Net sales related to services	871,752	815,379	683,553
Net sales	1,343,493	1,230,626	1,058,385
Costs and expenses			
Cost of products sold	252,938	225,088	211,008
Cost of services provided	579,846	527,347	440,770
Selling, general and administrative	230,159	217,491	180,795
Goodwill impairment	700,000	—	—
Amortization of other intangibles	30,312	33,509	37,639
Operating income (loss)	(449,762)	227,191	188,173
Other income (expense)			
Interest income	8,691	9,683	6,836
Interest expense	(14,009)	(18,004)	(19,426)
Other, net	(5,930)	(1,448)	981
Income (loss) before income taxes and minority interests	(461,010)	217,422	176,564
Provision for income taxes	61,944	59,400	49,738
Income (loss) before minority interests	(522,954)	158,022	126,826
Minority interests	687	(470)	(1,605)
Income (loss) from continuing operations	(522,267)	157,552	125,221
Loss from discontinued operations, net of tax	424	(3,146)	(181,004)
Net income (loss)	$ (521,843)	$ 154,406	$ (55,783)
Earnings (loss) per common share			
Basic:			
Continuing operations	$ (7.76)	$ 2.35	$ 1.82
Discontinued operations	$ 0.01	$ (0.05)	$ (2.63)
Net income (loss)	$ (7.76)	$ 2.31	$ (0.81)
Diluted:			
Continuing operations	$ (7.76)	$ 2.29	$ 1.79
Discontinued operations	$ 0.01	$ (0.05)	$ (2.59)
Net income (loss)	$ (7.76)	$ 2.25	$ (0.80)

See Notes to Consolidated Financial Statements.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per share amounts)

	December 27, 2008	December 29, 2007
Assets		
Current assets		
Cash and cash equivalents	$ 243,592	$ 225,449
Trade receivables, net	210,214	213,908
Inventories	96,882	88,023
Other current assets	67,218	79,477
Current assets of discontinued operations	233	1,007
Total current assets	618,139	607,864
Property, plant and equipment, net	828,921	748,793
Goodwill, net	457,578	1,120,540
Other intangibles, net	136,100	148,905
Deferred tax asset	62,935	89,255
Other assets	52,058	85,993
Long term assets of discontinued operations	4,187	4,187
Total assets	$ 2,159,918	$ 2,805,537
Liabilities and Shareholders' Equity		
Current liabilities		
Current portion of long-term debt and capital leases	$ 35,452	$ 25,051
Accounts payable	40,517	36,715
Accrued compensation	54,870	53,359
Deferred revenue	86,707	102,021
Accrued liabilities	60,741	61,366
Other current liabilities	22,676	23,268
Current liabilities of discontinued operations	35	748
Total current liabilities	300,998	302,528
Long-term debt and capital leases	540,646	484,998
Other long-term liabilities	118,827	154,044
Total liabilities	960,471	941,570
Commitments and contingencies		
Minority interests	422	3,500
Shareholders' equity		
Preferred stock, $0.01 par value; 20,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.01 par value; 120,000,000 shares authorized; 76,609,779 issued and 67,052,884 shares outstanding at December 27, 2008 and 75,427,649 issued and 68,135,324 shares outstanding at December 29, 2007	766	754
Capital in excess of par value	1,965,150	1,906,997
Retained (deficit) earnings	(344,314)	177,529
Treasury stock, at cost, 9,556,895 shares and 7,292,325 shares at December 27, 2008 and December 29, 2007, respectively	(425,924)	(310,372)
Accumulated other comprehensive income	3,347	85,559
Total shareholders' equity	1,199,025	1,860,467
Total liabilities and shareholders' equity	$ 2,159,918	$ 2,805,537

See Notes to Consolidated Financial Statements.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Fiscal Year Ended		
	December 27, 2008	December 29, 2007	December 30, 2006
Cash flows relating to operating activities			
Net income (loss)	$ (521,843)	$ 154,406	$ (55,783)
Less: Income (loss) from discontinued operations	424	(3,146)	(181,004)
Income (loss) from continuing operations	(522,267)	157,552	125,221
Adjustments to reconcile net income from continuing operations to net cash provided by operating activities:			
Depreciation and amortization	91,183	86,379	82,586
Goodwill impairment	700,000	—	—
Gain on pension curtailment	(3,276)	—	—
Non-cash compensation	24,333	26,017	21,090
Deferred income taxes	12,671	(9,786)	4,035
Other, net	9,019	9,056	1,659
Changes in assets and liabilities:			
Trade receivables	(8,532)	(492)	(18,961)
Inventories	(9,670)	(12,988)	(6,475)
Other assets	6,421	(9,057)	(19,139)
Accounts payable	8,177	2,076	(2,586)
Accrued compensation	1,248	9,445	(414)
Deferred revenue	(15,314)	8,736	(2,967)
Accrued liabilities	6,717	3,442	(8,493)
Other liabilities	(21,245)	18,045	417
Net cash provided by operating activities	279,465	288,425	175,973
Cash flows relating to investing activities			
Acquisition of businesses, net of cash acquired	(69,151)	(11,584)	(30,862)
Capital expenditures	(197,081)	(227,036)	(181,747)
Purchases of marketable securities	(6,439)	(299,408)	(207,900)
Proceeds from sale of marketable securities	45,444	334,546	122,981
Other, net	51	2,668	130
Net cash used in investing activities	(227,176)	(200,814)	(297,398)
Cash flows relating to financing activities			
Proceeds from long-term debt and revolving credit agreement	102,000	—	440,300
Payments on long-term debt, capital lease obligation and revolving credit agreement	(36,540)	(64,545)	(170,842)
Purchase of call options	—	—	(98,110)
Proceeds from exercises of stock options and warrants	28,490	53,977	22,900
Proceeds from issuance of warrants	—	—	65,423
Excess tax benefit from exercises of employee stock options	3,788	7,150	6,540
Purchase of treasury stock	(115,058)	(41,617)	(249,958)
Other, net	—	(1,392)	(10,685)
Net cash provided by (used in) financing activities	(17,320)	(46,427)	5,568
Discontinued operations			
Net cash provided by (used in) operating activities	484	(4,177)	(11,603)
Net cash provided by investing activities	—	30	189,406
Net cash used in financing activities	—	—	(182)
Net cash provided by (used in) discontinued operations	484	(4,147)	177,621
Effect of exchange rate changes on cash and cash equivalents	(17,310)	13,032	(1,205)
Net change in cash and cash equivalents	18,143	50,069	60,559
Cash and cash equivalents, beginning of period	225,449	175,380	114,821
Cash and cash equivalents, end of period	$ 243,592	$ 225,449	$ 175,380
Supplemental cash flow information			
Cash paid for interest	$ 14,186	$ 20,110	$ 22,992
Cash paid for taxes	$ 43,157	$ 38,448	$ 93,109
Supplemental non-cash investing activities information			
Capitalized interest	$ 2,486	$ 4,716	$ 4,107

See Notes to Consolidated Financial Statements.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(dollars in thousands)

	Total	Accumulated (Deficit) Earnings	Accumulated Other Comprehensive Income	Common Stock	Capital in Excess of Par	Treasury Stock	Unearned Compensation
Balance at December 31, 2005	$ 1,827,013	$ 78,906	$ 8,540	$ 724	$ 1,777,625	$ (17,997)	$ (20,785)
Components of comprehensive income, net of tax:							
Net (loss)	(55,783)	(55,783)	—	—	—	—	—
Foreign currency translation adjustment	12,335	—	12,335	—	—	—	—
Minimum pension liability adjustment	(195)	—	(195)	—	—	—	—
Unrealized gain on marketable securities	11	—	11	—	—	—	—
Total comprehensive income	(43,632)	—	—	—	—	—	—
Adjustment to initially apply SFAS No. 158, net of tax	480	—	480	—	—	—	—
Tax benefit associated with stock issued under employee compensation plans	5,714	—	—	—	5,714	—	—
Exercise of warrants	79	—	—	—	79	—	—
Issuance of stock under employee compensation plans	22,821	—	—	10	22,811	—	—
Acquisition of treasury shares	(249,958)	—	—	—		(249,958)	—
Stock-based compensation	21,866	—	—	—	21,866	—	—
Purchase of hedge on convertible debt	(98,110)	—	—	—	(98,110)	—	—
Issuance of warrants	65,423	—	—	—	65,423	—	—
Deferred tax assets	43,515	—	—	—	43,515	—	—
Reversal of unearned compensation upon adoption of SFAS No. 123(R)		—	—	—	(20,785)	—	20,785
Balance at December 30, 2006	$ 1,595,211	$ 23,123	$ 21,171	$ 734	$ 1,818,138	$ (267,955)	$ —
Components of comprehensive income, net of tax:							
Net income	154,406	154,406	—	—	—	—	—
Foreign currency translation adjustment	57,872	—	57,872	—	—	—	—
Net increase in unrecognized pension net gain/loss and prior service costs	6,564	—	6,564	—	—	—	—
Unrealized loss on marketable securities	(48)	—	(48)	—	—	—	—
Total comprehensive income	218,794	—	—	—	—	—	—
Tax benefit associated with stock issued under employee compensation plans	8,727	—	—	—	8,727	—	—
Exercise of warrants	14	—	—	—	14	—	—
Issuance of stock under employee compensation plans	54,121	—	—	20	54,101	—	—
Acquisition of treasury shares	(42,417)	—	—	—	—	(42,417)	—
Stock-based compensation	26,017	—	—	—	26,017	—	—
Balance at December 29, 2007	$ 1,860,467	$ 177,529	$ 85,559	$ 754	$ 1,906,997	$ (310,372)	$ —
Components of comprehensive income, net of tax:							
Net (loss)	(521,843)	(521,843)	—	—	—	—	—
Foreign currency translation adjustment	(72,588)	—	(72,588)	—	—	—	—
Net decrease in unrecognized pension net gain/loss and prior service costs	(7,457)	—	(7,457)	—	—	—	—
Unrealized loss on marketable securities	(2,167)	—	(2,167)	—	—	—	—
Total comprehensive income	(604,055)	—	—	—	—	—	—
Tax benefit associated with stock issued under employee compensation plans	4,769	—	—	—	4,769	—	—
Exercise of warrants	741	—	—	—	741		—
Deferred taxes	731	—	—	—	731	—	—
Issuance of stock under employee compensation plans	27,591	—	—	12	27,579	—	—
Acquisition of treasury shares	(115,552)	—	—	—	—	(115,552)	—
Stock-based compensation	24,333	—	—	—	24,333	—	—
Balance at December 27, 2008	$ 1,199,025	$ (344,314)	$ 3,347	$ 766	$ 1,965,150	$ (425,924)	$ —

See Notes to Consolidated Financial Statements.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts)

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

Charles River Laboratories International, Inc. together with its subsidiaries is a leading global provider of solutions that accelerate the drug discovery and development process including research models and associated services, and outsourced preclinical services. Our fiscal year is the twelve-month period ending the last Saturday in December.

Principles of Consolidation

The consolidated financial statements include all majority-owned subsidiaries. Intercompany accounts, transactions and profits are eliminated. Results for majority-owned subsidiaries are recorded on a one-month lag basis. There were no material transactions or events for these subsidiaries between the reporting date and our fiscal year-end date.

Reclassifications

Certain reclassifications have been made to prior year statements to conform to the current year presentation. These reclassifications have no impact on period reported net income or cash flow.

Use of Estimates

The financial statements have been prepared in conformity with generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents include time deposits and highly liquid investments with remaining maturities at the purchase date of three months or less.

Trade Receivables and Concentrations of Credit Risk

We record trade receivables net of an allowance for doubtful accounts. We establish an allowance for doubtful accounts which we believe is adequate to cover anticipated losses on the collection of all outstanding trade receivable balances. The adequacy of the doubtful account allowance is based on historical information, a review of major customer accounts receivable balances and management's assessment of current economic conditions. We reassess the allowance for doubtful accounts each quarter. Provisions to the allowance for doubtful accounts amount to $1,179 in 2008 and $494 in 2007. Write offs to the allowance for doubtful accounts amounted to $288 in 2008 and $421 in 2007.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

1. Description of Business and Summary of Significant Accounting Policies (Continued)

The composition of net trade receivables is as follows:

	December 27, 2008	December 29, 2007
Customer receivables	$162,518	$165,057
Unbilled revenue	51,798	52,033
Total	214,316	217,090
Less allowance for doubtful accounts	(4,102)	(3,182)
Net trade receivables	$210,214	$213,908

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of trade receivables from customers in the pharmaceutical and biotechnology industries. No single customer accounted for more than 5% of our net sales.

Marketable Securities

We account for our investment in marketable securities in accordance with Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Investments in marketable securities are reported at fair value and consist of corporate debt securities and government securities and obligations which are classified as securities available for sale and mutual funds which are classified as actively traded.

Realized gains and losses on securities are included in earnings and are determined using the specific identification method. Unrealized holding gains and losses on securities classified as available for sale, are excluded from earnings and are reported in accumulated other comprehensive income, net of related tax effects. Unrealized gains and losses on actively traded securities are included in earnings. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and accretion is included in interest income.

As of December 27, 2008, we held $18,958 in auction rate securities which are variable rate debt instruments, which bear interest rates that reset approximately every 7 or 35 days. The auction rate securities owned were rated AAA by a major credit rating agency and are either commercially insured or guaranteed by the Federal Family Education Loan Program (FFELP). The underlying securities have contractual maturities which are generally greater than ten years. The auction rate securities are classified as available for sale and are recorded at fair value. Typically, the carrying value of auction rate securities approximates fair value due to the frequent resetting of the interest rates. We have classified these investments as long-term consistent with the term of the underlying security which are structured with short term interest rate reset dates of generally 7 or 35 days but with contractual maturities that are long term.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

1. Description of Business and Summary of Significant Accounting Policies (Continued)

The amortized cost, gross unrealized gains, gross unrealized losses and fair value for marketable securities by major security type were as follows:

	December 27, 2008			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Auction rate securities	$ 21,175	$ —	$(2,217)	$18,958
	$ 21,175	$ —	$(2,217)	$18,958

	December 29, 2007			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Auction rate securities	$ 38,175	$ —	$ —	$38,175
Corporate debt securities	13,620	21	(91)	13,550
Bank time deposits	4,983	—	—	4,983
Government securities and obligations	4,339	—	(4)	4,335
Mutual funds	2,372	—	—	2,372
	$ 63,489	$ 21	$ (95)	$63,415

Maturities of corporate debt securities and government securities and obligations classified as available for sale were as follows:

	December 27, 2008		December 29, 2007	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due less than one year	$	$	$ 14,963	$14,958
Due after one year through five years	—	—	48,526	48,457
Due after ten years	21,175	18,958	—	—
	$ 21,175	$18,958	$ 63,489	$63,415

Inventories

Inventories are stated at the lower of cost, determined principally on the average cost method, or market. The determination of market value involves assessment of numerous factors, including costs to dispose of inventory and estimated selling price. Inventory costs for small models are based upon the average cost to produce specific models and strains. Costs for large models are accumulated in inventory by specific model. Inventory costs for both small and large models are charged to cost of sales in the period the models are sold. Reserves are recorded to reduce the carrying value for inventory determined damaged, obsolete or otherwise unsellable.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

1. Description of Business and Summary of Significant Accounting Policies (Continued)

The composition of inventories is as follows:

	December 27, 2008	December 29, 2007
Raw materials and supplies	$ 14,202	$ 13,139
Work in process	12,091	9,794
Finished products	70,589	65,090
Inventories	$ 96,882	$ 88,023

Other Current Assets

Other current assets consist of assets we intend to settle within the next twelve months.

	December 27, 2008	December 29, 2007
Prepaid assets	$ 25,354	$ 26,087
Deferred tax asset	31,748	25,506
Marketable securities	—	14,958
Prepaid income tax	7,391	7,214
Restricted cash	2,725	3,493
Other	—	2,219
Other current assets	$ 67,218	$ 79,477

Property, Plant and Equipment

Property, plant and equipment, including improvements that significantly add to productive capacity or extend useful life, are recorded at cost, while maintenance and repairs are expensed as incurred. We capitalize interest and period costs on certain capital projects which amounted to $2,486 and $6,363 in 2008, $4,716 and $5,484 in 2007 and $4,107 and $2,904 in 2006, respectively. We also capitalize internal and external costs incurred during the application development stage of internal use software. Depreciation is calculated for financial reporting purposes using the straight-line method based on the estimated useful lives of the assets as follows: buildings, 20 to 40 years; machinery and equipment, 3 to 20 years; furniture and fixtures, 5 to 10 years; vehicles, 3 to 5 years; and leasehold improvements, the shorter of estimated useful life or the lease periods. We begin to depreciate capital projects in the first full month the asset is placed in service.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

1. Description of Business and Summary of Significant Accounting Policies (Continued)

The composition of net property, plant and equipment is as follows:

	December 27, 2008	December 29, 2007
Land	$ 38,696	$ 35,934
Buildings	680,405	518,090
Machinery and equipment	337,687	337,215
Leasehold improvements	16,850	17,139
Furniture and fixtures	10,935	7,734
Vehicles	5,514	5,042
Construction in progress	112,326	199,399
Total	1,202,413	1,120,553
Less accumulated depreciation	(373,492)	(371,760)
Net property, plant and equipment	$ 828,921	$ 748,793

Depreciation expense for 2008, 2007 and 2006 was $60,871, $52,870 and $44,947, respectively.

Goodwill and Other Intangible Assets

We account for goodwill and other intangible assets in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," which establishes financial accounting and reporting standards for acquired goodwill and other intangible assets. SFAS No. 142 requires that goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed at least annually for impairment. Separate intangible assets that have finite useful lives continue to be amortized over their estimated useful lives.

Our annual goodwill impairment assessment has historically been completed at the beginning of the fourth quarter. Based on our initial assessment for 2008, the fair value of our business units exceeded their carrying value therefore our goodwill was not impaired. As economic conditions worsened late in the fourth quarter and our business performance was not as strong as anticipated coupled with a decrease in our market capitalization, management determined that circumstances had changed enough to trigger another goodwill impairment test as of December 27, 2008.

The goodwill impairment analysis is a two-step process. The first step is used to identify potential impairment and involves comparing each reporting unit's estimated fair value to its carrying value, including goodwill. Fair value is determined by using a weighted combination of a market-based approach and an income approach, as this combination is deemed to be the most indicative of our fair value in an orderly transaction between market participants. Under the market-based approach, we utilize information about our Company as well as publicly available industry information to determine earnings multiples and sales multiples that are used to value our reporting units. Under the income approach, we determine fair value based on the estimated future cash flows of each reporting unit, discounted by an estimated weighted-average cost of capital which reflects the overall level of inherent risk of the reporting unit and the rate of return an outside investor would expect to earn. Determining the fair value of a reporting unit is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates, profit margin percentages, discount rates, perpetuity growth rates, future capital expenditures and future market conditions, among others. Our projections are based on an internal strategic review. Key assumptions, strategies, opportunities and risks from this strategic review along with a market evaluation are the basis for our assessment. If the estimated fair

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

1. Description of Business and Summary of Significant Accounting Policies (Continued)

value of a reporting unit exceeds its carrying value, goodwill is not considered to be impaired. However, if the carrying value exceeds estimated fair value, there is an indication of potential impairment and the second step is performed to measure the amount of impairment. Our analysis resulted in the determination that the fair value of our PCS business was less than its carrying value.

The second step of the goodwill impairment process involves the calculation of an implied fair value of goodwill for the PCS business which step one indicated an impairment. The implied fair value of goodwill is determined similar to how goodwill is calculated in a business combination, by measuring the excess of the estimated fair value of the reporting unit as calculated in step one, over the estimated fair values of the individual assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. If the carrying value of goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess. In determining the fair value of assets we utilize appraisals for the fair value of property and equipment and valuations of certain intangible assets, including customer relationships. The carrying value of the goodwill assigned to the PCS business exceeded the implied fair value of goodwill resulting in a goodwill impairment of $700,000.

Intangible assets deemed to have an indefinite life are tested for impairment using a one-step process which compares the fair value to the carrying amount of the asset. We completed the annual impairment tests in 2008 and 2007 and concluded there was no impairment of identifiable intangible assets with indefinite useful lives.

Other Assets

Other assets consist of assets that we do not intend to settle within the next twelve months.

The composition of other assets is as follows:

	December 27, 2008	December 29, 2007
Deferred financing costs	$ 6,550	$ 8,632
Cash surrender value of life insurance policies	19,652	22,027
Long term marketable securities	18,958	48,457
Other assets	6,898	6,877
Other assets	$ 52,058	$ 85,993

Accounting for Investment in Life Insurance Contracts

We account for our investment in life insurance contracts in accordance with FASB Staff Position No. FTB 85-4, *Accounting for Life Settlement Contracts by Third-Party Investors* using the fair value method. Under the fair value method, we recognize the initial investment at the transaction price and remeasure the investment at fair value each reporting period. Investments in life contracts are reported as part of purchases of marketable securities in the statement of cash flows. At December 27, 2008, we held 84 contracts with a carrying value of $19,652 and a face value of $134,782.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

1. Description of Business and Summary of Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets," we evaluate long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss may be recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposal are less than its carrying amount. In such instances, additional analysis is performed and the carrying value of long-lived assets is reduced to the estimated fair value, if this is lower, as determined using an appraisal or discounted cash flows, as appropriate.

Restructuring and Contract Termination Costs

We recognize obligations associated with restructuring activities and contract termination costs in accordance with SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS 146 requires a liability at fair value for the costs associated with an exit or disposal activity as well as costs to terminate a contract or an operating lease. The overall purpose of our restructuring actions is to lower overall operating costs and improve profitability by reducing excess capacities. Restructuring charges are typically recorded in selling, general and administrative expenses in the period in which the plan is approved by our senior management and, where material, our Board of Directors, and when the liability is incurred. A liability for costs that will continue to be incurred under a contract for its remaining term without economic benefit to the entity is recognized and measured at its fair value when the entity ceases using the right conveyed by the contract. During 2007, the Company ceased using a leased facility in Worcester, MA and recorded a charge of $2,793 for the cost to terminate this operating lease.

Other Current Liabilities

Other current liabilities consist of liabilities we intend to settle within the next twelve months.

The composition of other current liabilities is as follows:

	December 27, 2008	December 29, 2007
Accrued income taxes	$ 20,763	$ 21,438
Current deferred tax liability	1,269	1,347
Accrued interest and other	644	483
Other current liabilities	$ 22,676	$ 23,268

Other Long-Term Liabilities

Other long-term liabilities consist of liabilities we do not intend to settle within the next twelve months.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

1. Description of Business and Summary of Significant Accounting Policies (Continued)

The composition of other long-term liabilities is as follows:

	December 27, 2008	December 29, 2007
Deferred tax liability	$ 47,538	$ 70,914
Long-term pension liability	32,175	35,729
Accrued Executive Supplemental Life Insurance Retirement Plan and Deferred Compensation Plan	25,954	29,293
Other long-term liabilities	13,160	18,108
Other long-term liabilities	$ 118,827	$ 154,044

Joint Ventures

We hold investments in joint ventures that are separate legal entities whose purpose is consistent with our overall operations and represent geographic and business segment expansions of our existing markets. The financial results of all joint ventures were consolidated in our results as we have the ability to exercise control over these entities. The interests of the outside joint venture partners have been recorded as minority interests totaling $422 and $3,500 at December 27, 2008 and December 29, 2007, respectively.

Stock-Based Compensation Plans

We adopted on a modified prospective basis, the provisions of SFAS No. 123(R), "Share-Based Payment (Revised 2004)," (SFAS No. 123(R)) and related guidance which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options and restricted stock awards based on estimated fair values. Accordingly, stock-based compensation cost is measured at grant date, based on the fair value of the award and is recognized as expense on a straight-line basis over the requisite service period.

Revenue Recognition

We recognize revenue related to our products and services in accordance with the SEC Staff Accounting Bulletin (SAB) No. 104, "Revenue Recognition."

We recognize revenue related to our products, which include research models, in vitro technology and vaccine support products, when persuasive evidence of an arrangement exists, generally in the form of customer purchase orders, title and risk of loss have transferred, which occurs upon delivery of the products, the sales price is fixed and determinable and collectability is reasonably assured. These recognition criteria are met at the time the product is delivered to the customer's site. Product sales are recorded net of returns upon delivery. For large models in some cases customers pay in advance of delivery of the product. These advances are deferred and recognized as revenue upon delivery of the product.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

1. Description of Business and Summary of Significant Accounting Policies (Continued)

Our service revenue is comprised of toxicology, pathology, laboratory, clinical Phase I trials, transgenic and contract staffing services and is generally evidenced by customer contracts. Toxicology services provide highly specialized studies to evaluate the safety and toxicity of new pharmaceutical compounds and materials used in medical devices. Pathology services provide the ability to identify and characterize pathologic changes within tissues and cells in determining the safety of a new compound. Laboratory services monitor and analyze the health and genetics of research models used in research protocols. Clinical Phase I conducts tolerability assessments to explore human pharmacology. Transgenic services include validating, maintaining, breeding and testing research models for biomedical research activities. Contract staffing services provide management of animal care operations on behalf of government, academic, pharmaceutical and biotechnology organizations.

The toxicology, pathology and clinical Phase I trials services arrangements typically range from one to six months but can range up to approximately 24 months in length. These agreements are negotiated for a fixed fee. Laboratory service arrangements are generally completed within a one-month period and are also of a fixed fee nature. Transgenic and contract staffing services are of a longer-term nature, from six months to five years, and are billed at agreed upon rates as specified in the contract.

Our service revenue is recognized upon the completion of the agreed upon performance criteria. These performance criteria are generally in the form of either study protocols or specified activities or procedures which we are engaged to perform. These performance criteria are established by our customers and do not contain acceptance provisions which are based upon the achievement of certain study or laboratory testing results. Revenue of agreed upon rate contracts is recognized as services are performed, based upon rates specified in the contract. Revenue of fixed fee contracts is recognized as services are performed in relation to estimated costs to complete procedures specified by customers in the form of study protocols.

Deferred and unbilled revenue is recognized in our consolidated balance sheets. In some cases, a portion of the contract fee is paid at the time the study is initiated. These advances are recorded as deferred revenue and recognized as revenue as services are performed. Revenue is recognized on unbilled services and relate to amounts that are currently unbillable to the customer pursuant to contractual terms. In general, such amounts become billable in accordance with predetermined payment schedules, but are recognized as revenue as services are performed.

Guarantees

We include standard indemnification provisions in customer contracts, which include standard provisions limiting our liability under such contracts, including our indemnification obligations, with certain exceptions.

Derivatives and Hedging Activities

We follow the requirements of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and used for hedging activities. All derivatives, whether designed for hedging relationships or not, are required to be recorded on the balance sheet at fair value. If the derivative is designated as a fair value hedge, all changes in the fair value of the derivative and changes in the fair value of the hedged item attributable to the hedged risk are recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portion of

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

1. Description of Business and Summary of Significant Accounting Policies (Continued)

the changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in the statement of operations when the hedged item affects earnings. The ineffective portions of both fair value and cash flow hedges are immediately recognized as earnings. We recorded a hedge gain (loss) of $(3,977) in 2008, $1,603 in 2007 and $(66) in 2006.

Fair Value

Effective December 30, 2007, we adopted SFAS No. 157, "Fair Value Measurements" (SFAS 157) and SFAS No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS 159). SFAS 157 defines fair value, establishes a framework for measuring fair value under GAAP and enhances disclosures about fair value measurements. Fair value is defined under SFAS 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value which are provided in the table below. SFAS 159 allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. The adoption of both SFAS 157 and SFAS 159 had no impact on our financial statements other than the disclosures presented herein.

Level 1	Quoted prices in active markets for identical assets or liabilities.
Level 2	Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets include corporate-owned key person life insurance policies.
Level 3	Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category includes auction rate securities where independent pricing information was not able to be obtained.

Assets measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at December 27, 2008 using			
Assets	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Assets at Fair Value
Auction rate securities	$ —	$ —	$ 18,958	$ 18,958
Fair value of life policies	—	14,062	—	14,062
Total assets	$ —	$ 14,062	$ 18,958	$ 33,020

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

1. Description of Business and Summary of Significant Accounting Policies (Continued)

The table below presents a reconciliation for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the quarter ended December 27, 2008. Our auction rate securities were valued at fair value by management in part utilizing an independent valuation reviewed by management which used pricing models and discounted cash flow methodologies incorporating assumptions that reflect the assumptions a marketplace participant would use at December 27, 2008.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
	Auction rate securities
Balance, December 30, 2007	$ —
Transfers in and/or (out) of Level 3 upon adoption of SFAS 157	21,175
Total gains or losses (realized/unrealized):	
Included in earnings	—
Included in other comprehensive income	(2,217)
Purchases, issuances and settlements	—
Balance, December 27, 2008	$ 18,958

Certain assets and liabilities are measured at fair value on a non-recurring basis. As of December 27, 2008, we have not applied the provisions of SFAS 157 to these assets and liabilities in accordance with FASB "Staff Position FAS 157-2: Effective Date of SFAS 157" (FSP 157-2). FSP 157-2 partially defers the effective date of SFAS 157 for one year for certain nonfinancial assets and nonfinancial liabilities and removes certain leasing transactions from the scope of SFAS 157. SFAS 157 as amended by this FSP is effective for nonfinancial assets and liabilities in the first quarter of 2009 and will be applied prospectively.

Income Taxes

We account for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." SFAS No. 109 requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and tax basis of our assets and liabilities. A valuation allowance is provided for deferred tax assets if it is more likely than not that these items will expire before we are able to realize their benefits or that their future deductibility is uncertain.

Effective December 31, 2006, we adopted the provisions of FIN 48 "Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109," which clarifies the accounting for income tax positions by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on the derecognition of previously recognized income tax items, measurement, classification, interest and penalties, accounting in interim periods and financial statement disclosure. Under FIN 48, we recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the tax

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

1. Description of Business and Summary of Significant Accounting Policies (Continued)

position. The tax benefits recognized in our financial statements from such positions are measured on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution.

Foreign Currency Translation

The functional currency of each of our operating foreign subsidiaries is local currency. In accordance with SFAS No. 52, "Foreign Currency Translation," the financial statements of these subsidiaries are translated into U.S. dollars as follows: assets and liabilities at year-end exchange rates; income, expenses and cash flows at average exchange rates; and shareholders' equity at historical exchange rates. The resulting translation adjustment is recorded as a component of accumulated other comprehensive income in the accompanying balance sheet. Exchange gains and losses on foreign currency transactions are recorded as other income or expense. We recorded an exchange gain (loss) of $3,653 in 2008, $(3,959) in 2007 and $170 in 2006.

Comprehensive Income

We account for comprehensive income in accordance with SFAS No. 130, "Reporting Comprehensive Income." As it relates to us, comprehensive income is defined as net income plus the sum of the changes in unrealized gains (losses) on available-for-sale marketable securities, unrealized gains (losses) on hedging activities, foreign currency translation adjustments and change in unrecognized pension gains and losses and prior service costs and credits (collectively, other comprehensive income) and is presented in the Consolidated Statements of Changes in Shareholders' Equity, net of tax.

Pension Obligations

We recognize obligations associated with our defined benefit pension plans in accordance with SFAS No. 87, "Employers' Accounting for Pensions." Assets, liabilities and expenses are calculated by accredited independent actuaries. As required by SFAS No. 87, we are required to make certain assumptions to value the plan assets and liabilities. These assumptions are reviewed annually, or whenever otherwise required by SFAS No. 87, based on reviews of current plan information and consultations with independent investment advisors and actuaries. The selection of assumptions requires a high degree of judgment and may materially change from period to period. We do not offer other defined benefits associated with post-retirement benefit plans other than pensions.

We adopted the recognition and disclosure requirements of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)" as of December 30, 2006. This statement requires employers that sponsor defined benefit plans to recognize the funded status of a benefit plan on its balance sheet; recognize gains, losses and prior service costs or credits that arise during the period that are not recognized as components of net periodic benefit cost as a component of accumulated other comprehensive income, net of tax; measure defined benefit plan assets and obligations as of the date of the employer's fiscal year-end balance sheet; and disclose in the notes to financial statements additional information about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

1. Description of Business and Summary of Significant Accounting Policies (Continued)

During 2008, our Board of Directors voted to freeze the accrual of benefits under our U.S. pension plan effective April 30, 2008. In accordance with SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," we recorded a curtailment gain of $3,276 in 2008. Based on a remeasurement of the U.S. pension plan's assets and liabilities at April 30, 2008, the benefit accrual freeze reduced the projected benefit obligation by $8,298 and resulted in a corresponding adjustment, net of tax, to accumulated other comprehensive income.

Earnings (Loss) Per Share

Basic earnings per share are calculated by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per common share are calculated by adjusting the weighted average number of common shares outstanding to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued, to the extent these additional shares are not anti-dilutive.

Discontinued Operations

In accordance with SFAS No. 144, the results of discontinued operations, less applicable income taxes (benefit) and assets and liabilities, are reported as a separate component in the accompanying statement of income and consolidated balance sheets for the current and prior periods. The statement of cash flows also reflects separate disclosure of cash flows pertaining to discontinued operations consistently for all periods presented.

New Accounting Pronouncements

In June 2008, the FASB issued FSP No. EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities" (FSP EITF 03-6-1) which clarifies that share-based payment awards that entitle their holders to receive nonforfeitable dividends before vesting should be considered participating securities. As participating securities, these instruments should be included in the calculation of basic earnings per share. FSP EITF 03-6-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, as well as interim periods within those years. Once effective, all prior period earnings per share data presented must be adjusted retrospectively (including interim financial statements, summaries of earnings, and selected financial data) to conform with the provisions of the FSP. Early application is not permitted. Upon adoption of FSP EITF 03-6-1, we expect to revise prior period earning per share from continuing operations as follows: decrease 2008 basic and diluted loss per share by $0.08; reduce 2007 basic and diluted earning per share by $0.02 and reduce 2006 basic earning per share by $0.02 and diluted earning per share from continuing operations by $0.01.

In May 2008, the FASB issued FSP No. APB 14-1 "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" (FSP 14-1). This FSP specifies that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. This FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008 and interim periods within those fiscal years and will be applied retrospectively to all periods presented. We estimate that upon adoption of the provisions of FSP 14-1, $261,508 of the total proceeds from our debt will be allocated to the liability component,

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

1. Description of Business and Summary of Significant Accounting Policies (Continued)

which represents the estimated fair value of similar debt instruments without the conversion option as of the date of issuance. The remaining $88,492 will be allocated to the equity component. The debt discount of $88,492 will be amortized to interest expense over the seven year period from June 2006 to June 2013, the expected life of the instrument. Additionally, upon adoption, approximately $1,903 of deferred financing costs capitalized at the time of issuance will be reclassified to equity as equity issuance costs and will not be amortized to interest expense.

In March 2008, the FASB issued SFAS No. 161 "Disclosures about Derivative Instruments and Hedging Activities" (FAS 161). FAS 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under FASB Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. FAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. This statement is not expected to have an impact on our consolidated financial statements.

In February 2008, the FASB issued FSP 157-1 and 157-2 that (1) partially deferred the effective date of SFAS 157 for one year for certain nonfinancial assets and nonfinancial liabilities and (2) removed certain leasing transactions from the scope of SFAS 157. SFAS 157 as amended by this FSP is effective for nonfinancial assets and liabilities in fiscal years beginning after November 15, 2008 and will be applied prospectively. The provisions of SFAS 157 are not expected to have a material impact on our consolidated financial statements.

In February 2008, the FASB issued FSP FAS 140-3: "Accounting for Transfers of Financial Assets and Repurchase Financing Transactions" (FSP 140-3). FSP 140-3 provides guidance on accounting for a transfer of a financial asset and a repurchase financing. This FSP presumes that an initial transfer for a financial asset and a repurchase financing are considered part of the same arrangement (linked transaction) under Statement 140. However, if certain criteria are met, the initial transfer and repurchase financing shall not be evaluated as a linked transaction and shall be evaluated separately under Statement 140. This FSP is not expected to have an impact on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations" (SFAS 141(R)) and No. 160, "Noncontrolling Interests in Consolidated Financial Statements" (SFAS 160). SFAS 141(R) and SFAS 160 introduce significant changes in the accounting for and reporting of business acquisitions and noncontrolling interests, formerly "minority interest," in a subsidiary. SFAS 141(R) continues the movement toward the greater use of fair values in financial reporting and increased transparency through expanded disclosures. SFAS 141(R) changes how business acquisitions are accounted for and will impact financial statements at the acquisition date and in subsequent periods. In addition, SFAS 141(R) will impact the annual goodwill impairment test associated with acquisitions that close both before and after its effective date. SFAS 141(R) amends SFAS 109 changing the accounting for adjustments to deferred tax asset valuation allowances and income tax uncertainties related to acquisitions that close both before and after its effective date, generally requiring adjustments to be reflected in income tax expense. SFAS 141(R) applies prospectively to fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. An entity may not apply SFAS 141(R) before that date. The adoption of SFAS 141(R) and SFAS 160 will impact our consolidated financial statements.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

2. Business Acquisitions

We acquired several businesses during the three-year period ended December 27, 2008. The results of operations of the acquired businesses are included in the accompanying consolidated financial statements from the date of acquisition. Significant acquisitions include the following:

On November 19, 2008 we acquired certain assets of an Indian distributor for $5,469 which are included in our RMS segment. The preliminary purchase price allocation, including deal costs of $273 incurred by us is as follows:

Current assets (excluding cash)	$ 53
Property, plant and equipment	37
Deferred taxes	(80)
Goodwill and other intangible asset	5,459
Total purchase price allocation	$5,469

The breakout of goodwill and other intangibles acquired with the acquisition was as follows:

		Weighted average amortization life (years)
Customer relationships	$ 3,770	5
Non-compete	236	2
Goodwill	1,453	—
Total goodwill and other intangibles	$ 5,459	

Goodwill is not deductible for tax purposes.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

2. Business Acquisitions (Continued)

On September 15, 2008 we acquired privately-held Molecular Therapeutics, Inc., the parent entity of Molecular Imaging Research, Inc. (MIR) for $12,041 in cash. Ann Arbor, Michigan-based MIR provides discovery services utilizing extensive in-vivo imaging capabilities to pharmaceutical and biotechnology clients and is included in our RMS segment. The preliminary purchase price allocation, including deal costs of $79 incurred by us and net of $368 of cash acquired, is as follows:

Current assets (excluding cash)	$ 1,123
Property, plant and equipment	848
Noncurrent assets	223
Current liabilities	(1,271)
Noncurrent liabilities	(564)
Deferred taxes	(2,055)
Goodwill and other intangible asset	13,448
Total purchase price allocation	$11,752

In conjunction with the purchase, we paid off $364 of acquired debt.

The breakout of goodwill and other intangibles acquired with the MIR acquisition was as follows:

		Weighted average amortization life (years)
Customer relationships	$ 5,470	6.6
Backlog	200	0.4
Non-compete	10	2.1
Goodwill	7,768	—
Total goodwill and other intangibles	$ 13,448	

Goodwill is not deductible for tax purposes.

In addition, on September 9, 2008, we acquired all of the capital stock of privately held Dusseldorf, Germany-based NewLab BioQuality AG (NewLab) for $48,500 in cash. NewLab, a contract service organization, provides safety and quality control services to biopharmaceutical clients and enhances our existing capabilities in process validation services, in consulting services, and assisting in designing International Conference on Harmonisation (ICH)-compliant stability testing programs and is included in our PCS segment.

The preliminary purchase price allocation associated with the NewLab acquisition, including transaction costs of $1,602 incurred by us and net of $3,363 of cash acquired, is as follows:

Current assets (excluding cash)	$ 5,242
Property, plant and equipment	3,198
Current liabilities	(3,324)
Deferred taxes	(6,012)
Goodwill and other intangibles acquired	47,635
Total purchase price allocation	$46,739

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

2. Business Acquisitions (Continued)

In conjunction with the purchase of NewLab, we utilized $87 of available cash to prepay NewLab's existing debt.

The breakout of goodwill and other intangibles acquired with the NewLab acquisition was as follows:

		Weighted average amortization life (years)
Customer relationships	$ 17,600	6.2
Backlog	800	0.7
Non-compete covenants	200	1.9
Goodwill	29,035	—
Total goodwill and other intangibles	$ 47,635	

Goodwill is not deductible for tax purposes.

On June 14, 2007, we entered into a joint venture with Shanghai BioExplorer Co., Ltd., a Shanghai, China-based provider of preclinical services, to form Charles River Laboratories Preclinical Services—China. We paid $2,400 in cash for a 75% ownership interest in the joint venture. Additionally, as part of the agreement, the joint venture purchased the net assets of Shanghai BioExplorer for a purchase price of $1,532 including transaction costs of $543. Intangible assets of $935 were recorded by the joint venture based on the preliminary purchase price allocation.

On January 4, 2007, we acquired the remaining 15% of the equity (319,199 common shares) of Charles River Laboratories Japan, Inc., ("Charles River Japan") from Ajinomoto Company Inc., the minority interest partner. As of the effective date of this transaction, we own 100% of Charles River Japan. The purchase price for the equity was 1.3 billion Yen, or approximately $10,899, which was paid in cash. The purchase price allocation is as follows:

Minority interest acquired	$ 5,624
Property, plant and equipment	2,224
Deferred tax liability	(4,187)
Intangible asset (customer relationships with 15 year estimated amortization life)	$ 7,238
	$10,899

On October 30, 2006, the Company acquired all of the capital stock of privately held Tacoma, Washington based Northwest Kinetics for $29,357 in cash. Northwest Kinetics runs clinical trials, primarily in Phase I facility, with a focus on high end clinical pharmacology studies.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

2. Business Acquisitions (Continued)

The final purchase price allocation associated with the Northwest Kinetics acquisition, including transaction costs of $265 incurred by the Company and net of $812 of cash acquired, is as follows:

Current assets (excluding cash)	$ 6,741
Property, plant and equipment	2,983
Non-current assets	100
Current liabilities	(6,378)
Non-current liabilities	(7,493)
Goodwill and other intangibles acquired	32,857
Total purchase price allocation	$28,810

In conjunction with the purchase of Northwest Kinetics, the Company utilized $2,076 of available cash to pay off Northwest Kinetics' existing debt.

The breakout of goodwill and other intangibles acquired with the Northwest Kinetics acquisition was as follows:

		Weighted average amortization life (years)
Customer relationships	$ 13,700	12
Participant list	1,300	12
Non-compete covenants	200	5
Trademarks and trade names	40	1
Goodwill	17,617	—
Total goodwill and other intangibles	$ 32,857	

The following selected unaudited pro forma consolidated results of operations are presented as if each of the acquisitions had occurred as of the beginning of the period immediately preceding the period of acquisition after giving effect to certain adjustments including the amortization of intangibles. The pro forma data is for informational purposes only and does not necessarily reflect the results of operations had the companies operated as one during the periods reported. No effect has been given for synergies, if any, that may have been realized through the acquisitions.

	Fiscal Year Ended		
	December 27, 2008	December 29, 2007	December 30, 2006
Net sales	$1,363,670	$1,253,372	$1,073,215
Operating income	(452,512)	226,386	186,918
Income from continuing operations	(522,931)	156,783	123,325
Earnings per common share			
Basic	$ (7.77)	$ 2.34	$ 1.79
Diluted	$ (7.77)	$ 2.28	$ 1.76

Refer to Note 5 for further discussion of the method of computation of earnings per share.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

3. Goodwill and Other Intangible Assets

The following table displays goodwill and other intangible assets not subject to amortization and other intangible assets that continue to be subject to amortization:

	December 27, 2008		December 29, 2007	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Goodwill	$ 470,414	$ (12,836)	$ 1,133,432	$ (12,892)
Other intangible assets not subject to amortization:				
Research models	$ 3,438	$ —	$ 3,438	$ —
Other intangible assets subject to amortization:				
Backlog	16,068	(15,259)	62,250	(62,250)
Customer relationships	258,607	(131,410)	224,871	(85,000)
Customer contracts	1,655	(1,655)	1,655	(1,655)
Trademarks and trade names	4,581	(3,933)	3,274	(2,350)
Standard operating procedures	657	(651)	1,356	(1,310)
Other identifiable intangible assets	10,100	(6,098)	10,819	(6,193)
Total other intangible assets	$ 295,106	$ (159,006)	$ 307,663	$ (158,758)

The changes in the gross carrying amount and accumulated amortization of goodwill are as follows:

	Balance at December 30, 2006	Adjustments to Goodwill		Balance at December 29, 2007	Adjustments to Goodwill		Balance at December 27, 2008
		Acquisitions	Other		Acquisitions	Other	
Research Models and Services							
Gross carrying amount	$ 21,372	$ —	$ 634	$ 22,006	$ 9,221	$ (280)	$ 30,947
Accumulated amortization	(4,775)	—	(127)	(4,902)	—	56	(4,846)
Preclinical Services							
Gross carrying amount	1,110,702	—	724	1,111,426	29,035	(700,994)	439,467
Accumulated amortization	(7,990)	—	—	(7,990)	—	—	(7,990)
Total							
Gross carrying amount	$ 1,132,074	$ —	$ 1,358	$ 1,133,432	$ 38,256	$ (701,274)	$ 470,414
Accumulated amortization	(12,765)	—	(127)	(12,892)	—	56	(12,836)

Our annual goodwill impairment assessment has historically been completed at the beginning of the fourth quarter. Based on our initial assessment for 2008, the fair value of our business units exceeded their carrying value therefore our goodwill was not impaired. As economic conditions worsened late in the fourth quarter and our business performance was not as strong as anticipated coupled with a decrease in our market capitalization, management determined that circumstances had changed enough to trigger another goodwill impairment test as of December 27, 2008.

The goodwill impairment analysis is a two-step process. The first step is used to identify potential impairment and involves comparing each reporting unit's estimated fair value to its carrying value, including goodwill. Fair value is determined by using a weighted combination of a market-based approach and an income approach, as this combination is deemed to be the most indicative of our fair

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

3. Goodwill and Other Intangible Assets (Continued)

value in an orderly transaction between market participants. Under the market-based approach, we utilize information about our Company as well as publicly available industry information to determine earnings multiples and sales multiples that are used to value our reporting units. Under the income approach, we determine fair value based on the estimated future cash flows of each reporting unit, discounted by an estimated weighted-average cost of capital which reflects the overall level of inherent risk of the reporting unit and the rate of return an outside investor would expect to earn. Determining the fair value of a reporting unit is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates, profit margin percentages, discount rates, perpetuity growth rates, future capital expenditures and future market conditions, among others. Our projections are based on an internal strategic review. Key assumptions, strategies, opportunities and risks from this strategic review along with a market evaluation are the basis for our assessment. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill is not considered to be impaired. However, if the carrying value exceeds estimated fair value, there is an indication of potential impairment and the second step is performed to measure the amount of impairment. Our analysis resulted in the determination that the fair value our PCS business was less than its carrying value.

The second step of the goodwill impairment process involves the calculation of an implied fair value of goodwill for the PCS business which step one indicated an impairment. The implied fair value of goodwill is determined similar to how goodwill is calculated in a business combination, by measuring the excess of the estimated fair value of the reporting unit as calculated in step one, over the estimated fair values of the individual assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. If the carrying value of goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess. In determining the fair value of assets we utilize appraisals for the fair value of property and equipment and valuations of certain intangible assets, including customer relationships. The carrying value of the goodwill assigned to the PCS business exceeded the implied fair value of goodwill resulting in a goodwill impairment of $700,000.

Amortization expense of intangible assets for 2008, 2007 and 2006 was $30,312, $33,509 and $37,639, respectively.

Estimated amortization expense for each of the next five fiscal years is expected to be as follows:

2009	25,801
2010	21,814
2011	18,105
2012	14,615
2013	11,331

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

4. Long-Term Debt

Long-Term Debt

Long-term debt consists of the following:

	December 27, 2008	December 29, 2007	December 30, 2006
Senior convertible debentures	$350,000	$350,000	$350,000
Term loan facilities	134,967	159,200	221,274
Revolving credit facility	90,000	—	—
Other long-term debt, represents secured and unsecured promissory notes, interest rates ranging from 0% to 3.7%, 0% to 11.6% and 0% to 11.6% at December 27, 2008, December 29, 2007 and December 30, 2006, respectively, maturing between 2008 and 2013	806	849	780
Total debt	575,773	510,049	572,054
Less: current portion of long-term debt	(35,322)	(25,051)	(24,970)
Long-term debt	$540,451	$484,998	$547,084

Minimum future principal payments of long-term debt at December 27, 2008 are as follows:

Fiscal Year	
2009	$ 35,322
2010	77,040
2011	113,408
2012	8
2013	349,995
Thereafter	—
Total	$575,773

On July 31, 2006, the Company amended and restated its $660,000 credit agreement to reduce the current interest rate, modify certain restrictive covenants and extend the term. The amount of debt outstanding under the original $660,000 credit agreement remained the same at the time of amendment. The now $428,000 credit agreement provided for a $156,000 U.S. term loan facility, a $200,000 U.S. revolving facility, a C$57,800 term loan facility and a C$12,000 revolving facility for a Canadian subsidiary, and a GBP 6,000 revolving facility for a U.K. subsidiary. The $156,000 term loan facility matures in 20 quarterly installments with the last installment due June 30, 2011. As of December 27, 2008, the Company had $85,800 outstanding on the U.S. term loan. The $200,000 U.S. revolving facility matures on July 31, 2011 and requires no scheduled payment before that date. Under specified circumstances, the $200,000 U.S. revolving facility may be increased by $100,000. The Canadian term loan was repaid during 2007. The Canadian and U.K. revolving facilities were both terminated in the first quarter of 2008. The interest rate applicable to U.S. term loan and revolving loan under the credit agreement are, at the Company's option, equal to either the base rate (which is the higher of the prime rate or the federal funds rate plus 0.50%) or the adjusted LIBOR rate plus an interest rate margin based upon the Company's leverage ratio. Based on the Company's leverage ratio, the margin range for LIBOR based loans is 0.625% to 0.875%. The interest rate margin was 0.625% as

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

4. Long-Term Debt (Continued)

of December 27, 2008. The Company has pledged the stock of certain subsidiaries as well as certain U.S. assets for the $428,000 credit agreement. The $428,000 credit agreement includes certain customary representations and warranties, events of default, notice of material adverse change to our business and negative and affirmative covenants including the ratio of consolidated earnings before interest, taxes, depreciation and amortization to consolidated interest expense, for any period of four consecutive fiscal quarters, of no less than 3.5 to 1.0 as well as the ratio of consolidated indebtedness to consolidated earnings before interest, taxes, depreciation and amortization for any period of four consecutive fiscal quarters, of no more than 3.0 to 1. As of December 27, 2008, we were compliant with all financial covenants specified in the credit agreement. The Company had $5,627 and $5,466 outstanding under letters of credit as of December 27, 2008 and December 29, 2007, respectively. As of December 27, 2008, $90,000 was outstanding on our U.S. revolving credit facility.

On July 27, 2005 the Company entered into a $50,000 credit agreement ("$50,000 credit agreement"), which was subsequently amended on December 20, 2005 and again on July 31, 2006 to reflect substantially the same modifications made to the covenants in the $660,000 and $428,000 credit agreements, respectively. On June 15, 2007, the Company executed a third amendment to the $50,000 credit agreement to extend the maturity date and reduce the interest rate. The $50,000 credit agreement provides for a $50,000 term loan facility which matures on June 22, 2010. Prior to the amendment, the interest rate applicable to term loans under the credit agreement was, at the Company's option, equal to either the base rate (which was the higher of the prime rate or the federal funds rate plus 0.50%) or the LIBOR rate plus 0.75%. From June 15, 2007 through June 21, 2008, the interest rates applicable to term loans under the credit agreement are, at the Company's option, equal to either the base rate (which is the higher of the prime rate or the federal funds rate plus 0.50%) minus 2.25% or the LIBOR rate plus 0.50%. Commencing June 22, 2008 through June 22, 2010, the applicable interest rates are equal to either the base rate (which is the higher of the prime rate or the federal funds rate plus 0.50%) or the adjusted LIBOR rate plus an interest rate margin based on the Company's leverage ratio. The Company has pledged certain U.S. assets for the $50,000 credit agreement. As of December 27, 2008, we were compliant with all financial covenants specified in the credit agreement. The $50,000 credit agreement includes certain customary representations and warranties, negative and affirmative covenants and events of default. As of December 27, 2008, $49,167 of the $50,000 credit agreement was outstanding.

In 2006, we issued $350,000 of 2.25% Convertible Senior Notes (the 2013 Notes) due in June, 2013 with interest payable semi-annually. The 2013 Notes are convertible into approximately 7.2 million shares of our common stock at an initial conversion price of $48.94 per share of common stock. The 2013 Notes are convertible into cash and shares of our common stock (or, at our election, cash in lieu of some or all of such common stock), if any, based on an initial conversion rate, subject to adjustment, of 20.4337 shares of our common stock per $1,000 principal amount of notes (which represents an initial conversion price of $48.94 per share), only in the following circumstances and to the following extent: (1) during any fiscal quarter beginning after July 1, 2006 (and only during such fiscal quarter), if the last reported sale price of our common stock for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is more than 130% of the conversion price on the last day of such preceding fiscal quarter; (2) during the five business-day period after any five consecutive trading-day period, or the measurement period, in which the trading price per note for each day of that measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such day; (3) upon the occurrence of specified corporate transactions, as described in the indenture for the 2013

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

4. Long-Term Debt (Continued)

Notes; and (4) at the option of the holder at any time beginning on the date that is two months prior to the stated maturity date and ending on the close of business on the second trading-day immediately preceding the maturity date. Upon conversion, we will pay cash and shares of our common stock (or, at our election, cash in lieu of some or all of such common stock), if any. If we undergo a fundamental change as described in the indenture for the 2013 Notes, holders will have the option to require us to purchase all or any portion of their notes for cash at a price equal to 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest, including any additional interest to, but excluding, the purchase date.

During the second and third quarters of 2008, our stock traded at or above 130% of the conversion price for 20 trading days during the last 30 consecutive trading days of the quarter. Since the conversion trigger was met, the 2013 Notes were convertible at the discretion of the bond holders during the third and fourth quarters of 2008. As of December 27, 2008, 5 bonds had been presented for conversion to occur in early February. The conversion trigger tests are repeated each fiscal quarter and no conversion triggers were met in the fourth quarter. At December 27, 2008, the fair value of our outstanding 2013 Notes was approximately $311.1 based on their quoted market value.

5. Shareholders' Equity

Earnings Per Share

Basic earnings per share for 2008, 2007 and 2006 was computed by dividing earnings available to common shareholders for these periods by the weighted average number of common shares outstanding in the respective periods adjusted for contingently issuable shares. The weighted average number of common shares outstanding for 2007 and 2006 have been adjusted to include common stock equivalents for the purpose of calculating diluted earnings per share for these periods.

Options to purchase 4,481,120 shares, 243,357 shares and 2,972,420 shares were outstanding at December 27, 2008, December 29, 2007 and December 30, 2006, respectively, but were not included in computing diluted earnings per share because their inclusion would have been anti-dilutive.

In addition, weighted average shares outstanding for 2008, 2007 and 2006 excluded the weighted average impact of 777,494, 711,896 and 653,780 shares, respectively, of non-vested fixed restricted stock awards.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

5. Shareholders' Equity (Continued)

The following table illustrates the reconciliation of the numerator and denominator in the computations of the basic and diluted earnings per share:

	December 27, 2008	December 29, 2007	December 30, 2006
Numerator:			
Income (loss) from continuing operations for purposes of calculating earnings per share	$ (522,267)	$ 157,552	$ 125,221
Income (loss) from discontinued businesses	$ 424	$ (3,146)	$ (181,004)
Denominator:			
Weighted-average shares outstanding—Basic	67,273,748	66,960,515	68,945,622
Effect of dilutive securities:			
2.25% senior convertible debentures	—	481,136	—
Stock options and contingently issued restricted stock	—	1,160,369	867,204
Warrants	—	133,916	135,206
Weighted-average shares outstanding—Diluted	67,273,748	68,735,936	69,948,032
Basic earnings (loss) per share from continuing operations	$ (7.76)	$ 2.35	$ 1.82
Basic earnings (loss) per share from discontinued operations	$ 0.01	$ (0.05)	$ (2.63)
Diluted earnings (loss) per share from continuing operations	$ (7.76)	$ 2.29	$ 1.79
Diluted earnings (loss) per share from discontinued operations	$ 0.01	$ (0.05)	$ (2.59)

The sum of the earnings (loss) per share from continuing operations and the earnings (loss) per share from discontinued operations does not necessarily equal the earnings (loss) per share from net income in the consolidated statements of operations due to rounding.

Treasury Shares

The Board of Directors has authorized a share repurchase program, originally authorized on July 27, 2005 and subsequently amended on October 26, 2005, May 9, 2006, August 1, 2007 and July 24, 2008 to acquire up to a total of $600,000 of common stock. The program does not have a fixed expiration date. In order to facilitate these share repurchases, we entered into Rule 10b5-1 Purchase Plans.

During 2008, 2007 and 2006, we repurchased 2,159,908, shares of common stock for $109,260, 724,200 shares of common stock for $38,911, and 518,800 shares of common stock for $23,322, respectively, under these plans. In addition, concurrent with the sale of the 2013 Notes, we used $148,866 of the net proceeds for the purchase of 3,726,300 shares of its common stock.

During 2006 we also entered into an Accelerated Stock Repurchase (ASR) program with a third-party investment bank. In connection with this ASR program, we purchased 1,787,706 shares of stock at a cost of $75,000. In conjunction with the ASR, we also entered into a cashless collar with a forward floor price of $37.9576 per share of our common stock (95% of the initial price of $39.9554, the market price of our common stock on August 23, 2006) and a forward cap price of $41.9532 per share of our common stock (105% of the initial price). The final number of shares repurchased under the ASR program was determined by taking the average volume weighted average price of our common stock

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

5. Shareholders' Equity (Continued)

for 65 trading days starting on August 23, 2006. Since the final share price of $42.6503 was above the cap price of $41.9532, there was no adjustment to the final number of shares repurchased.

As of December 27, 2008, approximately $187,140 remains authorized for share repurchases.

Share repurchases during 2008, 2007 and 2006 were as follows:

	Fiscal Year Ended		
	December 27, 2008	December 29, 2007	December 30, 2006
Number of shares of common stock repurchased	2,159,908	724,200	6,032,806
Total cost of repurchase	$ 109,260	$ 38,911	$ 247,203

Additionally our 2000 Incentive Plan permits the netting of common stock upon vesting of restricted stock awards in order to satisfy individual tax withholding requirements. During the fiscal year ended December 27, 2008, December 29, 2007 and December 30, 2006, we acquired 104,662 shares for $6,291, 71,456 shares for $3,506 and 57,688 shares for $2,755, respectively, as a result of such withholdings.

The timing and amount of any future repurchases will depend on market conditions and corporate considerations.

Retained Earnings

Retained earnings includes approximately $2,000 which is restricted due to statutory requirements in the local jurisdiction of a foreign subsidiary as of December 27, 2008 and December 29, 2007.

Accumulated Other Comprehensive Income

The composition of accumulated other comprehensive income is as follows:

	Foreign Currency Translation Adjustment	Pension Gains/(Losses) and Prior Service (Cost)/Credit Not Yet Recognized as Components of Net Periodic Benefit Costs	Net Unrealized Gain on Marketable Securities	Accumulated Other Comprehensive Income
Balance at December 30, 2006	$ 24,103	$ (2,929)	$ (3)	$ 21,171
Period change	58,045	10,201	(48)	68,198
Tax	(173)	(3,637)		(3,810)
Balance at December 29, 2007	$ 81,975	$ 3,635	$ (51)	$ 85,559
Period change	(79,278)	(12,023)	(2,167)	(93,468)
Tax	6,690	4,566	—	11,256
Balance at December 27, 2008	$ 9,387	$ (3,822)	$ (2,218)	$ 3,347

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

5. Shareholders' Equity (Continued)

Warrants

Separately and concurrently with the pricing of the 2013 Notes, we issued warrants for approximately 7.2 million shares of our common stock. The warrants give the holders the right to receive, for no additional consideration, cash or shares (at our option) with a value equal to the appreciation in the price of our shares above $59.925, and expire between September 13, 2013 and January 22, 2014 over 90 equal increments. The total proceeds from the issuance of the warrants was $65,423.

As part of the recapitalization in 1999, we issued 150,000 units, each comprised of a $1 senior subordinated note and a warrant to purchase 7.6 shares of our common stock for total proceeds of $150,000. We allocated the $150,000 offering proceeds between the senior subordinated notes ($147,872) and the warrants ($2,128), based upon the estimated fair value. The portion of the proceeds allocated to the warrants is reflected as capital in excess of par in the accompanying consolidated financial statements. Each warrant entitles the holder, subject to certain conditions, to purchase 7.6 shares of common stock at an exercise price of $5.19 per share of common stock, subject to adjustment under some circumstances. Upon exercise, the holders of warrants would be entitled to purchase 4,180 and 147,250 shares of our common stock as of December 27, 2008 and December 29, 2007, respectively. The warrants expire on October 1, 2009.

6. Income Taxes

An analysis of the components of income before income taxes, minority interests and earnings from equity investments and the related provision for income taxes is presented below:

	Fiscal Year Ended		
	December 27, 2008	December 29, 2007	December 30, 2006
Income before income taxes, minority interests and earnings from equity investments			
U.S.	$ 106,392	$ 94,286	$ 90,598
Non-U.S.	(567,402)	123,136	85,966
	$ (461,010)	$ 217,422	$ 176,564
Income tax provision			
Current:			
Federal	$ 21,922	$ 39,907	$ 22,626
Foreign	28,355	21,547	10,895
State and local	1,278	7,732	5,501
Total current	$ 51,555	$ 69,186	$ 39,022
Deferred:			
Federal	$ 7,758	$ (3,469)	$ 10,595
Foreign	(5,136)	(4,689)	121
State and local	7,767	(1,628)	0
Total deferred	$ 10,389	$ (9,786)	$ 10,716
	$ 61,944	$ 59,400	$ 49,738

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

6. Income Taxes (Continued)

Net deferred taxes, detailed below, recognize the impact of temporary differences between the amounts of assets and liabilities recorded for financial statement purposes and such amounts measured in accordance with tax laws.

	December 27, 2008	December 29, 2007
Compensation	$ 38,973	$ 31,314
Accruals and reserves	1,502	643
Financing related	25,129	31,301
Goodwill and other intangibles	(5,805)	(7,851)
Net operating loss and credit carryforwards	27,446	17,609
Depreciation related	(35,738)	(28,948)
Non-indefinitely reinvested earnings	(2,039)	0
Other	606	(1,007)
	50,074	43,061
Valuation allowance	(4,197)	(561)
Total deferred taxes	$ 45,877	$ 42,500

Reconciliations of the statutory U.S. Federal income tax rate to effective tax rates are as follows:

	December 27, 2008	December 29, 2007	December 30, 2006
U.S. statutory income tax rate	(35.0)%	35.0%	35.0%
Foreign tax rate differences	(2.6)%	(3.9)%	(3.4)%
State income taxes, net of Federal tax benefit	1.5%	1.7%	1.9%
Unbenefitted losses and valuation allowance	0.9%	0.3%	(0.2)%
Net impact of change in APB23 assertion	(1.5)%	0.0%	0.0%
Research tax credits and enhanced deductions	(3.2)%	(6.0)%	(6.4)%
Enacted tax rate changes	0.7%	(1.3)%	(1.0)%
Impact of tax uncertainties	0.5%	2.2%	1.1%
Impact of goodwill impairment	52.5%	0.0%	0.0%
Other	(0.4)%	(0.7)%	1.2%
	13.4%	27.3%	28.2%

In the third quarter of 2008, the Company revalued certain of its deferred tax assets and liabilities due to the enactment of a Massachusetts state tax law change resulting in tax expense of $3,396. Additionally, the Company recorded a deferred tax liability of $1,897 in the fourth quarter of 2008 resulting from a newly promulgated Massachusetts regulation.

During 2008, the Company recorded a reduction to income taxes payable for $4,911 from the exercise of stock options and vesting of restricted shares. The benefit of this reduction has been recorded to additional paid in capital for $4,769 and goodwill for $142.

As of December 27, 2008, the Company has non-U.S. net operating loss carryforwards, the tax effect of which is $10,064. Of this amount, $816 will begin to expire in 2013. The remainder can be carried forward indefinitely. The Company has U.S. foreign tax credit carryforwards of $10,665 which will begin to expire in 2019. The Company has state tax credit carryforwards of $1,843 which begin to expire in 2017. The Company has Canadian Investment Tax Credit carryforwards of $3,885 as a result

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

6. Income Taxes (Continued)

of its research and development activity in Montreal, which begin to expire in 2026. The Company has capital loss carryforwards in the US and Canada, the tax effect of which is $825 and $164, respectively.

The Company has fully recognized its deferred tax assets on the belief that it is more likely than not that they will be realized. The only exceptions at December 27, 2008 relate to deferred tax assets for net operating losses in Luxembourg and China and a capital loss in the U.S., which have resulted in the valuation allowance increasing from $561 at December 29, 2007 to $4,197 at December 27, 2008. The Company established a valuation allowance against these tax attributes due to the determination, after consideration of all evidence, both positive and negative, that it is more likely than not that these carryforwards will not be realized.

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109" (FIN 48), which became effective for the Company on December 31, 2006. The cumulative effect of adopting FIN 48 did not result in a change to the Company's opening retained earnings. At December 27, 2008 the amount recorded for unrecognized income tax benefits was $28,732. At December 29, 2007, the amount recorded for unrecognized tax benefits was $22,129. The increase during 2008 is primarily due to the continuing evaluation of uncertain tax positions conducted in the current and prior periods. The amount of unrecognized income tax benefits that, if recognized, would favorably impact the effective tax rate was $12,500 as of December 29, 2007 and increased to $21,441 as of December 27, 2008. This increase is primarily due to the amendment to SFAS 109 by SFAS 141(R) with regards to accounting for adjustments to income tax uncertainties related to acquisitions, generally requiring that, on a prospective basis, such adjustments be reflected in the effective tax rate versus impacting goodwill.

The Company's unrecognized income tax benefits are as follows:

	December 27, 2008	December 29, 2007
Beginning balance	$ 22,129	$ 16,896
Additions:		
Tax positions for current year	2,071	3,612
Tax positions for prior years	8,041	2,413
Reductions:		
Tax positions for current year	(252)	(65)
Tax positions for prior years	(3,011)	(43)
Settlements	—	(177)
Expiration of statute of limitations	(246)	(507)
Ending balance	$ 28,732	$ 22,129

The Company continues to recognize interest and penalties related to unrecognized income tax benefits in income tax expense. The total amount of accrued interest related to unrecognized income tax benefits as of December 29, 2007 and December 27, 2008 was $1,753 and $2,729, respectively. The Company has not recorded a provision for penalties associated with uncertain tax positions.

The Company conducts business operations in a number of tax jurisdictions. As a result, the Company is subject to tax audits on a regular basis including, but not limited to, such major jurisdictions as United States, the United Kingdom and Canada. With few exceptions, we are no longer subject to U.S. and international income tax examinations for years before 2002.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

6. Income Taxes (Continued)

The Company and certain of its subsidiaries are currently under audit by the Canada Revenue Agency, the Internal Revenue Service in the United States, and the Commonwealth of Massachusetts. It is reasonably possible that the Company will settle with the IRS Appeals division on proposed adjustments related to the 2004 and 2005 tax filings for the Company and an acquired subsidiary and conclude an examination of the 2006 tax filings for the Company within the next twelve months. We do not anticipate that the settlement of the proposed audit adjustments, which relate primarily to issues associated with an acquisition, will have a material impact on our financial position or results of operations. During the fourth quarter of 2008, there has been no change in the status of the ongoing examinations by the Canada Revenue Agency and Massachusetts Department of Revenue. The Company believes it has appropriately provided for all unrecognized tax benefits.

During the first quarter of 2009, the Company plans to repatriate approximately $90,000 of the earnings of its non-U.S. subsidiaries. As such, the Company has changed its permanent reinvestment assertion with regards to these unremitted earnings. As a result of the change in assertion, the Company recorded a tax benefit primarily due to foreign tax credits in the fourth quarter of 2008 of $7,227, of which $4,045 was reflected in the effective tax rate and $3,182 was reflected in the Cumulative Translation Account. The proceeds from the repatriation will be used for general corporate purposes. The Company continues to maintain its permanent reinvestment assertion with regards to the remaining unremitted earnings of its non-U.S. subsidiaries.

As of December 27, 2008, earnings of the Company's non-U.S. subsidiaries considered to be indefinitely reinvested totaled $192,917. No provision for U.S. income taxes has been provided thereon. Upon distribution of those earnings in the form of dividends or otherwise, the Company would be subject to both U.S. Federal and state income taxes and withholding taxes payable to the various foreign countries. It is not practicable to estimate the amount of additional tax that might be payable on this undistributed foreign income.

On June 12, 2006, the Company issued $300,000 aggregate principal amount of convertible senior notes ("the 2013 Notes") in a private placement with net proceeds to the Company of approximately $294,000. On June 20, 2006, the initial purchasers associated with this convertible debt offering exercised an option to purchase an additional $50,000 of the 2013 Notes for additional net proceeds to the Company of approximately $49,000. The 2013 Notes bear interest at 2.25% per annum, payable semi-annually, and mature on June 15, 2013. Concurrently with the sale of the 2013 Notes, the Company entered into convertible note hedge transactions with respect to its obligation to deliver common stock under the notes. Separately and concurrently with the pricing of the 2013 Notes, the Company issued warrants for approximately 7.2 million shares of its common stock. The Company has elected to apply the rules of the Integration Regulations under Treas. Reg. 1.1275-6 to treat the 2013 Notes and the associated hedge as synthetic debt instruments and accordingly is deducting the option premium paid for the hedge as original issue discount over the 7 year term. The cash tax benefit of this deduction is recorded to additional paid in capital. A deferred tax asset has been recorded to reflect the future cash tax benefit of the deductions over the term of the 2013 Notes. Also, pursuant to Internal Revenue Code Section 1032, the Company will not recognize any gain or loss for tax purpose with respect to the exercise or lapse of the warrants.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

7. Employee Benefits

Charles River Laboratories Employee Savings Plan

Our defined contribution plan, the Charles River Laboratories Employee Savings Plan, qualifies under section 401(k) of the Internal Revenue Code. It covers substantially all U.S. employees and contains a provision whereby we match a percentage of employee contributions. The costs associated with this defined contribution plan totaled $6,377, $4,074 and $3,439, in 2008, 2007 and 2006, respectively.

Charles River Laboratories Deferred Compensation Plan and Executive Supplemental Life Insurance Retirement Plan

The Charles River Laboratories Deferred Compensation Plan (Deferred Compensation Plan) is designed for select eligible employees, including our Named Executive Officers. Under the Deferred Compensation Plan, participants may elect to defer bonus and salary amounts, and may select the investment returns to be applied to deferred amounts from among a number of reference mutual funds as well as an interest crediting rate. The plan is not qualified under Section 401(a) of the Internal Revenue Code and is not subject to the Employee Retirement Income Security Act of 1974. At the present time, no contributions will be credited to the plan, except as set forth below. Participants must specify the distribution date for deferred amounts at the time of deferral, in accordance with applicable IRS regulations. Generally, amounts may be paid in lump sum or installments upon retirement or termination of employment, or later if the employee terminates employment after age 55 and before age 65. Amounts may also be distributed during employment, subject to a minimum deferral requirement of three years.

In addition to the Deferred Compensation Plan, certain officers and key employees also participate, or in the past participated, in our amended and restated Executive Supplemental Life Insurance Retirement Plan (ESLIRP) which is a non-funded, non-qualified arrangement. Annual benefits under this plan will equal a percentage of the highest five consecutive years of compensation, offset by amounts payable under the Charles River Laboratories, Inc. Pension Plan and Social Security.

In connection with the establishment of the Deferred Compensation Plan, current active employees who agreed to convert their ESLIRP benefit to a comparable benefit in the deferred compensation plan discontinued their direct participation in the ESLIRP. Instead, the present value of the accrued benefits of ESLIRP participants was credited to their Deferred Compensation Plan accounts, and future ESLIRP accruals will now be converted to present values and credited to their Deferred Compensation Plan accounts annually. Upon the adoption of the Deferred Compensation Plan, the value of their accrued ESLIRP benefits, prior to adjustments for outstanding Medicare taxes, were credited to their Deferred Compensation Plan account. In addition, we provide certain active employees an annual contribution into their Deferred Compensation Plan account of 10% of the employee's base salary plus the lesser of their target annual bonus or actual annual bonus. The costs associated with these defined contribution plans totaled $2,819, $3,462 and $4,029 in 2008, 2007 and 2006, respectively.

The Company has invested in several corporate-owned key-person life insurance policies as well as mutual funds and U.S. Treasury Securities with the intention of using these investments to fund the ESLIRP and the Deferred Compensation Plan. Participants have no interest in any such investments. At December 27, 2008 and December 29, 2007 the cash surrender value of these life insurance policies were $19,652 and $22,027, respectively.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

7. Employee Benefits (Continued)

Pension Plans

The Charles River Pension Plan is a defined contribution plan and a defined benefit pension plan covering certain UK employees. Benefits are based on participants' final pensionable salary and years of service. Participants' rights vest immediately. Effective December 31, 2002, the plan was amended to exclude new participants from joining the defined benefit section of the plan and a defined contribution section was established for new entrants. Contributions under the defined contribution plan are determined as a percentage of gross salary.

The Charles River Laboratories, Inc. Pension Plan is a qualified, non-contributory defined benefit plan that covers certain U.S. employees. Benefits are based on participants' final average monthly compensation and years of service. Participants' rights vest upon completion of five years of service. Effective January 1, 2002, this plan was amended to exclude new participants from joining. Benefit criteria offered to existing participants as of the amendment date did not change. During 2008, our Board of Directors voted to freeze the accrual of benefits under the Pension Plan effective April 30, 2008. In accordance with SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," we recorded a curtailment gain of $3,276 in 2008. Based on a remeasurement of the U.S. pension plan's assets and liabilities at April 30, 2008, the benefit accrual freeze reduced the projected benefit obligation by $8,298 and resulted in a corresponding adjustment, net of tax, to accumulated other comprehensive income.

The defined benefit pension plans for Japan and our Canadian RMS operation are non-contributory plans that cover substantially all employees of those respective companies. Benefits are based upon length of service and final salary. In addition, our French RMS operation has a defined benefit statutory indemnity plan covering most of its employees.

The following tables summarize the funded status of our defined benefit plans and amounts reflected in our consolidated balance sheets.

Obligations and Funded Status

	Pension Benefits		Supplemental Retirement Benefits	
	2008	2007	2008	2007
Change in benefit obligations				
Benefit obligation at beginning of year	$232,852	$212,998	$29,925	$29,262
Service cost	4,037	6,204	908	882
Interest cost	12,014	11,663	1,718	1,580
Plan participants' contributions	789	919	—	—
Curtailment	(14,483)	—	—	—
Settlement gain	(3,454)	(1,214)	—	—
Benefit payments	(5,404)	(4,857)	(704)	(605)
Actuarial loss (gain)	(24,564)	(8,905)	(734)	(1,194)
Plan amendments	137	24	—	—
Other	—	1,353	—	—
Effect of foreign exchange	(35,663)	14,667	—	—
Benefit obligation at end of year	$166,261	$232,852	$31,113	$29,925

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

7. Employee Benefits (Continued)

	Pension Benefits		Supplemental Retirement Benefits	
	2008	2007	2008	2007
Change in plan assets				
Fair value of plan assets at beginning of year	$ 196,214	$ 163,446	$ —	$ —
Plan assets assumed	—	—	—	—
Actual return on plan assets	(35,272)	11,598	—	—
Settlement gain	(3,454)	(1,214)	—	—
Employer contributions	14,169	12,364	704	605
Plan participants' contributions	789	919	—	—
Benefit payments	(5,404)	(4,857)	(704)	(605)
Premiums paid	—	—	—	—
Other	—	383	—	—
Effect of foreign exchange	(33,008)	13,575	—	—
Fair value of plan assets at end of year	$ 134,034	$ 196,214	$ —	$ —
Funded status				
Projected benefit obligation	$ 166,261	$ 232,852	$ 31,113	$ 29,925
Fair value of plan assets	134,034	196,214	—	—
Net balance sheet liability	$ 32,227	$ 36,638	$ 31,113	$ 29,925
Classification of net balance sheet liability				
Current liabilities	$ 52	$ 909	$ 5,159	$ 632
Non-current liabilities	32,175	35,729	$ 25,954	$ 29,293
The accumulated benefit obligation for all defined benefit plans	$ 162,843	$ 214,564	$ 20,614	$ 23,308

Information for defined benefit plans with accumulated benefit obligation in excess of plan assets

	Pension Benefits		Supplemental Retirement Benefits	
	2008	2007	2008	2007
Projected benefit obligation	$157,068	$165,080	$31,113	$29,925
Accumulated benefit obligation	156,017	163,741	20,614	23,308
Fair value of plan assets	125,143	142,131	—	—

Information for defined benefit plans with projected benefit obligation in excess of plan assets

	Pension Benefits		Supplemental Retirement Benefits	
	2008	2007	2008	2007
Projected benefit obligation	$166,261	$232,852	$31,112	$29,925
Accumulated benefit obligation	162,843	214,564	20,614	23,308
Fair value of plan assets	134,034	196,214	—	—

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

7. Employee Benefits (Continued)

Amounts recognized in statement of financial position as part of accumulated other comprehensive income ("AOCI")

	Pension Benefits		Supplemental Retirement Benefits	
	2008	2007	2008	2007
Net actuarial (gain)/loss	$14,309	$ (2,962)	$6,365	$ 7,512
Net prior service cost/(credit)	(9,124)	(11,023)	3,475	3,973
Effect of foreign exchange	(5,400)	103	—	—
Total pre-tax	(215)	(13,882)	9,840	11,485
Less: taxes	1,908	(3,305)	3,895	4,541
Total	$ (2,123)	$(10,577)	$5,945	$ 6,944

Amounts in AOCI expected to be recognized as components of net periodic benefit cost over the next fiscal year

	Pension Benefits	Supplemental Retirement Benefits
Amortization of net actuarial (gain)/loss	$1,250	$ 291
Amortization of net prior service cost/(credit)	(607)	498

Components of net periodic benefit cost

	Pension Benefits			Supplemental Retirement Benefits		
	2008	2007	2006	2008	2007	2006
Service cost	$ 4,037	$ 6,204	$ 6,426	$ 908	$ 882	$ 839
Interest cost	12,014	11,663	9,921	1,718	1,581	1,527
Expected return on plan assets	(13,499)	(12,630)	(10,013)	—	—	—
Amortization of prior service cost (credit)	(684)	(526)	(547)	498	498	498
Amortization of net loss	(31)	386	1,011	413	568	1,139
Net periodic benefit cost	1,837	5,097	6,798	3,537	3,529	4,003
Curtailment gain	(3,345)	326	(1,334)	—	—	—
Net pension cost	$ (1,508)	$ 5,423	$ 5,464	$3,537	$3,529	$4,003

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

7. Employee Benefits (Continued)

Assumptions

Weighted-average assumptions used to determine benefit obligations

	Pension Benefits		Supplemental Retirement Benefits	
	2008	2007	2008	2007
Discount rate	5.74%	5.69%	6.15%	5.88%
Rate of compensation increase	2.90%	4.07%	4.75%	4.75%

Weighted-average assumptions used to determine net periodic benefit cost

	Pension Benefits			Supplemental Retirement Benefits		
	2008	2007	2006	2008	2007	2006
Discount rate	5.69%	5.14%	4.95%	5.88%	5.56%	5.50%
Expected long-term return on plan assets	7.10%	7.00%	6.58%	—	—	—
Rate of compensation increase	4.07%	3.94%	3.31%	4.75%	4.75%	4.75%

The expected long-term rate of return on plan assets was made considering the pension plan's asset mix, historical returns and the expected yields on plan assets.

Plan assets

The Company's pension plan weighted-average asset allocations are as follows:

	Target Allocation	Pension Benefits	
	2009	2008	2007
Equity securities	66%	56%	60%
Fixed income	31%	36%	24%
Other	3%	8%	16%
Total	100%	100%	100%

Our investment objective is to obtain the highest possible return commensurate with the level of assumed risk. Fund performances are compared to benchmarks including the S&P 500 Index, Russell 1000 Index, Russell 3000 Index and Lehman Brothers Aggregate Bond Index. The Company's Investment Committee meets on a quarterly basis to review plan assets.

Plan assets did not include any of our common stock at December 27, 2008 and December 29, 2007.

Contributions

During 2008, we contributed $13,597 to our pension plans. We expect to contribute $8,907 to our pension plan in 2009.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

7. Employee Benefits (Continued)

Estimated future benefit payments

	Pension Benefits	Supplemental Retirement Benefits
2009	$ 4,286	$ 5,159
2010	3,971	768
2011	4,187	758
2012	4,950	719
2013	5,306	17,726
2014-2018	35,931	10,783

8. Stock Based Compensation

We have share-based compensation plans under which employees and non-employee directors may be granted share based awards. During 2008, 2007 and 2006, the primary share-based awards and their general terms and conditions are as follows:

- Stock options, which entitle the holder to purchase a specified number of shares of common stock at an exercise price equal to the closing market price of our common stock on the date of grant; vest incrementally, typically over three to four years; and generally expire seven to ten years from date of grant.

- Restricted stock grants, which entitle the holder to receive at no cost, a specified number of shares of common stock that vests incrementally, typically over three to four years. Recipients are entitled to cash dividends and to vote their respective shares upon grant.

- Performance based stock awards, which entitle the holder to receive at no cost, a specified number of shares of common stock within a range of shares from zero to a specified maximum. Payout of this award is contingent upon achievement of individualized stretch goals as determined by our Compensation Committee of the Board of Directors.

At the Annual Meeting of Shareholders held on May 8, 2007, our shareholders approved the 2007 Incentive Plan ("the 2007 Plan"). The 2007 Plan provides that effective upon approval, no further awards will be granted under preexisting stock option and incentive plans; provided, however, that any shares that have been forfeited or canceled in accordance with the terms of the applicable award under a preexisting plan may be subsequently awarded in accordance with the terms of the preexisting plan. The 2007 Plan allows a maximum of 6.3 million shares to be awarded of which restricted stock grants and performance based stock awards count as 2.3 shares and stock options count as one share. In the past, we had various employee stock and incentive plans under which stock options and other share-based awards were granted. Stock options and other share-based awards that were granted under prior plans and were outstanding on May 8, 2007, continue in accordance with the terms of the respective plans.

At December 27, 2008, approximately 4.5 million shares were authorized for future grants under our share-based compensation plans. We settle employee share-based compensation awards with newly issued shares.

The estimated fair value of our stock-based awards, less expected forfeitures, is amortized over the awards' vesting period on a straight-line basis in accordance with SFAS No. 123(R). The effect of

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

8. Stock Based Compensation (Continued)

recording stock-based compensation for the fiscal year ended December 27, 2008, December 29, 2007 and December 30, 2006 was as follows:

	December 27, 2008	December 29, 2007	December 30, 2006
Stock-based compensation expense by type of award:			
Stock options	$ 10,268	$ 11,042	$ 11,878
Restricted stock	14,065	14,976	9,271
Share-based compensation expense before tax	24,333	26,018	21,149
Income tax benefit	(8,612)	(8,424)	(7,746)
Reduction to income from continuing operations	15,721	17,594	13,403
Share-based compensation expense of discontinued businesses, net of tax	—	—	980
Reduction to net income	$ 15,721	$ 17,594	$ 14,383
Reduction to earnings per share:			
Basic	$ 0.23	$ 0.26	$ 0.21
Diluted	$ 0.23	$ 0.26	$ 0.21
Effect on income by line item:			
Cost of sales	$ 6,406	$ 8,258	$ 7,033
Selling and administration	17,927	17,759	14,116
Share based compensation expense before tax	24,333	26,017	21,149
Income tax benefit	(8,612)	(8,423)	(7,746)
Operations of discontinued businesses, net of tax	—	—	980
Reduction to net income	$ 15,721	$ 17,594	$ 14,383

We estimate the fair value of stock options using the Black-Scholes valuation model. Key inputs and assumptions used to estimate the fair value of stock options include the exercise price of the award, the expected option term, the risk-free interest rate over the option's expected term, the expected annual dividend yield and the expected stock price volatility. The expected stock price volatility assumption was determined using the historical volatility of our common stock over the expected life of the option. The risk-free interest rate was based on the market yield for the five year U.S. Treasury security. The expected life of options was determined using historical option exercise activity. Management believes that the valuation technique and the approach utilized to develop the underlying assumptions are appropriate in calculating the fair values of our stock options granted during fiscal years 2008, 2007 and 2006. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by persons who receive equity awards.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

8. Stock Based Compensation (Continued)

The fair value of stock-based awards granted during 2008, 2007 and 2006 was estimated on the grant date using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	December 27, 2008	December 29, 2007	December 30, 2006
Expected life (in years)	4.5	5.0	4.9
Expected volatility	24%	30%	30%
Risk-free interest rate	2.8%	4.6%	4.8%
Expected dividend yield	0.0%	0.0%	0.0%
Weighted—average grant date fair value	$ 14.85	$ 16.49	$ 13.91

Stock Options

The following table summarizes stock option activities under our plans:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Options outstanding as of December 31, 2005	5,554,340	$ 35.39		
Options granted	889,650	$ 39.62		
Options exercised	(766,209)	$ 29.97		
Options canceled	(285,168)	$ 41.85		
Options outstanding as of December 30, 2006	5,392,613	$ 36.50		
Options granted	934,690	$ 46.95		
Options exercised	(1,737,413)	$ 31.47		
Options canceled	(122,087)	$ 41.49		
Options outstanding as of December 29, 2007	4,467,803	$ 40.50		
Options granted	820,200	$ 58.59		
Options exercised	(706,755)	$ 38.98		
Options canceled	(100,128)	$ 46.14		
Options outstanding as of December 27, 2008	4,481,120	$ 43.93	5.02 years	$ 1,423
Options exercisable as of December 30, 2006	3,822,370	$ 34.04		
Options exercisable as of December 29, 2007	2,708,268	$ 37.92		
Options exercisable as of December 27, 2008	2,729,255	$ 39.65	4.67 years	$ 1,423

As of December 27, 2008, the unrecognized compensation cost related to unvested stock options expected to vest was $19,352. This unrecognized compensation will be recognized over an estimated weighted-average amortization period of 30 months.

The total intrinsic value of options exercised during the fiscal years ending December 27, 2008, December 29, 2007 and December 30, 2006 was $17,197, $37,342 and $12,557, respectively, with intrinsic value defined as the difference between the market price on the date of exercise and the grant date price. The total amount of cash received from the exercise of these options was $27,589. The actual tax benefit realized for the tax deductions from option exercises totaled $5,888 for the year ended December 27, 2008.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

8. Stock Based Compensation (Continued)

The following table summarizes significant ranges of outstanding and exercisable options as of December 27, 2008:

	Options Outstanding				Options Exercisable			
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (In years)	Weighted Average Exercise Price	Aggregate Intrinsic Value	Options Exercisable	Weighted Average Remaining Contractual Life (In years)	Weighted Average Exercise Price	Aggregate Intrinsic Value
$0.00–$10.00	24,702	1.04	$ 4.74	501	24,702	1.04	$ 4.74	501
$10.01–$20.00	84,479	2.75	14.37	899	84,479	2.75	14.37	899
$20.01–$30.00	39,074	4.53	27.71	23	39,074	4.53	27.71	23
$30.01–$40.00	1,392,762	4.27	34.82	—	1,071,312	4.14	33.87	—
$40.01–$50.00	2,090,888	5.21	46.07	—	1,461,194	5.20	45.86	—
$50.01–$60.00	779,445	6.12	58.08	—	48,494	5.50	51.83	—
$60.01–$70.00	69,770	6.34	62.63	—	—	—	—	—
Totals	4,481,120	5.02 years	$ 43.93	$1,423	2,729,255	4.67 years	$ 39.65	$1,423

The aggregate intrinsic value in the preceding table represents the total intrinsic value, based on a closing stock price of $25.02 as of December 27, 2008, that would have been received by the option holders had all option holders exercised their options as of that date. The total number of in-the-money options exercisable as of December 27, 2008 was 118,948.

The following table summarizes the non-vested stock option activity in the equity incentive plans for the fiscal year ending December 27, 2008:

	Stock Options	Weighted Average Exercise Price
Non-vested at December 29, 2007	1,759,535	$ 44.47
Granted	820,200	58.59
Forfeited	(92,606)	46.93
Vested	(735,264)	45.43
Non-vested at December 27, 2008	1,751,865	$ 50.60

Restricted Stock

Stock compensation expense associated with restricted common stock is charged for the market value on the date of grant, less estimated forfeitures, and is amortized over the awards' vesting period on a straight-line basis.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

8. Stock Based Compensation (Continued)

The following table summarizes the restricted stock activity for 2008:

	Restricted Stock	Weighted Average Grant Date Fair Value
Outstanding December 29, 2007	711,896	$ 44.25
Granted	383,388	58.39
Vested	(344,272)	46.61
Canceled	(34,618)	46.33
Outstanding December 27, 2008	716,394	$ 50.58

As of December 27, 2008, the unrecognized compensation cost related to shares of unvested restricted stock expected to vest was $24,895. This unrecognized compensation will be recognized over an estimated weighted-average amortization period of 31 months. The total fair value of restricted stock grants that vested during the fiscal years ending December 27, 2008, December 29, 2007 and December 30, 2006 was $16,049, $10,661 and $9,231, respectively. The actual tax benefit realized for the tax deductions from restricted stock grants that vested totaled $7,574 for the year ended December 27, 2008.

During 2008 and 2007, we made performance-based awards to our executives. Payout of these awards is contingent upon achievement of individualized stretch goals as determined by the Compensation Committee of the Board of Directors. These grants are accounted for in accordance with FAS 123(R), accordingly, compensation expense associated with these awards of $2,360 and $1,883 has been recorded during 2008 and 2007, respectively.

9. Commitments and Contingencies

Operating Leases

We have commitments for various operating leases for machinery and equipment, vehicles, office equipment, land and office space. As a matter of ordinary business course, we occasionally guarantee certain lease commitments to landlords. Rent expense for all operating leases was $23,781, $25,548 and $18,134 in 2008, 2007 and 2006, respectively. Future minimum payments by year and in the aggregate, under noncancellable operating leases with initial or remaining terms of one year or more, consist of the following at December 27, 2008:

2009	21,410
2010	13,790
2011	11,051
2012	8,937
2013	8,417
Thereafter	34,676

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

9. Commitments and Contingencies (Continued)

Insurance

We maintain various insurances which maintain large deductibles up to $500, some with or without stop-loss limits, depending on market availability. Aggregate loss limits for workers compensation and auto liability are projected at $5,200.

Construction

We have certain purchase commitments related to the completion of our ongoing construction projects which amounted to approximately $27,406 as of December 27, 2008.

Litigation

Various lawsuits, claims and proceedings of a nature considered normal to its business are pending against us. In the opinion of management, the outcome of such proceedings and litigation currently pending will not materially affect our consolidated financial statements.

10. Business Segment and Geographic Information

In accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," we disclose financial and descriptive information about its reportable operating segments. Operating segments are components of an enterprise for which separate financial information is available and is regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

We report two segments, called Research Models and Services (RMS) and Preclinical Services (PCS).

Our RMS segment includes sales of research models, genetically engineered models and services (GEMS), research animal diagnostics, discovery and imaging services, consulting and staffing services, vaccine support and in vitro technology (primarily endotoxin testing). Our PCS segment includes services required to take a drug through the development process including discovery support, toxicology, pathology, biopharmaceutical, bioanalysis, pharmacokinetics and drug metabolism services as well as Phase I clinical trials.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

10. Business Segment and Geographic Information (Continued)

The following table presents sales and other financial information by business segment. Net sales represent sales originating in entities primarily engaged in either provision of RMS or PCS. Long-lived assets include property, plant and equipment, goodwill, other intangibles and other long-lived assets.

	2008	2007	2006
Research Models and Services			
Net sales	$ 659,941	$ 577,231	$ 514,999
Gross margin	284,639	249,348	214,125
Operating income	198,696	177,151	147,789
Total assets	684,824	630,029	674,963
Long-lived assets	327,568	287,058	306,267
Depreciation and amortization	28,186	23,378	20,804
Capital expenditures	60,490	51,086	27,018
Preclinical Services			
Net sales	$ 683,552	$ 653,395	$ 543,386
Gross margin	226,070	228,843	192,482
Operating income	(596,437)	103,541	82,323
Total assets	1,470,674	2,170,313	1,875,487
Long-lived assets	1,147,089	1,817,173	1,641,935
Depreciation and amortization	62,997	63,001	61,779
Capital expenditures	136,591	175,950	154,728

A reconciliation of segment operating income to consolidated operating income is as follows:

	Fiscal Year Ended		
	December 27, 2008	December 29, 2007	December 30, 2006
Total segment operating income	$ (397,741)	$ 280,692	$ 230,112
Unallocated corporate overhead	(52,021)	(53,501)	(41,939)
Consolidated operating income	$ (449,762)	$ 227,191	$ 188,173

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

10. Business Segment and Geographic Information (Continued)

A summary of unallocated corporate overhead consists of the following:

	December 27, 2008	December 29, 2007	December 30, 2006
Stock-based compensation expense	$ 11,968	$ 11,902	$ 8,624
U.S. retirement plans	(161)	7,074	8,377
Audit, tax and related expense	2,727	3,455	3,924
Salary and bonus	18,943	15,652	11,271
Global IT	8,282	5,004	—
Employee health LDP and fringe benefit expense	(2,774)	(908)	2,885
Consulting and outside services	1,822	1,675	1,477
Other general unallocated corporate expenses	11,214	9,647	5,381
	$ 52,021	$ 53,501	$ 41,939

Other general unallocated corporate expenses consist of various departmental costs including those associated with departments such as senior executives, corporate accounting, legal, tax, human resources, treasury and investor relations.

The following table presents sales and other financial information by geographic regions. Included in the other non-U.S. category below are operations located in China, Korea, Australia, India and Mexico. Sales to unaffiliated customers represent net sales originating in entities physically located in the identified geographic area. Long-lived assets include property, plant and equipment, goodwill, other intangibles, and other long-lived assets.

	U.S.	Europe	Canada	Japan	Other Non-U.S.	Consolidated
2008						
Sales to unaffiliated customers	$697,227	$362,751	$204,252	$66,749	$12,514	$1,343,493
Long-lived assets	11,582	608,839	768,882	58,081	27,273	1,474,657
2007						
Sales to unaffiliated customers	$620,915	$339,347	$201,936	$56,435	$11,993	$1,230,626
Long-lived assets	638,219	596,730	809,773	50,844	8,665	2,104,231
2006						
Sales to unaffiliated customers	$527,432	$289,072	$173,853	$56,387	$11,641	$1,058,385
Long-lived assets	537,534	580,143	785,420	41,385	3,721	1,948,203

11. Discontinued Operations

During the first quarter of fiscal 2006, the Company initiated actions to sell Phase II-IV of the Clinical business. On May 9, 2006, the Company announced that it entered into a definitive agreement to sell Phase II-IV of the Clinical Services business for $215,000 in cash as part of a portfolio realignment which would allow the Company to capitalize on core competencies. Accordingly, management performed a goodwill impairment test for the Clinical business segment assuming sale of the Phase II-IV business. To determine the fair value of this segment, the Company used a combination of discounted cash flow methodology for the Phase I Clinical business and expected selling price for the

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

11. Discontinued Operations (Continued)

Phase II-IV Clinical business. Based on this analysis, it was determined that the book carrying value of goodwill assigned to the Clinical business reporting unit exceeded its implied fair value and therefore a $129,187 charge was recorded in 2006 to write-down the value of this goodwill. No additional goodwill impairment was recorded during 2006.

In addition, taking into account the planned divestiture of the Phase II-IV Clinical business, the Company performed an impairment test on the long-lived assets of the Clinical Phase II-IV business. Based on this analysis, the Company determined that the book value of assets assigned to the Clinical Phase II-IV business exceeded its future cash flows, which included the proceeds from the sale of the business, and therefore recorded an impairment of the assets of $3,900 during 2006.

During 2006, the Company also made a decision to close its Interventional and Surgical Services (ISS) business, which was formerly included in the Preclinical Services segment. The Company performed an impairment test on the long-lived assets of the ISS business and based on that analysis, it was determined that the book value of the ISS assets exceeded the future cash flows of the business. Accordingly, the Company recorded an impairment charge of $1,070 during 2006.

For the year end December 30, 2006, the discontinued businesses recorded a loss from operations of $181,004 which included a $546 loss from the sale of the Phase II-IV Clinical business. As a direct result of the sale, the Company realized a significant tax gain resulting in additional tax expense of $37,835, all of which has been paid by the end of fiscal year 2006.

The consolidated financial statements have been reclassified to segregate, as discontinued operations, the assets and liabilities, operating results and cash flows, of the businesses being discontinued for all periods presented. Operating results from discontinued operations are as follows:

	Fiscal Year Ended		
	December 27, 2008	December 29, 2007	December 30, 2006
Net sales	$ —	$ 599	$ 73,658
Income (loss) from operations of discontinued businesses, before income taxes	122	267	(145,613)
Provision for income taxes	(302)	3,413	35,391
Income (loss) from operations of discontinued businesses, net of taxes	$ 424	$ (3,146)	$ (181,004)

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(dollars in thousands, except per share amounts)

11. Discontinued Operations (Continued)

Assets and liabilities of discontinued operations at December 27, 2008 and December 29, 2007 consisted of the following:

	December 27, 2008	December 29, 2007
Current assets	$ 233	$ 1,007
Long-term assets	4,187	4,187
Total assets	$ 4,420	$ 5,194
Current liabilities	$ 35	$ 748
Total liabilities	$ 35	$ 748

Current assets included accounts receivable and prepaid income taxes. Non-current assets included a long-term tax receivable. Current liabilities consisted of accounts payable, deferred income and accrued expenses.

12. Subsequent Event

During the first quarter of 2009, we implemented actions to improve our operating efficiency. As a result of these actions, we will record a one time charge, primarily in the first quarter of 2009 of approximately $9.0 million, mainly in the PCS segment, for the closure and severance of our Arkansas facility as well as other headcount reductions.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

SUPPLEMENTARY DATA

Quarterly Information (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal Year Ended December 27, 2008				
Total net sales	$ 337,685	$ 352,134	$ 342,227	$ 311,447
Gross profit	130,377	137,987	130,270	112,075
Operating income (loss)	63,500	69,323	68,211	(650,796)
Income from continuing operations	45,154	50,187	44,700	(662,308)
Income (loss) from discontinued businesses, net of tax	—	—	—	424
Net income	$ 45,154	$ 50,187	$ 44,700	$ (661,884)
Earnings (loss) per common share				
Basic				
Continuing operations	$ 0.67	$ 0.75	$ 0.67	$ (9.91)
Discontinued operations	—	—	—	0.01
Net income	$ 0.67	$ 0.75	$ 0.67	$ (9.91)
Diluted				
Continuing operations	$ 0.64	$ 0.71	$ 0.63	$ (9.91)
Discontinued operations	—	—	—	0.01
Net income	$ 0.64	$ 0.71	$ 0.63	$ (9.91)
Fiscal Year Ended December 29, 2007				
Total net sales	$ 291,199	$ 307,435	$ 313.964	$ 318,028
Gross profit	115,573	120,596	123,899	117,763
Operating income (loss)	54,701	56,725	63,631	52,134
Income from continuing operations	37,227	37,841	43,536	38,948
Income (loss) from discontinued businesses, net of tax	(464)	115	(759)	(2,038)
Net income	$ 36,763	$ 37,956	$ 42,777	$ 36,910
Earnings (loss) per common share				
Basic				
Continuing operations	$ 0.56	$ 0.57	$ 0.65	$ 0.58
Discontinued operations	(0.01)	—	(0.01)	(0.03)
Net income	$ 0.55	$ 0.57	$ 0.64	$ 0.55
Diluted				
Continuing operations	$ 0.55	$ 0.55	$ 0.63	$ 0.55
Discontinued operations	(0.01)	—	(0.01)	(0.03)
Net income	$ 0.54	$ 0.55	$ 0.62	$ 0.52
Fiscal Year Ended December 30, 2006				
Total net sales	$ 254,141	$ 267,859	$ 264,660	$ 271,725
Gross profit	95,505	107,110	102,262	101,730
Operating income (loss)	43,696	47,702	51,621	45,154
Income from continuing operations	28,515	32,781	32,133	31,792
Income (loss) from discontinued businesses, net of tax	(128,630)	(7,032)	(48,739)	3,397
Net income	$ (100,115)	$ 25,749	$ (16,606)	$ 35,189
Earnings (loss) per common share				
Basic				
Continuing operations	$ 0.40	$ 0.46	$ 0.48	$ 0.48
Discontinued operations	(1.80)	(0.10)	(0.73)	0.05
Net income	$ (1.40)	$ 0.36	$ (0.25)	$ 0.53
Diluted				
Continuing operations	$ 0.39	$ 0.46	$ 0.47	$ 0.47
Discontinued operations	(1.76)	(0.10)	(0.72)	0.05
Net income	$ (1.37)	$ 0.36	$ (0.24)	$ 0.52

Quarterly Segment Information (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal Year Ended December 27, 2008				
Research Models and Services				
Sales	$168,596	$172,848	$165,656	$ 152,841
Gross margin	76,256	76,429	70,813	61,141
Operating income	55,813	52,199	50,673	40,011
Depreciation and amortization	6,659	7,016	7,043	7,468
Capital expenditures	10,146	23,510	12,572	14,262
Preclinical Services				
Sales	$169,089	$179,286	$176,571	$ 158,606
Gross margin	54,121	61,558	59,457	50,934
Operating income	23,268	28,849	30,390	(678,944)
Depreciation and amortization	15,674	16,004	15,894	15,425
Capital expenditures	29,558	40,667	33,577	32,789
Unallocated corporate overhead	$ (15,581)	$ (11,725)	$ (12,852)	$ (11,863)
Total				
Sales	$337,685	$352,134	$342,227	$ 311,447
Gross margin	130,377	137,987	130,270	112,075
Operating income	63,500	69,323	68,211	(650,796)
Depreciation and amortization	22,333	23,020	22,937	22,893
Capital expenditures	39,704	64,177	46,149	47,051

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal Year Ended December 29, 2007				
Research Models and Services				
Sales	$143,068	$143,803	$145,207	$145,153
Gross margin	63,654	63,109	63,408	59,177
Operating income	47,021	45,268	45,574	39,288
Depreciation and amortization	5,569	5,663	5,780	6,366
Capital expenditures	7,084	10,688	12,643	20,671
Preclinical Services				
Sales	$148,131	$163,632	$168,757	$172,875
Gross margin	51,919	57,847	60,491	58,586
Operating income	23,444	27,426	29,993	22,678
Depreciation and amortization	14,344	15,569	16,180	16,908
Capital expenditures	30,840	38,724	37,692	68,694
Unallocated corporate overhead	$ (15,764)	$ (15,969)	$ (11,936)	$ (9,832)
Total				
Sales	$291,199	$307,435	$313,964	$318,028
Gross margin	115,573	120,956	123,899	117,763
Operating income	54,701	56,725	63,631	52,134
Depreciation and amortization	19,913	21,232	21,960	23,274
Capital expenditures	37,924	49,412	50,335	89,365

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal Year Ended December 30, 2006				
Research Models and Services				
Sales	$128,972	$130,816	$127,560	$127,651
Gross margin	55,866	55,478	52,423	50,358
Operating income	40,476	38,003	36,691	32,619
Depreciation and amortization	5,035	5,237	5,185	5,345
Capital expenditures	3,566	4,783	3,932	14,737
Preclinical Services				
Sales	$125,169	$137,043	$137,100	$144,074
Gross margin	39,639	51,632	49,839	51,372
Operating income	13,788	22,530	22,971	23,034
Depreciation and amortization	14,625	15,288	15,389	16,482
Capital expenditures	35,821	12,620	39,038	67,249
Unallocated corporate overhead	$ (10,568)	$ (12,831)	$ (8,041)	$ (10,499)
Total				
Sales	$254,141	$267,859	$264,660	$271,725
Gross margin	95,505	107,110	102,262	101,730
Operating income	43,696	47,702	51,621	45,154
Depreciation and amortization	19,660	20,525	20,574	21,827
Capital expenditures	39,387	17,403	42,970	81,986

Item 9. Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Based on their evaluation, required by paragraph (b) of Rules 13a-15 or 15d-15, promulgated by the Securities Exchange Act of 1934 (Exchange Act), the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act are effective as of December 27, 2008 to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurances of achieving the desired control objectives, and management necessarily was required to apply its judgment in designing and evaluating the controls and procedures. We continually are in the process of further reviewing and documenting our disclosure controls and procedures, and our internal control over financial reporting, and accordingly may from time to time make changes aimed at enhancing their effectiveness and to ensure that our systems evolve with our business.

(b) Changes in Internal Controls

There were no changes in the Company's internal controls over financial reporting identified in connection with the evaluation required by paragraph (d) of the Exchange Act Rules 13a-15 or 15d-15 that occurred during the quarter ended December 27, 2008 that materially affected, or were reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's report on our internal controls over financial reporting can be found in Item 8 of this report. The Independent Registered Public Accounting Firm's report on the effectiveness of our internal control over financial reporting can also be found in Item 8 of this report.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

A. Directors and Compliance with Section 16(a) of the Exchange Act

The information required by this Item regarding the directors of the Company and compliance with Section 16(a) of the Exchange Act by the Company's officers and directors will be included in the 2009 Proxy Statement under the section captioned "Section 16(a) Beneficial Ownership Reporting Compliance" and is incorporated herein by reference thereto. The information required by this Item regarding the Company's corporate governance will be included in the 2009 Proxy Statement under the section captioned "Corporate Governance" and is incorporated herein by reference thereto.

B. Executive Officers of the Company

The information required by this Item regarding the executive officers of the Company is reported in Part I of this Form 10-K under the heading "Supplementary Item. Executive Officers of the Registrant pursuant to Instruction 3 to Item 401(b) of Regulation S-K."

C. Audit Committee Financial Expert

The information required by this Item regarding the audit committee of the Board of Directors and financial experts will be included in the 2009 Proxy Statement under the section captioned "The Board of Directors and its Committees—Audit Committee and Financial Experts" and is incorporated herein by reference thereto.

D. Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics that applies to all of its employees and directors, including the principal executive officer, principal financial officer, principal accounting officer, controller or persons performing similar functions. The Company's Code of Business Conduct and Ethics is posted on our website by selecting the "Corporate Governance" link at *http://ir.criver.com*. The Company will provide to any person, without charge, a copy of its Code of Business Conduct and Ethics by requesting a copy from the Secretary, Charles River Laboratories, Inc., 251 Ballardvale Street, Wilmington, MA 01887.

E. Changes to Board Nomination Procedures

Effective December 2, 2008, the Company's Board of Directors amended the Company's amended and restated bylaws. The amendments replaced sections 1.12 and 1.13 of the second amended and restated bylaws with entirely new sections 1.12 and 1.13, which relate primarily to the requirements for advance notice and additional information that a shareholder must provide when making a director nomination or proposal at the Company's annual meeting of shareholders. A copy of the amended bylaws is attached as Exhibit 3.2 to the Company's Current Report on Form 8-K, filed on December 5, 2008.

Item 11. Executive Compensation

The information required by this Item will be included in the 2009 Proxy Statement under the sections captioned "Compensation Discussion and Analysis," "2008 Director Compensation," "Compensation Committee Interlocks and Insider Participation," "Executive Compensation and Related Information" and "Report of Compensation Committee" and is incorporated herein by reference thereto.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item will be included in the 2009 Proxy Statement under the sections captioned "Beneficial Ownership of Securities" and "Equity Compensation Plan Information" and is incorporated herein by reference thereto. See also Item 5. "Market for Registrants Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Securities Authorized for Issuance Under Equity Compensation Plans" for the disclosure required by Item 201(d) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item will be included in the 2009 Proxy Statement under the sections captioned "Related Person Transaction Policy" and "Corporate Governance—Director Qualification Standards; Director Independence" and is incorporated herein by reference thereto.

Item 14. Principal Accountant Fees and Services

The information required by this Item will be included in the 2009 Proxy Statement under the section captioned "Statement of Fees Paid to Independent Registered Public Accounting Firm" and is incorporated herein by reference thereto.

PART IV

Item 15. Exhibits

Item 15(a)(1) and (2) and Item 15(d) Financial Statements and Schedules

See "Index to Consolidated Financial Statements and Financial Statements Schedules" at Item 8 to this Form 10-K. Other financial statement schedules have not been included because they are not applicable or the information is included in the financial statements or notes thereto.

Item 15(a)(3) and Item 15(c) Exhibits

The exhibits filed as part of this Annual Report on Form 10-K are listed in the Exhibit Index immediately preceding the exhibits. The Company has identified in the Exhibit Index each management contract and compensation plan filed as an exhibit to this Annual Report on Form 10-K in response to Item 15(c) of Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

Date: February 23, 2009 By: /s/ THOMAS F. ACKERMAN

Thomas F. Ackerman
Corporate Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated below and on the dates indicated.

Signatures	Title	Date
By: /s/ JAMES C. FOSTER James C. Foster	President, Chief Executive Officer and Chairman	February 23, 2009
By: /s/ THOMAS F. ACKERMAN Thomas F. Ackerman	Corporate Executive Vice President and Chief Financial Officer	February 23, 2009
By: /s/ NANCY T. CHANG Nancy T. Chang	Director	February 23, 2009
By: /s/ STEPHEN D. CHUBB Stephen D. Chubb	Director	February 23, 2009
By: /s/ GEORGE E. MASSARO George E. Massaro	Director	February 23, 2009
By: /s/ DEBORAH KOCHEVAR Deborah Kochevar	Director	February 23, 2009
By: /s/ GEORGE M. MILNE, JR. George M. Milne, Jr.	Director	February 23, 2009

Signatures	Title	Date
By: /s/ C. RICHARD REESE C. Richard Reese	Director	February 23, 2009
By: /s/ DOUGLAS E. ROGERS Douglas E. Rogers	Director	February 23, 2009
By: /s/ SAMUEL O. THIER Samuel O. Thier	Director	February 23, 2009
By: /s/ WILLIAM H. WALTRIP William H. Waltrip	Director	February 23, 2009

EXHIBIT INDEX

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of Charles River Laboratories International, Inc. (filed as Exhibit 3.1).(1)
3.2	By-laws of Charles River Laboratories International, Inc. (Filed as Exhibit 3.2).(2)
4.1	Form of certificate representing shares of common stock, $0.01 per value per share (Filed as Exhibit 4.1).(1)
4.2	Indenture dated June 6, 2006, amount Charles River Laboratories International, Inc. and U.S. Bank National Association.(3)
4.3	Form of 2.25% Convertible Senior Note due 2013.(3)
10.1*	Severance Agreement between Charles River Laboratories, Inc. and Real H. Renaud, dated January 20, 1992, amended December 15, 2008. +
10.2*	1999 Charles River Laboratories Corporate Officer Separation Plan.+
10.3	Charles River Laboratories 1999 Management Stock Incentive Plan (Filed as Exhibit 10.6)+(4).
10.4	Charles River Laboratories 2000 Incentive Plan, as amended May 2003 and May 2005. (Filed as Exhibit 10.7).(4)+
10.5	Charles River Laboratories 2000 Incentive Plan Inland Revenue Approved Rules for UK Employees (Filed as Exhibit 99.1).(10)+
10.7*	Form of Change in Control Agreement.+
10.8*	Executive Incentive Compensation Plan, as amended.+
10.9	Form of Stock Option Award Agreement under 2000 Incentive Plan.+(6)
10.10	Form of Restricted Stock Award Agreement under 2000 Incentive Plan.+(6)
10.11	Inveresk Research Group, Inc. 2002 Stock Option and Incentive Compensation Plan, as amended and restated as of May 4, 2004.+(5)
10.12	Charles River Laboratories Executive Life Insurance/Supplemental Retirement Income Plan.(7)+
10.13*	Deferred Compensation Plan.+
10.14	Second Amended and Restated Credit Agreement, dated as of July 31, 2006, among Charles River Laboratories International, Inc., the Subsidiary Borrowers party thereto, the lenders party thereto, JPMorgan Chase Bank, N.A. as administrative agent, Credit Suisse Securities (USA) LLC, as syndication agent, and Bank of America, N.A., Citizens Bank of Massachusetts and Wachovia Bank, National Association, as co-documentation agents.(8)
10.15	Charles River Laboratories International, Inc. 2007 Incentive Plan(9)+
10.16	Form of Performance Award Agreement(9)+
10.17	Form of Stock Option Award Agreement Under 2007 Incentive Plan(11)+
10.18	Form of Restricted Stock Award Agreement Under 2007 Incentive Plan(11)+
21.1*	Subsidiaries of Charles River Laboratories International, Inc.
23.1*	Consent of PricewaterhouseCoopers LLP.

Exhibit No.	Description
31.1*	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer.
31.2*	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer.
32.1*	Section 1350 Certification of the Chief Executive Officer and the Chief Financial Officer.

* Filed herewith.

\+ Management contract or compensatory plan, contract or arrangement.

(1) Previously filed as an exhibit to Amendment No. 1 to the Company's Registration Statement on Form S-1 (File No. 333-35524), as amended, filed June 23, 2000.

(2) Previously filed as an exhibit to the Company's Current Report on Form 8-K, filed on December 5, 2008.

(3) Previously filed as an exhibit to the Company's Current Report on Form 8-K, filed on June 12, 2006.

(4) Previously filed as an exhibit to the Company's Annual Report on Form 10-K, filed on March 14, 2006.

(5) Previously filed as an exhibit to the Company's Registration Statement on Form S-8, filed on October 20, 2004.

(6) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q, filed on November 1, 2004.

(7) Previously filed as an exhibit to the Company's Annual Report on Form 10-K, filed March 9, 2005.

(8) Previously filed as an exhibit to the Company's Current Report on Form 8-K, filed on August 2, 2006.

(9) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q, filed on May 9, 2007.

(10) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q, filed on November 5, 2001.

(11) Previously filed as exhibit to the Company's Annual Report on Form 10-K, filed February 20, 2008.

Exhibit 10.1

CHARLES RIVER LABORATORIES
Severance Agreement

This will set forth our revised agreement regarding your severance.

1. You will receive one-year of severance pay in exchange for your agreement not to compete with CRL during the one-year severance period. You will receive this severance pay even if you find employment during this period, so long as the employment is not with a competitor.

2. If at the end of a year you have not found full-time employment, then CRL will, at its choosing, either release you from the non-compete or continue your severance for up to an additional year until you find non-competing employment.

3. "Competitor" for this purpose means lab animal breeders and ascites producers.

4. This severance arrangement will apply if you are terminated by CRL for any reason other than for "cause". "Cause" will be limited to the commission of a serious crime, fraud, dishonesty, willful misconduct or total disregard for your assigned duties.

5. The outstanding balance of your one-year severance will be payable in a lump-sum to your spouse, child or other designated family member in the event you die during the initial year.

6. Your CRL disability coverage will continue so long as the severance is still in effect.

7. CRL's contributions to your ESLIRP will continue so long as the severance is in effect.

8. You will be eligible for EICP for the year in which your termination occurs, on at least a pro rata allocation basis.

If we agree, please sign below, and this will modify the CRL Corporate Officer Separation Plan as it applies to you.

/s/ Real H. Renaud	/s/ James C. Foster
Real H. Renaud Vice President, Worldwide Production	James C. Foster President and Chief Operating Officer
Dated: January 7, 1992	Dated: January 20, 1992

FIRST AMENDMENT TO SEVERENCE AGREEMENT

This First Amendment to Severance Agreement (the "Amendment"), dated December 15, 2008 (the "**Effective Date**"), by and between Charles River Laboratories, Inc., a Delaware corporation (the "**Company**") and Real H. Renaud (the "**Executive**") amends that certain Severance Agreement dated January 7/20, 1992 by and between the Company and the Executive (the "Agreement"). Any capitalized terms not defined in this Amendment shall have the meaning ascribed thereto in the Agreement.

WHEREAS, in light of Section 409A of the Code ("Section 409A") and the regulations thereunder, the Company and the Executive have determined that the following amendments to the Agreement would be prudent; and

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. The following paragraphs shall be inserted as new Section 9 of the Agreement:

9. Section 409A.

(a) Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A and the regulations thereunder, as determined by the Compensation Committee of the Board as of the date of Executive's "separation from service" as defined in Treasury Regulation Section 1.409A-1(h) (or any successor regulation) and if any payments or entitlements provided for in this Agreement constitute a "deferral of compensation" within the meaning of Section 409A and cannot be paid or provided in the manner provided herein without subjecting Executive to additional tax, interest or penalties under Section 409A, then any such payment and/or entitlement which is payable during the first six months following Executive's "separation from service" shall be paid or provided to Executive (or the Executive's estate, if applicable) in a lump sum (together with interest on the deferred payment or payments at a per annum rate equal to the GATT Rate (i.e. the 30-year Treasury bond interest rate) on the date of such "separation from service") on the earlier of (i) the first business day immediately following the six-month anniversary of Executive's "separation from service" or (ii) Executive's death.

(b) Any payments or benefits due hereunder upon a termination of Executive's employment which are a "deferral of compensation" within the meaning of Section 409A shall only be payable or provided to Executive (or his or her estate) upon a "separation from service" as defined in Section 409A.

(c) With respect to any benefits hereunder that constitute a "reimbursement plan" for purposes of Section 409A, (i) the reimbursement payment be made by no later than the end of the calendar year following the year in which the expense is incurred and (ii) the amount of reimbursable expenses incurred (or in-kind benefits available) in one

taxable year of the Executive cannot affect the amount of reimbursable expenses (or in-kind benefits) available in a different taxable year.

2. Any provision of the Agreement not specifically modified by this Amendment shall remain in full force and effect.

3. The headings and captions contained herein are for convenience and shall not control or affect the meaning or construction of any provision hereof.

4. This Amendment may be executed in counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same instrument.

CHARLES RIVER LABORATORIES, INC.

By: /s/ James C. Foster
Name: James C. Foster
Title: Chairman, President and Chief Executive Officer

Agreed and Accepted:

/s/ Real H. Renaud

Real H. Renaud

1999 CHARLES RIVER CORPORATE OFFICER SEPARATION PLAN
(Last Revised on December 2, 2008)

1.0 **Background**

1.1 Purpose:
The purpose of the Charles River Corporate Officer Separation Plan is to establish an equitable measure of compensation for a corporate officer of Charles River Laboratories, Inc. (the "Company") who has been terminated.

1.2 Eligibility:
Eligible employees under this Plan are corporate officers at the vice president level and above of the Company whose employment as a corporate officer is terminated for reasons other than cause, voluntary resignation, disability, early or normal retirement, or death and who have not been offered a comparable position within the Company.

2.0 **Definitions**

2.1 Termination for Cause:
A termination of employment status for fraud, violence, theft, gross misconduct, discrimination, harassment or actions which create legal liabilities for the Company or actions of malicious intent which directly compromise the individual's role/accountabilities.

2.2 Comparable Position:
A comparable position is defined as a position having the same salary grade as the corporate officer's current position in the same geographical area with comparable salary, employee benefits perquisites, and status .

2.3 Separation Date:
The last day of full time active employment.

2.4 Termination Date:
The termination date will be the later of the separation date or the last day as a severed employee receiving benefits, in the event the officer elects to receive cycle payments; provided that the foregoing shall be subject to Section 5.1 hereof as it relates to the rights under any of the Company's stock option plans then in effect.

3.0 **Severance Pay**

3.1 Maximum Severance Pay Allowance:
A corporate officer shall be entitled to a severance pay allowance equal to twenty-four (24) months of the corporate officer's base pay plus an amount equal to the accrued vacation pay payable to the corporate officer as of the separation date.

3.2 Method of Payment:
The Company shall make payments to the corporate officer based upon normal payroll procedures..

4.0 **Incentive Compensation**

4.1 Executive Incentive Compensation Plan:
Participants whose separation date is after June 30 in any plan year, will receive a pro rata bonus based on the period of active employment on the date that such bonuses are paid to all other active eligible employees.

5.0 **Stock Incentive Plan**

5.1 Pursuant to Stock Incentive Plans:
a) A corporate officer who is terminated will have 90 days from the termination date in which to exercise vested stock options which were granted to the corporate officer. Only options which have vested on or before the separation date may be exercised.
b) On or after the separation date an eligible corporate officer will not be eligible for any loans in connection with the exercise of vested options.
c) A corporate officer who is terminated has ownership rights to restricted stock to the extent it was vested at the separation date.

6.0 **Outplacement Services**

6.1 The Company will assist the corporate officer in the search for new employment by paying professional fees for the services incurred in the normal course of a job search of an outplacement organization in a total amount not to exceed 15% of the officer's annualized pay (base pay and prior year bonus actually paid) at the time of termination. All such fees and expenses must be incurred within one year from the Separation Date to be reimbursed.

7.0 **Financial Perquisites**

7.1 The following perquisites will be continued as set forth below for those officers who elect cycled severance:

7.2 Company Car:
The officer's car may be purchased by the executive on or before the termination date, at the officer's election, at a price to be determined by reference to the Company's Automobile Policy, as then in effect. If not purchased, the car must be returned to the Company on the termination date. The purchase price will be deducted from the severance payments if the executive has failed to make arrangements to return or purchase the vehicle on or before the termination date.

7.3 Other Perquisites:
The Company shall reimburse the Officer for other standard perquisites through the termination date, based on those that were made available to the officer as of the Separation Date, consistent with past practices.

8.0 **Benefits/Perquisites**

Health, Life Insurance, Retirement Income, and Savings Plus Plan:

Health, Life Insurance, Retirement Income, and Savings Plus Plan Benefits shall continue during the period of severance with benefits, and cease on the termination date, subject to the officer's election under COBRA.

Benefits under the Long-Term and Short-Term Disability Plans shall cease on the separation date. There are no conversion privileges.

9.0 **Non-Compete Agreement**

9.1 In addition, in order to be eligible for benefits under the Plan, the corporate officer must execute an agreement not to compete with or solicit employees from the Company for a period of two (2) years in the following form:

In consideration of the benefits to be provided to you and as part of your fiduciary obligations to the Company, you agree that for a period of two (2) years from the Separation Date you will not, directly or indirectly:

(a) Compete with any business of the Company engaged in or under active development by the Company or any of its subsidiaries. For the purpose of this Agreement, the phrase "compete" shall include serving as an employee, an officer,

a director, an owner, a partner or a 5% or more shareholder of any business or otherwise engaging in or assisting another to engage in any business. Without limiting the foregoing, the Company shall consider, on an as requested basis, modifications to your restrictions on competition where management of the Company believes the competitive impact on the Company to be minimal or otherwise manageable; or

(b) Directly or indirectly solicit or hire any employee of the Company or any of its subsidiaries to work for or on behalf of you or any business in which you serve as an employee, an officer, a director, an owner, a partner or a 5% or more shareholder.

10.0 **Section 409A.**

10.1 Notwithstanding anything to the contrary in this Plan if the corporate officer is a "specified employee" within the meaning of Section 409A of the Internal Revenue Code ("Section 409A") and the regulations thereunder, as determined by the Compensation Committee of the Board of Directors of the Company as of the date of corporate officer's "separation from service" as defined in Treasury Regulation Section 1.409A-1(h) (or any successor regulation) and if any payments or entitlements provided for in this Plan constitute a "deferral of compensation" within the meaning of Section 409A and cannot be paid or provided in the manner provided herein without subjecting the corporate officer to additional tax, interest or penalties under Section 409A, then any such payment and/or entitlement which is payable during the first six months following the corporate officer's "separation from service" shall be paid or provided to Corporate officer (or the corporate officer's estate, if applicable) in a lump sum (together with interest on the deferred payment or payments at a per annum rate equal to the GATT Rate (i.e. the 30-year Treasury bond interest rate) on the date of such "separation from service") on the earlier of (i) the first business day immediately following the six-month anniversary of the corporate officer's "separation from service" or (ii) the corporate officer's death.

10.2 Any payments or benefits due hereunder upon a termination of the corporate officer's employment which are a "deferral of compensation" within the meaning of Section 409A shall only be payable or provided to the corporate officer (or his or her estate) upon a "separation from service" as defined in Section 409A.

10.3 With respect to any benefits hereunder that constitute a "reimbursement plan" for purposes of Section 409A, (i) the reimbursement payment be made by no later than the end of the calendar year following the year in which the expense is incurred and (ii) the amount of reimbursable expenses incurred (or in-kind benefits available) in one taxable year of the corporate officer cannot affect the amount of reimbursable expenses (or in-kind benefits) available in a different taxable year.

11.0 **Administration of the Plan**

11.1 Preparation of Severance Package:
The Company's corporate Human Resources Department is responsible for the preparation of the executive severance package in accordance with this Plan.

11.2 Other Policies and Plans:
This Plan supersedes the Officer Separation Plan of May 16, 1991.

CHARLES RIVER LABORATORIES, INC.

By: /s/ James C. Foster
James C. Foster
Chairman, President & CEO

Effective Date: December 2, 2008

AGREEMENT

This Agreement, dated , 200 (the "**Effective Date**"), is made by and between Charles River Laboratories, Inc., a Delaware corporation (the "**Company**") and (the "**Executive**").

WHEREAS, the Company considers it essential to the best interests of its shareholders to foster the continuous employment of key management personnel;

WHEREAS, the Board of Directors of the Company (the "**Board**") recognizes that, as is the case with many publicly-held corporations, the possibility of a Change in Control (as defined below) exists and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders;

WHEREAS, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control; and

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. Defined Terms. Capitalized terms, not elsewhere defined in this Agreement, are defined in Section 16 hereof.

2. Terms of Agreement. (a) This Agreement shall commence as of the Effective Date and shall continue in effect while the Executive is employed by the Company for a period of three years; *provided*, however, that commencing on the third anniversary of the Effective Date and on each anniversary thereafter, the term of this Agreement shall automatically be extended for one additional year unless, not later than 90-days prior to any such anniversary date either party shall have given notice that it does not wish to extend this Agreement. Notwithstanding the foregoing, if a Change in Control shall have occurred during the original or extended term of this Agreement, (i) this Agreement shall continue in effect for a period of 36 months beyond the month in which such Change in Control occurred and (ii) any notice of nonrenewal given by the Company during the twelve months prior to such Change in Control shall be deemed revoked and this Agreement shall be reinstated as if never terminated in accordance with such notice.

(b) It is intended, and the parties hereto agree, that (i) the benefit, if any, payable to the Executive under any other severance or termination pay plan, arrangement or agreement of or with the Company shall be reduced by the amount of any payment actually provided under Section 6.1 hereof, (ii) any option to acquire shares of the Company's common stock awarded to the Executive under any stock option or other long-term incentive plan of the Company shall become fully exercisable upon the

---

occurrence of a Change in Control during the term of the Agreement, and (iii) and restrictions on any shares of restricted stock held by the Executive shall fully lapse upon the occurrence of a Change in Control during the term of this Agreement, provided that nothing herein shall otherwise affect or modify the terms of any such option or restricted stock or the Executive's right or obligations with respect thereof.

3. Company's Covenants Summarized. In order to induce the Executive to remain in the employ of the Company, and in consideration of the Executive's covenant set forth in Section 4 hereof, the Company agrees to compensate the Executive as set forth herein, upon the terms and under the conditions described herein, in the event the Executive's employment with the Company is terminated under the circumstances described below following a Change in Control and during the term of this Agreement. No amount or benefit shall be payable under this Agreement unless there shall have been (or under the terms hereof, there shall be deemed to have been) a termination of the Executive's employment with the Company following a Change in Control.

4. The Executive's Covenants. The Executive agrees that, subject to the terms and conditions of this Agreement, in the event of a Change in Control during the term of this Agreement, the Executive will remain in the employ of the Company until the earliest of (a) a date which is six (6) months after the date of such Change in Control, (b) the date, after such Change in Control, of termination by the Executive of the Executive's employment for Good Reason, or termination of Executive's employment by reason of Death, Disability or Retirement, or (c) the termination by the Company, after such Change in Control, of the Executive's employment for any reason.

5. Compensation Other Than Severance Payment.

5.1. Disability. Following a Change in Control during the term of this Agreement, during any period that the Executive fails to perform the Executive's full-time duties with the Company as a result of incapacity due to physical or mental illness, the Company shall continue to pay the Executive's full salary to the Executive at the rate in effect at the commencement of any such period, together with all compensation and benefits payable to the Executive under the terms of any compensation or benefit plan, program or arrangement maintained by the Company during such period, until the Executive's employment is terminated by the Company for Disability.

5.2. Salary Continuation. If the Executive's employment shall be terminated for any reason following a Change in Control and during the term of this Agreement, the Company shall pay the Executive's full salary to the Executive through the Date of Termination at the rate in effect at the time the Notice of Termination is given, together with all compensation and benefits payable to the Executive through the Date of Termination under the terms of any compensation or benefit plan, program or arrangement maintained by the Company during such period.

5.3. Other Post-Termination Compensation. If the Executive's employment shall be terminated for any reason following a Change in Control and during the term of this Agreement, the Company shall, except as provided in Section 2 above,

pay the Executive's normal post-termination compensation and benefits to the Executive as such payments become due. Such post-termination compensation and benefits shall be determined under, and paid in accordance with, the Company's retirement, insurance, deferred compensation and other compensation or benefit plans, programs, agreements or arrangements.

6. Company Obligations upon Termination. If, during the term of this Agreement and on or before the first anniversary of a Change in Control, (i) the Company shall terminate the Executive's employment other than for Cause, Death or Disability or (ii) the Executive shall terminate her employment for Good Reason, then the Company shall pay to the Executive the payments set forth in Sections 6.1, 6.2, if applicable, 6.3 and 6.4 hereof (collectively, the "**Severance Payments**") in addition to the payments and benefits described in Sections 5 and 6.6 hereof. The Executive's employment shall be deemed to have been terminated following a Change in Control by the Company without Cause or by the Executive with Good Reason if the Executive's employment is terminated without Cause prior to a Change in Control at the direction of a Person who has entered into or has proposed to enter into an agreement with the Company the consummation of which will constitute a Change in Control, or if the Executive terminates her employment with Good Reason prior to a Change in Control if the circumstances or event which constitutes Good Reason occurs at the direction of such Persons; *provided* in either case that a Change in Control involving such other Person is consummated within 12 months after any such direction.

6.1. Severance Payment. In lieu of any further salary payments to the Executive for periods subsequent to the date of Termination, the Company shall pay the Executive a lump sum severance payment, in cash, equal to times (i.e., of) the sum of the Executive's then base salary plus the target bonus contained in the Executive Bonus Plan for the fiscal year in which the Date of Termination occurs.

6.2. Golden Parachute Excise Tax. The Company intends that the Executive shall generally not bear the economic effect of the excise tax imposed by Section 4999 of the Internal Revenue Code on so-called golden parachute payments. This provision shall be implemented in accordance with the provisions of Annex 1. However, if a small (up to 15%) reduction in the Executive's entitlements would greatly minimize the Company's costs in providing the excise tax protection, the Company will reduce the amounts paid to the Executive hereunder to that small extent.

6.3. Retirement Plan Payments. In the event the Executive was a participant in the Charles River Laboratories, Inc. Pension Plan (or any successor plan thereto) (the "**Pension Plan**") on or prior to the Date of Termination, the Company shall pay to the Executive a separate lump-sum supplemental retirement benefit (the "**Supplemental Retirement Amount**") equal to the difference between (1) the actuarial equivalent of the benefit payable under the Pension Plan which the Executive would receive if the Executive's employment continued for the years following the Date of Termination and if her compensation during such number of years increased at a rate of 4% per year from the level in effect on the Date of Termination, and (2) the actuarial equivalent of the Executive's actual benefit (paid or payable), if any, under the Pension

Plan. The amounts to be paid to the Executive under this Section shall be paid out of the Pension Plan trust, to the extent permissible under applicable law. For purposes of calculating the actuarial equivalents referred to in (1) and (2) above, the Company shall use the actuarial assumptions utilized with respect to the Pension Plan during the 90-day period immediately preceding the Change in Control Date and shall assume that all accrued benefits are fully vested and that benefit accrual formulas in effect during any years after the Date of Termination are no less advantageous to the Executive than those in effect during the 90-day period immediately preceding the Change in Control Date.

6.4. ESLIRP Payment. In the event that (x) the Executive is a participant in the Charles River Laboratories, Inc. Executive Supplemental Life Insurance Retirement Plan (the "**ESLIRP**") on or prior to the Date of Termination, and (y) the ESLIRP shall not then have been replaced by the Charles River Laboratories Deferred Compensation Plan (the "**DCP**"), the Company shall pay to the Executive a separate lump-sum supplemental retirement benefit (the "**ESLIRP Payment**") in discharge of the Company's obligations under the ESLIRP equal to the actuarial equivalent of the Executive's benefit accrued through the Date of Termination under the ESLIRP. The ESLIRP Payment shall be calculated (i) utilizing the actuarial assumptions specified by Section 417(e)(3)(A) of the Internal Revenue Code, and in the case of the interest rate specified under subparagraph (ii)(II) of such section, using such rate established for the month of November of the year preceding the year in which the payment occurs; (ii) assuming that the Executive's employment continued for years following the Date of Termination, and (iii) assuming that the Executive's compensation during such number of years referred to in (ii) increased at a rate of 4% per year from the level in effect on the Date of Termination. Notwithstanding the foregoing, however, to the extent the ESLIRP Payment is funded through a trust of which the Executive is a beneficiary, such amount to the extent so funded shall be paid from such trust. In the event that the provisions of this subsection are in conflict with provisions of the ESLIRP, the provisions of this Agreement shall prevail if the provisions of this Agreement are more favorable to the Executive. No payment shall be made under this Section 6.4 if the DCP shall have been adopted and implemented prior to the Change in Control.

6.5. Timing of Payment. The payment provided for in Section 6.1 hereof shall be made not later than the fifth day following the Date of Termination, provided, however, that if the amount of such payment, and the limitation on such payment set forth in Section 6.2 hereof, cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payment to which the Executive is clearly entitled and shall pay the remainder of such payment (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the 30th day after the Date of Termination. In the event that the amount of the estimated payment exceeds the amount subsequently determined to have been due, such excess shall be paid back to the Company within five business days after demand by the Company and such payment shall not be considered a loan, therefore no interest shall be due or payable. At the time that payments are made under this Section 6 the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such

calculation including, without limitation, any opinions or other advice the Company has received from outside counsel, auditors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

6.6. Payment of Legal Fees and Expense. The Company shall pay to the Executive all legal fees and expenses incurred by the Executive as a result of or in connection with a termination of employment (other than any such termination by the Company for Cause) following a Change in Control and during the term of the Agreement (including all such fees and expenses, if any, incurred in good faith in disputing any such termination or in seeking in good faith to obtain or enforce any benefit or right provided by the Agreement or in connection with any tax audit or proceeding to the extent attributable to

the application of Section 4999 of the Code to any payment or benefit provided hereunder). Such payments shall be made within five business days after delivery of the Executive's written request for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

6.7. Continuation of Benefits. If the Executive's employment terminates as provided in Section 6, (a) the Company shall, for years following the Date of Termination, or such longer period as any plan, program, practice or policy may provide, continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided had the Executive's employment not been terminated, in accordance with the plans, programs, practices and policies in effect and applicable generally to other peer executives and their families during the 90-day period immediately preceding the Effective Date that provided for group health, dental and life insurance and other welfare-type plans, or if more favorable to the Executive, in accordance with such plan, program, practice or policy as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies; *provided*, however, that if the Executive becomes employed by another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until the end of the year period following the Date of Termination and to have retired on the last day of such period.

(b) Executive shall be permitted to purchase her then currently Company-leased vehicle in accordance with the most attractive terms available under such lease.

(c) The Company shall provide (or reimburse) Executive with 26 weeks of fully paid outplacement services, up to a maximum of $ ..

7. Termination Procedures and Compensation During Dispute.

7.1. Notice of Termination. After a Change in Control and during the term of this Agreement, any purported termination of the Executive's employment (other than by reason of Death) shall be communicated by written Notice of Termination from one

party hereto to the other party in accordance with Section 10 hereof. For purposes of this Agreement, a "**Notice of Termination**" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with her counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of conduct set forth in the definition of Cause herein, and specifying the particulars thereof in detail.

7.2. Date of Termination. "**Date of Termination**" with respect to any termination of the Executive's employment after a Change in Control and during the term of this Agreement, shall mean (a) if the Executive's employment is terminated for Disability, 30 days after Notice of Termination is given (provided that the Executive shall not have returned to the full-time performance of the Executive's duties during such 30-day period), and (b) if the Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of termination by the Company, shall not be less than 30 days (except in the case of a termination for Cause), and, in the case of a termination by the Executive, shall not be less than 15 days nor more than 60 days, respectively, from the date of such Notice of Termination is given).

7.3. Dispute Concerning Termination. Notwithstanding any provision of Section 7.2 hereof to the contrary, if within 15 days after Notice of Termination is received, or, if later, prior to the Date of Termination (as determined without regard to this Section 7.3), the party receiving such Notice of Termination notifies the other party in writing that a dispute exists concerning the termination, the Date of Termination shall be the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence. For the purposes of the preceding sentence, a dispute concerning termination shall be deemed finally resolved if, within 30 days of an arbitration award concerning such dispute, neither party commences an action in any court seeking the modification of or other relief from such award.

7.4. Compensation During Dispute. If a proposed termination occurs following a Change in Control and during the term of this Agreement, and such termination is disputed in accordance with Section 7.3 hereof, the Company shall continue to pay the Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was participating when the notice giving rise to the dispute was given, until the dispute is

finally resolved in accordance with Section 7.3 hereof. Amounts paid under this Section 7.4 are in addition to all other amounts due under this Agreement (other than those due under Section 5.2 hereof).

8. No Mitigation; Set-Off. The Company agrees that, if the Executive's employment by the Company is terminated during the term of this Agreement, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to this Agreement. Further, except as provided in Section 6.7, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company or otherwise. The Company's obligation to make the payments provided in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive.

9. Successors. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same

extent that the Company would be required to perform it if no such succession had taken place, unless such obligations are binding upon such successor by operation of law. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after a Change in Control, except that for purposes of implementing the foregoing the date on which any such succession becomes effective shall be deemed the Date of Termination.

10. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by the US registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

To the Company:

Charles River Laboratories, Inc.
251 Ballardvale St.
Wilmington, MA 01887
Attention: Chief Executive Officer
Copy to: General Counsel

To the Executive:

At the address then appearing
on the employment records
of the Company.

11. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer of the Company as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under Sections 5, 6 and 7 shall survive the expiration of this Agreement.

12. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

14. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration conducted before a single arbitrator in Boston, Massachusetts in accordance with the commercial rules of the American Arbitration Association ("**AAA**") then in effect. Unless a mutually acceptable arbitrator shall have been selected by the parties within 30 days of the initiation of arbitration proceedings, then upon application of either party to the Boston office of the AAA, the AAA shall designate such arbitrator. Judgment may be entered on the arbitrator's award in any court having jurisdiction, provided, however, that the Executive shall be entitled to seek specific performance of her right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

15. Confidentiality. The Executive shall keep secret and confidential and shall not disclose to any third party in any fashion or for any purpose whatsoever, any information regarding this Agreement which is (i) not available to the general public, and/or (ii) not generally known outside the Company. Notwithstanding the foregoing

provisions of this Section 15, the Executive may discuss this Agreement with the members of her immediate family and with her personal legal and tax advisors, provided that prior to disclosing any term or condition of this Agreement to any person, the Executive shall obtain from such person for the benefit of the Company his or her agreement to observe the foregoing confidentiality provisions.

16. Definitions. For purposes of this Agreement, the following shall have the meanings indicated below:

16.1. "**Beneficial Owner**" and "**Beneficial Ownership**" shall have the meaning defined in, and shall be determined pursuant to, Rule l3d-3 under the Securities Exchange Act of 1934, as amended.

16.2. "**Board**" shall mean the Board of Directors of the Company.

16.3. "**Cause**" for termination by the Company of the Executive's employment, after any Change in Control, shall mean (a) the willful and continued failure by the Executive to perform the Executive's duties with the Company, (b) a substantial and not de minimis violation of the Company's Code of Business Conduct and Ethics (and any successor policy), as the same are in effect from time to time, (c) the Executive's conviction of a felony, or (d) engaging in conduct that constitutes a violation of Section 15 hereof.

16.4. "**Change in Control**" means any one of the following: (i) the closing of the sale of all or substantially all of the Company's assets as an entirety to any person or related group of persons; (ii) the merger or consolidation of the Company with or into another corporation or the merger or consolidation of another corporation with or into the Company or a subsidiary of the Company, in either case with the effect that immediately after such transaction the outstanding voting securities of the Company immediately prior to such transaction represent less than a majority in interest of the total voting power of the outstanding voting securities of the entity surviving such merger or consolidation; or (iii) the closing of a transaction pursuant to which Beneficial Ownership of more than 50% of the Company's outstanding Common Stock (assuming the issuance of Common Stock upon conversion or exercise of all then exercisable conversion or purchase rights of holders of outstanding convertible securities, options, warrants, exchange rights and other rights to acquire Common Stock) is transferred to a single person or entity, or a "group" (within the meaning of Rule l3d-5(b)(l) under the Securities Exchange Act of 1934) of persons or entities, in a single transaction or a series or related transactions. It shall also be treated as a Change in Control hereunder if any of the events described in clauses (i), (ii) or (iii) occur to Charles River Laboratories International, Inc., or any other company directly or indirectly controlling the Company at the time of any such transaction.

16.5. "**Change in Control Date**." The effective date of the Change in Control.

16.6. "**Code**" shall mean the Internal Revenue Code of 1986, as amended. All references to the Code shall be deemed also to refer to any successor provisions of such sections.

16.7. "**Company**" shall mean Charles River Laboratories, Inc. and any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise (except in determining, under Section 16.4 hereof, whether or not a Change in Control of the Company has occurred in connection with such succession).

16.8. "**Date of Termination**" shall have the meaning stated in Sections 7.2 and 7.3 hereof.

16.9. "**Disability**" shall be deemed the reason for termination by the Company of the Executive's employment if, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from the full-time performance of the Executive's duties with the Company for a period of [six (6)] consecutive months, the Company shall have given the Executive a Notice of Termination for Disability, and within 30 days after such Notice of Termination is given, the Executive shall not have returned to the full-time performance of her duties.

16.10. "**Executive**" shall mean the individual named in the first paragraph of this Agreement.

16.11. "**Good Reason**" for termination by the Executive of the Executive's employment shall mean the occurrence after a Change in Control (without the Executive's express written consent) of any one of the following acts by the Company, or failures by the Company to act, unless in the case of any act or failure to act described in paragraph (i), (iv), (v), (vi) or (vii) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination given in respect thereof:

(i) the assignment to the Executive of any duties inconsistent with the Executive's position and responsibilities as in effect immediately prior to the Change in Control;

(ii) a reduction by the Company in the Executive's annual base salary as in effect on the date hereof or as the same may be increased from time to time except for across-the-board salary reductions similarly affecting all senior executives of the Company and all senior executives of any Person in control of the Company;

(iii) the failure by the Company to pay to the Executive any portion of the Executive's current compensation except pursuant to an across- the-board salary reduction similarly affecting all senior executives of the Company and all senior executives of any Person in control of the Company, or to pay to the Executive any portion of an installment of deferred compensation under any deferred

compensation program of the Company, within 14 days of the date such compensation is due;

(iv) the failure by the Company to continue in effect any compensation plan in which the Executive participates immediately prior to the Change in Control which is material to the Executive's total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in a substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(v) the failure by the Company to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of the Company's pension, life insurance, medical, health and accident, or disability plans in which the Executive was participating at the time of the Change in Control, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive at the time of the Change in Control, or the failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the Change in Control;

(vi) any proposed termination of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 7.1, for purposes of this Agreement, no such purported termination shall be effective;

(vii) the failure by the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement as contemplated in Section 9 hereof; or

(viii) the Company's requiring the Executive to relocate to an office or location more than 50 miles distant from the office or location at which the Executive was based immediately prior to the Date of Termination.

16.12. "**Notice of Termination**" shall have the meaning stated in Section 7.1 hereof.

16.13. "**Person**" shall have the meaning defined in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended.

16.14. "**Retirement**" shall mean retirement after attaining "normal retirement age" under any pension or retirement plan maintained by the Company in which the Executive participates.

16.15. "**Severance Payments**" shall mean the payment(s) described in Section 6 hereof.

CHARLES RIVER LABORATORIES, INC.

By: _____
Name:
Title:

Agreed and Accepted:

_____

Annex 1

(a) Anything in the Agreement to the contrary notwithstanding but subject to paragraph (b) of this Annex, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of the Agreement or otherwise (a "**Payment**"), would be subject to the excise tax imposed by Section 4999 of the Code or similar section or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "**Excise Tax**"), Executive shall be entitled to receive an additional payment (a "**Gross-Up Payment**") in lump sum in an amount such that after payment by Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payment.

(b) Notwithstanding paragraph (a) of this Annex, if the aggregate value of the Payment is less than 315% of the Executive's "base amount" (as defined in Section 280G(b)(3) of the Code), then the Executive shall not be entitled to any Gross-Up Payment and, instead, the Payment shall be reduced to an amount equal to $1.00 less than 300% of the "base amount".

(c) Subject to the provisions of paragraph (d) of this Annex, all determinations required to be made under this Annex, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made at the Company's expense by an accounting firm selected by the Company and acceptable to the Executive which is designated as one of the four (4) largest accounting firms in the United States (the "**Accounting Firm**") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of termination of employment under the Agreement, if applicable, or such earlier time as is requested by the Executive or the Company. When calculating the amount of the Gross-Up Payment, the Executive shall be deemed to pay:

(i) federal income taxes at the highest applicable marginal rate of federal income taxation for the calendar year in which the Gross-Up Payment is to be made, and

(ii) any applicable state and local income taxes at the highest applicable marginal rate of taxation for the calendar year in which the Gross-up Payment is to be made, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes if paid in such year.

If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall state in writing to Executive that Executive has substantial authority not to report any Excise Tax on Executive's federal income tax return. Any determination by the Accounting Firm shall be binding upon the Company and Executive. As a result of the

uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("**Underpayment**"), consistent with the calculations required to be

made hereunder. In the event that the Company exhausts its remedies pursuant to paragraph (d) of this Annex, and Executive is thereafter required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(d) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after Executive knows of such claim and shall notify the Company of the nature of such claim and the date on which such claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies Executive in writing prior to the expiration of such period that it desires to contest such claim, Executive shall:

(iii) give the Company any information reasonably requested by the Company relating to such claim,

(iv) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(v) cooperate with the Company in good faith in order effectively to contest such claim, and

(vi) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses.

Without limitation on the foregoing provisions of this paragraph (d), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Executive agrees to prosecute such contest to a

determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to Executive, on an interest-free basis and shall indemnify and hold Executive harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for Executive's taxable year with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(e) If after the receipt by Executive of an amount advanced by the Company pursuant to paragraph (d) of this Annex, Executive becomes entitled to receive any refund with respect to such claim, Executive shall (subject to the Company's complying with the requirements of paragraph (d) of this Annex) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon by the taxing authority after deducting any taxes applicable thereto). If, after the receipt by Executive of an amount advanced by the Company pursuant to paragraph (d) of this Annex, a determination is made that Executive shall not be entitled to any refund with respect to such claim and the Company does not notify Executive in writing of its intent to contest such denial of refund prior to the expiration of 30-days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid under paragraph (d) of this Annex. The forgiveness of such advance shall be considered part of the Gross-Up Payment and subject to gross-up for any taxes (including interest or penalties) associated therewith.

CEO, EVP and SVP version

FORM OF FIRST AMENDMENT TO AGREEMENT

This First Amendment to Agreement (the "Amendment"), dated December , 2008 (the "**Effective Date**"), by and between Charles River Laboratories, Inc., a Delaware corporation (the "**Company**") and (the "**Executive**") amends that certain Agreement dated , 200 , by and between the Company and the Executive (the "Agreement"). Any capitalized terms not defined in this Amendment shall have the meaning ascribed thereto in the Agreement.

WHEREAS, in light of Section 409A of the Code ("Section 409A") and the regulations thereunder, the Company and the Executive have determined that the following amendments to the Agreement would be prudent; and

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. The following paragraphs shall be inserted as new Section 18 of the Agreement:

18. Section 409A.

(a) Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A and the regulations thereunder, as determined by the Compensation Committee of the Board as of the date of Executive's "separation from service" as defined in Treasury Regulation Section 1.409A-1(h) (or any successor regulation) and if any payments or entitlements provided for in this Agreement constitute a "deferral of compensation" within the meaning of Section 409A and cannot be paid or provided in the manner provided herein without subjecting Executive to additional tax, interest or penalties under Section 409A, then any such payment and/or entitlement which is payable during the first six months following Executive's "separation from service" (including without limitation amounts payable under Section 6.1 (Severance Payment) and 6.3 (Retirement Plan Payments) hereof) shall be paid or provided to Executive (or the Executive's estate, if applicable) in a lump sum (together with interest on the deferred payment or payments at a per annum rate equal to the GATT Rate (i.e. the 30-year Treasury bond interest rate) on the date of such "separation from service") on the earlier of (i) the first business day immediately following the six-month anniversary of Executive's "separation from service" or (ii) Executive's death.

(b) Any payments or benefits due hereunder upon a termination of Executive's employment which are a "deferral of compensation" within the meaning of Section 409A shall only be payable or provided to Executive (or his or her estate) upon a "separation from service" as defined in Section 409A.

(c) Any amount required to be paid pursuant to Section 6.2 (Golden Parachute Excise Tax) shall be paid no later than the end of Executive's taxable year following the year in which the applicable taxes are remitted.

(d) With respect to any benefits hereunder that constitute a "reimbursement plan" for purposes of Section 409A, (i) the reimbursement payment be made by no later than the end of the calendar year following the year in which the expense is incurred and (ii) the amount of reimbursable expenses incurred (or in-kind benefits available) in one taxable year of the Executive cannot affect the amount of reimbursable expenses (or in-kind benefits) available in a different taxable year.

2. Any provision of the Agreement not specifically modified by this Amendment shall remain in full force and effect.

3. The headings and captions contained herein are for convenience and shall not control or affect the meaning or construction of any provision hereof.

4. This Amendment may be executed in counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same instrument.

CHARLES RIVER LABORATORIES, INC.

By: _____
Name: James C. Foster
Title: Chairman, President and Chief Executive Officer

Agreed and Accepted:

_____

VP version

FORM OF FIRST AMENDMENT TO AGREEMENT

This First Amendment to Agreement (the "Amendment"), dated December , 2008 (the "**Effective Date**"), by and between Charles River Laboratories, Inc., a Delaware corporation (the "**Company**") and (the "**Executive**") amends that certain Agreement dated , 200 , by and between the Company and the Executive (the "**Agreement**"). Any capitalized terms not defined in this Amendment shall have the meaning ascribed thereto in the Agreement.

WHEREAS, in light of Section 409A of the Code ("**Section 409A**") and the regulations thereunder, the Company and the Executive have determined that the following amendments to the Agreement would be prudent; and

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. The following paragraphs shall be inserted as new Section 18 of the Agreement:

"18. Section 409A.

(a) Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A and the regulations thereunder, as determined by the Compensation Committee of the Board as of the date of Executive's "separation from service" as defined in Treasury Regulation Section 1.409A-1(h) (or any successor regulation) and if any payments or entitlements provided for in this Agreement constitute a "deferral of compensation" within the meaning of Section 409A and cannot be paid or provided in the manner provided herein without subjecting Executive to additional tax, interest or penalties under Section 409A, then any such payment and/or entitlement which is payable during the first six months following Executive's "separation from service" (including without limitation amounts payable under Section 6.1 (Severance Payment) and 6.3 (Retirement Plan

Payments) hereof) shall be paid or provided to Executive (or the Executive's estate, if applicable) in a lump sum (together with interest on the deferred payment or payments at a per annum rate equal to the GATT Rate (i.e. the 30-year Treasury bond interest rate) on the date of such "separation from service") on the earlier of (i) the first business day immediately following the six-month anniversary of Executive's "separation from service" or (ii) Executive's death.

(b) Any payments or benefits due hereunder upon a termination of Executive's employment which are a "deferral of compensation" within the meaning of Section 409A shall only be payable or provided to Executive (or his or her estate) upon a "separation from service" as defined in Section 409A.

(c) Any amount required to be paid pursuant to Section 6.2 (Golden Parachute Excise Tax) shall be paid no later than the end of Executive's taxable year following the year in which the applicable taxes are remitted.

(d) With respect to any benefits hereunder that constitute a "reimbursement plan" for purposes of Section 409A, (i) the reimbursement payment be made by no later than the end of the calendar year following the year in which the expense is incurred and (ii) the amount of reimbursable expenses incurred (or in-kind benefits available) in one taxable year of the Executive cannot affect the amount of reimbursable expenses (or in-kind benefits) available in a different taxable year."

2. Paragraph (a) of Annex 1 of the Agreement is hereby replaced in its entirety with the following:

"(a) Notwithstanding anything contained in this Agreement to the contrary, to the extent that the payments and benefits provided under this Agreement and benefits provided to, or for the benefit of, the Executive under any other Company plan or agreement (such payments or benefits are collectively referred to as the "**Payments**") would be subject to the excise tax (the "**Excise Tax**") imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the "**Code**"), the Payments shall be reduced (but not below zero) if and to the extent that a reduction in the Payments would result in the Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the Excise Tax), than if the Executive received all of the Payments (such reduced amount is hereinafter referred to as the "**Limited Payment Amount**"). The Company shall reduce or eliminate the Payments by first reducing or eliminating those payments or benefits which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the "**Determination**" (as hereinafter defined); provided, however, that any reduction/elimination of Payments are made by the Company in a manner intended to result in the best economic benefit and, to the extent economically equivalent, to reduce the payments pro rata. Any notice given by the Executive pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing the Executive's rights and entitlements to any benefits or compensation."

3. Any provision of the Agreement not specifically modified by this Amendment shall remain in full force and effect.

4. The headings and captions contained herein are for convenience and shall not control or affect the meaning or construction of any provision hereof.

5. This Amendment may be executed in counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same instrument.

CHARLES RIVER LABORATORIES, INC.

By: _____

Name: James C. Foster
Title: Chairman, President and Chief Executive Officer

Agreed and Accepted:

_____

Executive Incentive Compensation Program

PURPOSE

The Executive Incentive Compensation Program ("EICP" or the "Program") of Charles River Laboratories, Inc. (the "Company") is designed to focus corporate officers, senior-level management and other key employees on the achievement of organizational, financial and operational goals that have been identified as important for the success of the Company. The Program is also intended to attract and retain talented individuals with desired skills in a competitive labor market.

DEFINITIONS

As used herein, the following terms shall have the following meanings:

"Annual Base Salary" refers to a Participant's base rate of pay, annualized, as of the last day of the Program fiscal year. It does not include any additional payments that may have been made such as commissions, bonus payments, overtime pay or imputed income.

"Award Amount" is a dollar amount determined for each Participant by multiplying the Participant's Annual Base Salary by their Award Percentage for each performance measure. The Award Amounts for each performance measure are then aggregated to determine the total Award Amount.

"Award Percentage" is a percentage of the Target Percentage determined for each Participant by multiplying his or her Target Percentage by his or her actual performance rating at the end of a Program Year.

"Participant" means an employee of the Company who is eligible to participate in the EICP.

"Program Year" means the applicable Company fiscal year.

"Target Award" means a Participant's targeted award amount which is determined by multiplying the Participant's Annual Base Salary by his or her Target Percentage.

"Target Percentage" is a pre-determined percentage of a Participant's Annual Base Salary. Target Percentages are determined based on a Participant's salary grade at the end of a Program Year. Salary Grades of 88 through 93 and equivalent grades receive a single Target Percentage.

"Target Percentage Range" is a range of Target Percentages of a Participant's Annual Base Salary. Target Percentage Ranges are determined based on a Participant's salary grade at the end of a Program Year. Salary Grades of 94 and above receive a Target Percentage Range.

ELIGIBILITY

Regular, full-time employees who hold a position with a U.S. salary grade of 88 or higher (or current or future salary grade equivalents) are eligible to participate in the Program. In addition, in order to be eligible for participation in the Program, employees must be hired or promoted into an eligible salary grade position on or before June 30th of the applicable Program Year. Employees hired or promoted into an

EICP eligible Salary Grade position on or after July 1st of a Program Year are eligible to participate in the Program the following fiscal year.

Employees, who participate in the Company's Technical Incentive Compensation Program (TICP) or other Company-approved bonus/incentive programs, including sales commission plans, are specifically excluded from participation in the EICP.

The Company's Chairman, President and Chief Executive Officer has the right to exclude otherwise eligible employees from the Program if they are eligible for alternate forms of incentive compensation (e.g., participation in a post-acquisition earn-out).

Participants who move from one eligible salary grade to another during the Program Year will participate on a full-year basis at the Target Percentage or Target Percentage Ranges, as applicable, corresponding to their new salary grade. Target Percentages and Target Percentage Ranges may be modified at the discretion of the Compensation Committee for individual Participants or salary grades.

PERFORMANCE MEASURES

Early in each Program Year, Participants are assigned financial and/or operational objectives which are established annually by the Company's Chairman, President and Chief Executive Officer and, in the case of Corporate Officers of the Company, are reviewed and approved by the Compensation Committee of the Board of Directors.

Each Participant's performance during the Program Year is measured against financial or other approved goals established for the Company, function and/or business unit(s) overseen or supported by the Participant. Company, function and/or business unit objectives are weighted to reflect their priority and to ensure that incentives are appropriately aligned with business objectives. Financial performance measures underlying Program targets for each Program Year are reviewed and approved annually in conjunction with the annual budget review process by the Company's Chairman, President and Chief Executive

Officer, the Company's Corporate Executive Vice President, Human Resources and Chief Administrative Officer, the Board of Directors and, as required, by the Compensation Committee.

Participants who are promoted and/or transferred during the Program Year and whose responsibilities are significantly modified may have their performance objectives modified, subject to the review and approval by the Company's Chairman, President and Chief Executive Officer and, as required, by the Compensation Committee.

AWARD CALCULATIONS

A Participant's Award Percentage is determined by evaluating actual performance against targeted objectives. Performance which falls below targeted objectives by a specified percentage, total dollar amount or other approved performance measures results in a zero performance rating, while performance which exceeds targeted objectives by a specified percentage, total dollar amount or other approved performance measures equates to a 250% performance rating (i.e., an EICP Award Percentage that is two and one half times the Participant's targeted percentage). These specified performance parameters establish the slope along which pay for performance is determined. Annual payouts for performance which exceed targeted objectives are subject to a cap equal to a maximum of 250% of target. However, if

total Company performance for a given Program Year exceeds the maximum of the performance range established by the Board of Directors for that Program Year, 30% of the excess amount is made available for the Chairman, President and Chief Executive Officer to make upward modifications to the Award Percentages of certain Participants, at his discretion, subject to the limitation that any total Award Amount is capped at a payment level equal to 300% of target.

At the discretion of the Company's Chairman, President and Chief Executive Officer and with the concurrence of the Compensation Committee, a Participant's calculated Award Amount may be modified, upward or downward, if it is determined that the calculated amount does not accurately reflect actual performance.

AWARD PAYMENTS

Award Amount payments will be made to each Participant no later than 2 ½ months after the end of each Program Year.

TERMINATION OF EMPLOYMENT

In the event a Participant resigns or if the Participant's employment with the Company terminates for any voluntary or involuntary reason other than retirement, death, or disability at any time prior to the actual distribution of EICP Award Amounts for a Program Year, such employee is no longer considered to be a Participant in the Program as of the date of employment termination and is not eligible to receive any Award Amount for such Program Year.

If a Participant's employment with the Company terminates due to his or her death, disability or retirement prior to the end of a Program Year and the Participant had at least six months of service to the Company during such Program Year, the Participant (or the Participant's beneficiary or estate in the event of death) may receive a pro rated Award Amount for such Program Year at the discretion of the Company's Chairman, President and Chief Executive Officer and the Corporate Executive Vice President of the Participant's department and/or business unit. Pro-rated Award Amounts will be determined based upon the Participant's actual period of active employment during the Program year. Severance periods and periods of leaves of absence will not count toward satisfaction of such 6-month service requirement or, if applicable, the computing of any pro-rated payment.

If a Participant's employment with the Company terminates due to his or her death, disability or retirement after the close of a Program Year but prior to the actual distribution of Award Amounts, the Participant (or the Participant's beneficiary or estate in the event of death) will be awarded his or her full Award Amount for the Program Year.

In the event a Participant's employment with the Company is terminated because of a facilities shut-down, full or partial business unit divestiture, or similar action resulting in the termination of a Participant's employment, the Company shall not be obligated to pay any Award Amounts to an affected Participant as a consequence of such employment termination.

AWARD APPROVAL

Final Award Amounts for all Participants are submitted to the Company's Chairman, President and Chief Executive Officer for review. The Chairman, President and Chief Executive Officer then reviews and approves submissions relating to non-officer Participants, and submits to the Compensation Committee his final Award Amount recommendations for Company Corporate Officers, as well as any proposed Award Amount modifications. The Chairman, President and Chief Executive Officer may, at his discretion, modify any proposed final Award Amounts prior to submitting them to the Compensation Committee. The payment of Award Amounts to Company Officers and all award modifications are subject to the review and approval of the Compensation Committee.

PROGRAM ADMINISTRATION

The Compensation Committee of the Board of Directors is responsible for the overall administration of the Program. The Committee reviews and approves the standards and financial objectives underlying the Program prior to its implementation for each Program Year. The Committee may delegate the ongoing oversight and handling of routine administrative matters under the Program to the Company's Corporate Executive Vice President, Human Resources & Chief Administrative Officer. The Compensation Committee has the authority to alter or terminate the Program at any time, and no Participant has any rights with respect to an incentive award payable under the Program until it has actually been paid to the Participant.

Any questions pertaining to the Program design, eligibility, calculation of Award Amounts, or other procedures should be directed to the Company's Corporate Executive Vice President, Human Resources & Chief Administrative Officer.

APPROVED:

_____ Date: _____

James C. Foster
Chairman, President & CEO

_____ Date: _____

David P. Johst
Corporate Exec. V.P., Human Resources
& Chief Administrative Officer

AMENDED AND RESTATED DEFERRED COMPENSATION PLAN DOCUMENT

February 8, 2006 (Amended December 2, 2008)

ARTICLE 1. INTRODUCTION

Charles River Laboratories hereby establishes the Charles River Laboratories Deferred Compensation Plan effective as of January 1, 2006. The Company has established the Plan to attract, retain and motivate certain of its key employees, as well as those of its subsidiaries and affiliates, by providing them with the opportunity to defer receipt of compensation and achieve resulting tax efficiencies. The Plan is intended to be "a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of sections 201(2), 301(a)(3), 401(a)(1) of ERISA and is also intended to be compliant with the requirements of Section 409A of the Code. The Plan shall be administered in a manner consistent with those intents.

ARTICLE 2. DEFINITIONS

As used herein, the masculine pronoun shall include the feminine, and the singular shall include the plural, and the plural, the singular, and the following terms shall have the following meanings unless a different meaning is clearly required by the context.

"**Account**" means a Plan account for a Participant established pursuant to Section 7.1, which may pass to a Beneficiary pursuant to Article 9. Each Participant may have more than one Account.

"**Annual Interest Equivalent Factor**" means the annual interest rate, declared annually by the Company, applied to Deferrals allocated to the fixed rate fund in accordance with Article 6.

"**Annual Employer Contribution**" means an amount for each Schedule B Participant equal to 10% of the sum of such Participant's (i) base salary plus (ii) target annual bonus or, if lower, actual bonus, in each case in respect of the applicable year.

"**Annual Schedule A Incremental Amount**" for any year shall be an amount for each Schedule A Participant equal to the amount by which the Company would have been required to increase its actuarial liability (vested Projected Benefit Obligation) on its balance sheet for such year in respect of such Participant's ESLIRP benefit, determined in accordance with GAAP as if the retirement income portion of the ESLIRP were still in existence. Such calculation shall be determined using the actuarial assumptions specified by Section 417(e)(3)(A) of the Code, and in the case of the interest rate specified under subparagraph (ii)(II) of such section, using such rate established for the month of November of the year preceding the year to which the liability increase and contribution relate.

"**Beneficiary**" means a beneficiary designated in accordance with Article 9.

"**Bonus Plan**" means the annual incentive program used to determine the bonus amounts payable to executives of the Company.

"**Change of Control**" means any one of the following: (i) the closing of the sale of all or substantially all of the Company's assets as an entirety to any person or related group of persons; (ii) the merger or consolidation of the Company with or into another corporation or the merger or consolidation of another corporation with or into the Company or a subsidiary of the Company, in either case with the effect that immediately after such transaction the outstanding voting securities of the Company immediately prior to such transaction represent less than a majority in interest of the total voting power of the outstanding voting securities of the entity surviving such merger or consolidation; or (iii) the closing of a transaction pursuant to which beneficial ownership of more than 50% of the Company's outstanding Common Stock (assuming the issuance of Common Stock upon conversion or exercise of all then exercisable conversion or purchase rights of holders of outstanding convertible securities, options, warrants, exchange rights and other rights to acquire Common Stock) is transferred to a single person or entity, or a "group" (within the meaning of Rule l3d-5(b)(l) under the Securities Exchange Act of 1934) of persons or entities, in a single transaction or a series or related transactions. It shall be treated as a Change in Control hereunder if any of the events described in clauses (i), (ii) or (iii) occur to Charles River Laboratories Inc., or to International, or to any other company directly or indirectly controlling either Company at the time of any such transaction.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Committee**" means the Compensation Committee of the Board of Directors of the Company, or any successor committee.

"**Company**" means International and Charles River Laboratories, Inc., a Delaware corporation and a wholly owned subsidiary of International, unless otherwise specifically stated or required by context.

"**Deferrals**" means compensation credited to a Participant's Account during a calendar year as a result of a Participant's elections pursuant to Section 5.2, plus Company contributions pursuant to Section 5.3, if any, plus, except where the context otherwise requires, amounts attributable (i.e., credited notional interest) to amounts previously deferred.

"**Distribution Date**" is defined in Section 8.2.

"**ERISA**" means the Employee Retirement Income Security Act of 1974.

"**ESLIRP**" means the Executive Supplemental Life Insurance and Retirement Income Plan established in 1973 and from time to time amended.

"**401(k) Savings Plan**" means the qualified 401(k) savings plan offered by the Company to employees meeting the proper age and service requirements.

"**Initial ESLIRP Conversion Amount**" means, for each Schedule A Participant, the amount determined by the Company to be the value of the Participant's ESLIRP accrued benefit as of the end of the year prior to the year in which such Participant's participation in the Plan commenced.

"**International**" means Charles River Laboratories International, Inc., a Delaware corporation.

"**Measurement Funds**" means the funds selected by the Committee to be used as the measure of investment return on an Account, or portion thereof, when elected by a Participant in accordance with Article 6. The fixed rate fund shall be considered a Measurement Fund for purposes hereof unless specifically otherwise required by context.

"**Participant**" means an executive who becomes eligible to participate in the Plan and who elects to participate in the Plan or is designated to receive Annual Employer Contributions, in accordance with Article 4.

"**Plan**" means the Charles River Laboratories Deferred Compensation Plan as set forth herein and in all subsequent amendments hereto.

"**Pre-retirement Account**" means an Account the distribution schedule for which is established by the Participant under Section 8.2 at the time such Account is opened.

"**Retirement Account**" means an Account the distribution schedule for which is established by the Participant under Section 8.1(a)(1) or 8.1(a)(2) at the time such Account is opened.

"**Schedule A Participant**" means each Participant designated by the Company from time to time as a Schedule A Participant.

"**Schedule B Participant**" means each Participant designated by the Company from time to time as a Schedule B Participant.

"**Trust**" means any trust established under any Trust Agreement.

"**Trust Agreement**" means one or more of the trust agreement(s) entered into by the Company, if any, to hold assets to be used to defray the Company's expenses of operating the Plan.

"**Trustee**" means a Trustee of any Trust.

ARTICLE 3. ADMINISTRATION

3.1 **Committee.** The Plan shall be administered by the Committee. The Committee shall have full discretionary authority to interpret the provisions of the Plan and decide all questions and settle all disputes which may arise in connection with the Plan, and may establish its own operative and administrative rules and procedures in connection therewith, provided that any such procedures relating to claims are consistent with the requirements of section 503 of ERISA and the regulations thereunder. All interpretations, decisions and determinations made by the Committee shall be binding on all persons concerned. No member of the Committee who is a Participant in the Plan may vote or otherwise participate in any decision or act with respect to a matter relating solely to himself (or to his Beneficiaries).

3.2 **Delegation by Committee.** Except as the Committee may otherwise provide by written resolution, the Committee's duties and responsibilities under Section 3 (except for the duty to establish eligibility criteria under Article 4) shall be delegated to the Vice President, Human Resources, who may further delegate certain of such duties and responsibilities to other members of management of the Company. For purposes of the Plan, any action taken by any such delegate pursuant to such delegation shall be considered to have been taken by the Committee. In addition, except as the Committee may otherwise provide by written resolution, the Committee's duties and responsibilities under Section 3 shall be delegated (on a shared basis) to the Investment Committee of the Company; provided, however, that material changes to this Plan pursuant to Section 14 will require approval of the Committee.

3.3 **Indemnification.** The Company agrees to indemnify and to defend to the fullest possible extent permitted by law any member of the Committee and any delegate (including any person who formerly served as a member of the Committee or as a delegate) against all liabilities, damages, costs and expenses (including attorneys' fees and amounts paid in settlement of any claims approved by the Company) occasioned by any act or omission to act in connection with the Plan, if such act or omission is in good faith.

ARTICLE 4. SELECTION OF PARTICIPANTS

The Committee shall select, or shall establish the applicable criteria for determining, the employees of the Company or its subsidiaries or affiliates who are eligible to participate in the Plan. When an executive has been selected to participate in the Plan, he will be notified by the Committee and given the opportunity to elect to defer compensation under the Plan. An executive who makes such an election and/or is designated as eligible to receive contributions pursuant to Section 5.3 is hereinafter referred to as a "Participant."

ARTICLE 5. DEFERRAL OF COMPENSATION

5.1 **Deferral Opportunity.** From time to time the Committee shall establish the extent to which (if any) base salary or bonuses under one or more incentive bonus programs may be deferred under the Plan. Unless otherwise provided by the Committee, the following table identifies the types of compensation permitted to be deferred under the Plan with corresponding maximum deferral percentages:

Types of Compensation (Net of Employment Taxes)	Maximum Deferral
Annual Salary	50%
Annual Bonus	100%
"Sign-on" Bonus	100%

Deferral elections shall apply in all cases to compensation amounts after reduction thereof for any applicable employment and withholding taxes.

5.2 **Deferral Elections.** For each calendar year, a Participant may irrevocably elect, in accordance with this Article and Article 8, to defer receipt of all or part of the compensation designated pursuant to Section 5.1; provided, however, that unless specifically permitted by the Committee, such deferred amount may not in aggregate be less than $5,000 for any year. A Participant's election to defer base salary payable in respect of services provided in any calendar year must be made on or before December 15 of the previous calendar year. A Participant's election to defer an incentive award must be made prior to the time the amount of the award is granted under the applicable incentive award program and, in any event, prior to six months from the date the performance period ends. A Participant's election to defer a "sign-on" bonus must be made at the time the amount of the award is determined under the applicable program and, in any event, prior to commencement of employment. In the case of a Participant who becomes employed and eligible for the Plan during the same calendar year, the elections described in this Article with respect to compensation for services after the date of election (other than the election relating to "sign-on" bonus) may be made no later than 30 days following the Participant's first day of eligibility. Notwithstanding any provision of this paragraph, deferrals under the Plan shall comply with the requirements of Section 409A as to timing of election, and need not exceed such requirements of Section 409A.

5.3 **Company Contributions.** (a) The Committee may from time to time designate any individual then participating in the ESLIRP as a Schedule A Participant. For each such Schedule A Participant, the Company will contribute to an Account established or designated by such Participant an amount equal to such Participant's Initial ESLIRP Conversion Amount.

(b) For each Schedule A Participant, the Company shall contribute to an Account established or designated by such Participant in respect of each full year such Participant remains employed by the Company following such Participant's designation as a Schedule A Participant, an amount equal to the Annual Schedule A Incremental Amount. The company shall make the contribution annually, no later than March 31st. The contribution will be retroactively credited to the Participant's Account as if it had been deposited on January 1st of the contribution year. From January 1st through the business day immediately preceding the actual contribution date, such contribution shall be credited on a daily basis based on the fixed rate fund. Thereafter, such contribution shall be credited or debited in accordance with Section 6.3.

(c) The Committee may from time to time designate a Participant as a Schedule B Participant. For each such Schedule B Participant, in respect of each full year such Participant remains employed by the Company following such Participant's designation as a Schedule B Participant, the Company shall contribute to an Account established or designated by such Participant the Annual Employer Contribution. Each Annual Employer Contribution shall become vested and nonforfeitable in four equal installments on December 31 (the "Vesting Date") of each of the four years following the year in respect of which the Annual Employer Contribution was made, provided that the Participant remains employed by the Company on the applicable Vesting Date. All of a Participant's Annual Employer Contributions will vest and become nonforfeitable upon (i) a Change in Control, (ii) the Participant's death or disability, or (iii) the attainment by such Participant of age 60 following continuous employment by the Company until such time. The company shall make the contribution annually, no later than March 31st. The contribution will be retroactively credited to the Participant's Account as if it had been deposited on January 1st of the contribution year. From January 1st through the

business day immediately preceding the actual contribution date, such contribution shall be credited on a daily basis based on the fixed rate fund. Thereafter, such contribution shall be credited or debited in accordance with Section 6.3.

(d) A Participant may irrevocably elect, in accordance with Article 8, to direct Company Contributions to one or more Retirement or Pre-retirement Accounts. Such direction to and the payment schedule for any Account to which Company Contributions in respect of services provided in any calendar year are directed must be established on or before December 15 of the previous calendar year, to the extent necessary to comply with Section 409A.

5.4 **Pre-Retirement Life Insurance Benefit.** Executives named in both Schedule A and Schedule B, if any, are eligible to receive a pre-retirement life insurance death benefit equal to base annual salary plus target bonus times four (4) less $50,000 of group coverage.

5.5 **Change in Control.** (a) In the event that a Schedule A Participant becomes eligible to receive Severance Payments under such Participant's Change in Control Agreement, as defined below, if any, the Company will be obligated to make an additional contribution to an Account established or designated by such Participant in accordance with this section.

(b) Such additional contribution shall be equal to (i) the payment that would have been made under Section 6.4 of the Change in Control Agreement had the Plan not been implemented, minus (ii) the amount that would have constituted the Participant's accrued benefit under the ESLIRP as of the Date of Termination without regard to the additional benefit provided under clauses (ii) and (iii) of such Section 6.4 of the Change in Control Agreement, in the case of both clause (i) and clause (ii) above assuming that the ESLIRP had continued in effect through the Date of Termination.

(c) Such additional contribution shall be made promptly following, but not more than 15 days after, the Date of Termination, and shall be allocated to one or more Measurement Funds, in accordance with the Schedule A Participant's then effective elections.

(d) Capitalized terms used in this Section 5.5, when applied to a Participant, shall have the meanings assigned to them in the Agreement (or the Amended and Restated Agreement, as applicable) between such Participant and the Company (the "**Change in Control Agreement**"), if any.

ARTICLE 6. INTEREST EQUIVALENT FACTOR & MEASUREMENT FUNDS

6.1 (a) Measurement Funds. The Participant may allocate his or her Deferrals to, or notionally "invest" them in, one or more Measurement Funds. The Committee may, in its sole discretion, discontinue, substitute, add or delete a Measurement Fund at any time.

(b) **Annual Interest Equivalent Factor.** The Committee shall determine the annual interest equivalent factor that will apply to Deferrals allocated to the fixed rate fund. The Committee may determine different interest equivalent factors for Deferrals made in different calendar years, and except as otherwise provided herein, the Committee may change each year the interest equivalent factor applicable to the fixed rate fund for future periods.

6.2 Upon Change of Control. Following a Change in Control, the annual interest equivalent factors applied to Deferrals of a Participant shall not be less than the annual interest equivalent factors applicable to Deferrals of the Participant immediately prior to the Change of Control. Further, to the extent feasible, any Measurement Funds in existence prior to a Change in Control shall continue to be available after a Change in Control, until distribution of Accounts in accordance with Section 8.8.

6.3 Crediting/Debiting of Account Balances. In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, in its sole discretion, amounts shall be credited or debited to the balance of any Account of a Participant in accordance with the following rules:

(a) Allocation to Measurement Funds. In connection with each deferral election in accordance with Section 5.2 above and each Company Contribution in accordance with Schedule 5.3 above, each Participant shall allocate deferred amounts in all Accounts to one or more Measurement Fund(s) (as described below) to be used to determine the additional amounts to be credited or debited to such Account balance (the notional "investment return") for each period in which the Participant remains in active participation in the Plan. On a monthly basis, in accordance with procedures established from time to time by the Committee, the Participant may (but is not required to) reallocate any portion of his Account balance(s) to one or more other Measure Funds. Any reallocation made in accordance with the previous sentence shall apply to the next calendar month and continue thereafter for each subsequent calendar month in which the Participant participates in the Plan, unless changed in accordance with the previous sentence.

(b) Allocation Amounts. Allocations to any Measurement Fund shall be made in increments of five percentage points (i.e., 5%) of the Account balance.

(c) Crediting or Debiting Method. The performance of each elected Measurement Fund (either positive or negative) will be determined by the Committee, in its sole discretion, based on the published performance of the reference fund. A Participant's Account balance(s) shall be credited or debited on a daily basis based on the performance of each Measurement Fund selected by the Participant, as though (i) for any quarter with respect to which a Participant has elected to reallocate his or her Account balances, a Participant's Account balance(s) were invested in the Measurement Fund(s) selected by the Participant, in the percentages in effect for such calendar quarter, as of the close of business on the first business day of such calendar quarter, at the closing price on such date; (ii) the portion of the Account balance(s) that was actually deferred or contributed during any calendar quarter were invested in the Measurement Fund(s) selected by the Participant, in the percentages in effect for such calendar quarter, no later than the close of business on the third business day after the day on which such amounts are actually deferred from the Participant's compensation through reductions in his or her payroll, or otherwise contributed, at the closing price on such date; and (iii) any distribution made to a Participant that decreases the balance of any Account of such Participant ceased being invested in the Measurement Fund(s) no earlier than three business days prior to the distribution, at the closing price on such date. Any contribution to which a Participant is entitled under Section 5.3(b) or (c) shall be credited to an Account established or designated by such Participant as of the close of business on the first business day of the calendar year following the year to which it relates. Any contribution to which a Participant is entitled under Section 5.3(a) shall be credited

to an Account established or designated by such Participant as promptly as practicable following such contribution. If necessary, any such amount shall be credited with earnings determined by applying the Annual Interest Equivalent Factor from such date until it is possible to apply the Measurement Funds selected by the Participant or, if applicable, until such requirements as may reasonably be imposed by the Company have been satisfied.

(d) No Actual Investment. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for reference purposes only, and a Participant's allocation of his or her Account balance(s) to any such Measurement Fund, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account balance(s) shall not be considered or construed in any manner as an actual investment of his or her Account balance(s) in any such Measurement Fund or any underlying reference portfolio. In the event that the Company or any Trustee in its discretion determines to invest funds in any of the Measurement Funds or underlying reference portfolios, or determines to invest in any other assets, no Participant shall have any rights in or to such investments. Without limiting the generality of the foregoing, a Participant's Account balance(s) shall at all times be a bookkeeping entry only and shall not represent any investment made on his behalf by the Company or any Trust; the Participant shall at all times remain an unsecured creditor of the Company.

ARTICLE 7. PARTICIPANT ACCOUNTS

7.1 **Establishment of Accounts.** Each Participant shall establish, at the time of his or her initial participation in the Plan, one or more Accounts reflecting the amounts due the Participant under the Plan and the Committee shall cause the Company to establish on its books such Accounts reflecting the Company's obligation to pay Participants the amounts due under the Plan.

7.2 **Adjustments to Accounts.** From time to time the Committee shall adjust each Account of each Participant to credit (i) amounts which the Participant has elected to defer under Article 5 and direct to such Account, (ii) amounts contributed to the Plan for the benefit of a Participant pursuant to Section 5.3 and directed by such Participant to such Account, and (iii) amounts based on the annual interest equivalent factors for the fixed rate fund and / or gains or losses based on the applicable allocations in the Measurement Funds, determined under Article 6. Participants' Account(s) shall also be adjusted to reflect benefit payments and withdrawals under Article 8 and shall continue to be adjusted under this Article 7 until the entire amount credited to the respective Account has been paid to the Participant or his Beneficiary.

ARTICLE 8. DISTRIBUTION OF BENEFITS

8.1 **Retirement Accounts.**

(a) At the time a Participant elects to defer compensation pursuant to Section 5.2 or direct the deposit of a contribution pursuant to Section 5.3, the Participant shall direct the Deferral or contribution to a Retirement Account and/or a Pre-retirement Account and shall establish the distribution schedule for such Account if such schedule has not previously been

established. If the Participant chooses to establish a Retirement Account, the distribution schedule for such Account can be either:

(1) A lump sum:

(i) upon termination of employment (including termination due to retirement); or

(ii) at a specified time following termination of employment, subject to subsection (b) below.

(2) In up to 20 consecutive annual installments, commencing:

(i) immediately upon termination of employment; or

(ii) at a specified time following termination of employment, subject to subsection (b) below.

(b) Notwithstanding any election made pursuant to subsection (1)(ii) or (2) above, if the Participant has not attained age 55 at the time of termination of employment, all amounts will be distributed in a lump sum immediately following his termination of employment.

(c) Notwithstanding any election made pursuant to Section 8.1(a), in the event a Participant's Retirement Account is equal to or less than the amount then specified in Section 402(g)(1)(B) of the Code, or any successor provision thereto, as of the date of termination of employment, the Participant's Retirement Account shall be fully distributed in a lump sum as soon as administratively feasible following termination of employment. Any such distribution pursuant to this section will comply in all respects with any applicable requirements of Section 409A.

8.2 **Pre-retirement Accounts.** (a) If at the time of a deferral election in accordance with Section 5 the Participant chooses to establish a Pre-retirement Account, the Participant shall designate the date or dates on which amounts contained in such Account shall be distributed. If multiple distribution dates are designated for a single Account, (i) such dates must be the same date in consecutive years, and (ii), the portion of the Account distributed on such date shall be a fraction which is the reciprocal of the number of distribution dates remaining at the time of any such distribution. For example, if three dates are selected, 1/3 of the Account shall be distributed on the first such date, 1/2 of the Account on the second such date, and the entire remaining Account on the last date. Each Pre-retirement Account may have only one distribution schedule, and once established, such schedule may be changed only in accordance with Section 8.6.

(b) A Participant must be employed at the time such Pre-retirement election(s) are scheduled to commence. If a Participant terminates employment prior to commencement of any elected Pre-retirement distribution(s), at any age, that Account(s) will be distributed in a lump sum upon termination. Pre-retirement payments will continue as elected if a Participant terminates employment after a Pre-retirement distribution commences.

(c) The first distribution date selected for a Pre-retirement Account must be not earlier than three years after the date such amounts would have been paid to the Participant had no Deferral thereof been made.

(d) Payments and distributions shall be made on or as promptly as practicable after the respective date(s) designated by the Participant pursuant to this Section 8.2, but in any event by the end of the calendar year in which such date occurs; provided, however, that if such date is after October 17, such payment or distribution will be made in the following calendar year, but not later than 75 days after such date.

8.3 **Financial Hardship Distribution.** In the event a Participant suffers an unanticipated emergency due to circumstances beyond his control that results in a financial hardship, the Participant may request a distribution of all or any part of any Account. The Committee shall determine whether such a financial hardship exists and what amount, if any, may be distributed. In no event shall the aggregate amount of the distribution exceed either the value of the Participant's Account(s) or the amount determined by the Committee to be necessary to alleviate the Participant's financial hardship (which hardship amount may include taxes owed because of such distribution) and that is not reasonably available from other resources of the Participant. A distribution of any amount pursuant to this section that is subject to Section 409A will not be made unless the financial hardship distribution satisfies the requirements for distribution on account of "unforeseeable emergency", within the meaning of Section 409A.

8.4 **Disability.** For purposes of the Plan, a Participant who ceases active employment because of a disability is considered to remain active under the Plan, to the extent permitted by Section 409A. A Participant who has become disabled, within the meaning of Treasury Reg. Sec. 1.409A-3(i)(4), will receive a distribution of all portions of any Account that were scheduled to be distributed on termination of employment six months following the Participant's date of disability, and all other amounts will be distributed as scheduled, subject to the provisions of Section 8.6.

8.5 **Tax Withholding.** To the extent required by applicable law, Federal, State, and other taxes shall be withheld from any distribution.

8.6 **Changes to Distribution Schedules.** A Participant who has elected to receive payment at a time and in a form described in this Section 8 may change such election at any time up to 12 months prior to the date on which the payment was originally scheduled to be made or to commence. Notwithstanding the foregoing, any election to change distribution dates cannot result in an acceleration of benefit payments and any further deferral must be for a period of not less than 5 years after the initially elected distribution date, in compliance with applicable requirements of Section 409A of the Code. A changed election made within 12 months of the date payment was originally scheduled to be made or to commence is not valid and has no effect.

8.7 **Compliance with Section 409A.** If the implementation of any of the foregoing provisions of the Plan would subject the Participant to taxes or penalties under Section 409A of the Code, the implementation of such provision shall be modified to avoid such taxes and penalties to the maximum extent possible while preserving to the maximum extent possible the

benefits intended to be provided to Participants under the Plan. Without limiting the generality of the foregoing, and notwithstanding any provision of the Plan which may be interpreted to the contrary, any Participant who is treated as a "specified employee," for purposes of Section 409A, cannot receive or commence receiving payment within six months of his or her termination of employment, to the extent such delay is required by Section 409A and regulations promulgated thereunder.

8.8 **Change in Control.** Upon a Change in Control, all Accounts shall be distributed to Participants; provided that, to the extent required by Section 409A, such transaction also constitutes a change in the ownership or effective control of, or in the ownership of a substantial portion of the assets of, the Company, within the meaning of Section 409A. Such distributions shall be made not earlier than January 1 and not later than January 31 of the calendar year following the year in which the Change in Control occurred.

ARTICLE 9. BENEFICIARY BENEFITS

In accordance with forms and procedures established by the Committee, a Participant may designate a Beneficiary to receive the remaining balance of his Account(s) upon his death, and may change such designated Beneficiary from time to time. Payments to a Beneficiary under this Article 9 shall be made in accordance with the distribution schedules established by the Participant for his or her Account(s). Notwithstanding the preceding sentence, if a Beneficiary survives the Participant but dies before the Participant's entire Account has been distributed, the remaining balance(s) of all of the Participant's Account(s) shall be distributed in a lump sum to the Beneficiary's estate as soon as practicable following receipt of notice of the Beneficiary's death. If no Beneficiary is designated (or if a designated Beneficiary does not survive the Participant), the balance credited to the Participant's Account(s) shall be paid to the Participant's estate in a lump sum as soon as practicable following receipt of notice of the Participant's death.

ARTICLE 10. NATURE OF CLAIM FOR PAYMENTS

(a) Except as may be provided herein, the Company shall not be required to set aside or segregate any assets of any kind to meet its obligations hereunder. A Participant shall have no right on account of the Plan in or to any specific assets of the Company or to any assets of any Trust. Any right to any payment the Participant may have on account of the Plan shall be solely that of a general, unsecured creditor of the Company.

(b) To assist in meeting its obligations under the Plan, the Company may establish or designate a Trust, of which the Company is treated as the owner under Subpart E of Subchapter J, Chapter I of the Code, and may deposit funds with the Trustee of the Trust.

(c) In all events, the Company shall remain ultimately liable for the benefits payable under this Plan, and to the extent the assets at the disposal of the Trustee are insufficient to enable the Trustee to satisfy all benefits, the Company shall pay all such benefits necessary to meet its obligations under this Plan.

(d) The obligations of the Company hereunder shall be binding upon its successors and assigns, whether by merger, consolidation or acquisition of all or substantially all of its business or assets.

(e) In the event that, following a Change in Control, any dispute arises as to a Participant's entitlements under the Plan, the Participant shall be entitled to reimbursement, as incurred, of legal expenses incurred by the Participant in enforcing his or her rights hereunder, unless the claim(s) made by such Participant is determined by a court or arbitrator of appropriate jurisdiction to be or have been manifestly without merit.

ARTICLE 11. ASSIGNMENT OR ALIENATION

11.1 **Prohibition on Assignment.** The interest hereunder of any Participant or Beneficiary shall not be alienable by the Participant or Beneficiary by assignment or any other method and will not be subject to be taken by his creditors by any process whatsoever, and any attempt to cause such interest to be so subjected shall not be recognized.

11.2 **Domestic Relations Orders.**

(a) All or a portion of a Participant's benefit under the Plan may be paid to another person as specified in a "Qualified Domestic Relations Order." For this purpose, a "Qualified Domestic Relations Order" means a judgment, decree, or order (including the approval of a settlement agreement) which is:

(i) issued pursuant to a State's domestic relations law;

(ii) relates to the provision of child support, alimony payments or marital property rights to a spouse, former spouse, child or other dependent of the Participant;

(iii) creates or recognizes the right of a spouse, former spouse, child or other dependent of the Participant to receive all or a portion of the Participant's benefits under the Plan;

(iv) provides for payment in an immediate lump sum as soon as practicable after the Committee determines that a Qualified Domestic Relations Order exists; and

(v) meets such other requirements established by the Committee.

(b) The Committee shall determine whether any document received by it is a Qualified Domestic Relations Order. In making this determination, the Committee may consider:

(i) the rules applicable to "domestic relations orders" under section 414(p) of the Internal Revenue Code of 1986 and section 206(d) of ERISA;

(ii) the procedures used under the 401(k) Savings Plan to determine the qualified status of domestic relations orders; and

(iii) such other rules and procedures as it deems relevant.

ARTICLE 12. NO CONTRACT OF EMPLOYMENT

The Plan shall not be deemed to constitute a contract of employment between the Company and any Participant, or to be consideration for the employment of any Participant.

ARTICLE 13. AMENDMENT OR TERMINATION OF PLAN

The Plan may be altered, amended, revoked or terminated in writing by the Committee or the Company in any manner and at any time; provided, however, that (i) no amendment or action of the Committee may have the effect of reducing the vested balance of any Account of a Participant at the time of such amendment or action without the consent of the affected Participant, (ii) following a Change in Control, (A) no such alteration, amendment, revocation or termination shall reduce the amount of a Participant's Account or his rights to such Account as determined under the provisions of the Plan in effect immediately prior to such Change in Control (including without limitation any right to contributions under Section 5.3), or otherwise adversely affect the Participant's benefits under the Plan, without the written consent of the affected Participant and (B) the provisions of Sections 5.5, 6.2 and this Article 13 may not be amended. Any such amendment, modification, revocation or termination shall comply with Section 409A.

ARTICLE 14. CLAIMS REVIEW PROCEDURE

14.1 **Notice.** The Committee shall notify Participants and, where appropriate, Beneficiaries, of their right to claim benefits under the claims procedures, and may, if appropriate, make forms available for filing of such claims, and shall provide the name of the person or persons with whom such claims should be filed.

14.2 **Procedure.** The Committee shall establish procedures for action upon claims initially made and the communication of a decision to the claimant promptly and, in any event, not later than 90 days after the claim is received by the Committee, unless special circumstances require an extension of time for processing the claim. If an extension is required, notice of the extension shall be furnished to the claimant prior to the end of the initial 90 day period, which notice shall indicate the reasons for the extension and the expected decision date. The extension shall not exceed 90 days. The claim may be deemed by the claimant to have been denied for purposes of further review described below in the event a decision is not furnished to the claimant within the period described in the three preceding sentences. Every claim for benefits which is denied shall be denied by written notice setting forth in a manner calculated to be understood by the claimant (i) the specific reason or reasons for the denial, (ii) specific reference to any provisions of the Plan on which denial is based, (iii) description of any additional material or information necessary for the claimant to perfect his claim with an explanation of why such material or information is necessary, and (iv) an explanation of the procedure for further reviewing the denial of the claim under the Plan, including a statement of the right of the claimant to bring an action under Section 502(a)(3) of ERISA following an adverse benefit determination on review.

14.3 **Review.** (a) The Committee shall establish a procedure for review of claim denials, such review to be undertaken by the Committee. The review given after denial of any claim shall be a full and fair review with the claimant or his duly authorized representative having 60 days after receipt of denial of his claim to request such review, the right to review all pertinent documents and the right to submit documents, records, issues, comments and other information in writing, all of which shall be taken into account regardless of whether it was submitted in the initial benefit determination. The claimant shall be provided upon request and at no charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits.

(b) The Committee shall establish a procedure for issuance of a decision by the Committee not later than 60 days after receipt of a request for review from a claimant unless special circumstances, such as the need to hold a hearing, require a longer period of time, in which case a decision shall be rendered as soon as possible but not later than 120 days after receipt of the claimant's request for review. The decision on review shall be in writing and shall include specific reasons for the decision written in a manner calculated to be understood by the claimant with specific reference to any provisions of the Plan on which the decision is based, a statement that the claimant is entitled upon request and at no charge reasonable access to, and copies of, all documents,

records and other information relevant to the claimant's claim for benefits, and a statement of the right of the claimant to bring an action under Section 502(a)(1)(B) of ERISA.

ARTICLE 15. GOVERNING LAW

This Plan shall be governed and construed in accordance with the laws of the State of Massachusetts, to the extent such laws are not preempted by federal law.

IN WITNESS WHEREOF, this Plan has been adopted by the Compensation Committee of the Board of Directors of Charles River Laboratories, Inc., on February 8, 2006, and amended on December 2, 2008 and is executed by a duly authorized officer of Charles River Laboratories, Inc.

Charles River Laboratories, Inc.

/s/ James C. Foster

By: James C. Foster

Title: President and Chief Executive Officer

Exhibit 21.1

SUBSIDIARIES

	Subsidiary	Jurisdiction of Organization
1.	Charles River Laboratories, Inc.	Delaware
2.	Charles River Laboratories Massachusetts Business Trust	Massachusetts
3.	Charles River Laboratories Holdings Limited	United Kingdom
4.	Charles River UK Limited	United Kingdom
5.	Charles River Laboratories Saint-Constant S.A.	Canada
6.	Charles River Laboratories Holdings Massachusetts Business Trust	Massachusetts
7.	Charles River Holdings LLC	Delaware
8.	Charles River LLC	Delaware
9.	CRL Holdings CV	Netherlands
10.	Ballardvale CV	Netherlands
11.	Charles River Nederland BV	Netherlands
12.	Charles River Laboratories Holding SAS	France
13.	Charles River Laboratories France—C.R.L.F. SAS	France
14.	Charles River Laboratories Belgium SA	Belgium
15.	Charles River Laboratories Espana SA	Spain
16.	Charles River Laboratories Japan, Inc.	Japan
17.	Charles River Laboratories Preclinical and Clinical Services Japan, Inc.	Japan
18.	Charles River Germany Verwaltungs GmbH	Germany
19.	Charles River Laboratories Italia Srl	Italy
20.	Charles River Germany GmbH and Co. KG	Germany
21.	Charles River Laboratories Preclinical Services Poland Sp. Z.o.o.	Poland
22.	Charles River Laboratories, Avian Products and Services, Germany GmbH	Germany
23.	Charles River Laboratories (Europe) GmbH	Germany
24.	Charles River Laboratories Preclinical Services Ireland Limited	Ireland
25.	Entomology Europe Limited	Ireland
26.	Saothorlanna Bitheolaiocha Idirnaisiunta Teoranta	Ireland
27.	Charles River Laboratories Magyarorszag Kft	Hungary
28.	Charles River Laboratories, Research Models and Services, Germany GmbH	Germany
29.	Inveresk Research Group LLC	Delaware
30.	Inveresk Holdings LLC	Delaware
31.	Charles River Laboratories Luxembourg S.a.r.l.	Luxembourg
32.	Charles River Laboratories Group	United Kingdom
33.	Charles River Laboratories Holdings Scotland	United Kingdom

	Subsidiary	Jurisdiction of Organization
34.	Charles River Laboratories Preclinical Services Edinburgh Ltd.	United Kingdom
35.	Charles River Clinical Services Edinburgh Ltd.	United Kingdom
36.	Inveresk Research (Canada) ULC	Canada
37.	Charles River Laboratories Preclinical Services Montreal, Inc.	Canada
38.	Charles River Clinical Services Northwest, Inc.	Washington
39.	Charles River Laboratories Australia Pty. Ltd.	Australia
40.	Zhanjiang A&C Biological Ltd.	China
41.	Charles River Endosafe Korea	Korea
42.	Charles River Laboratories Asia Holdings Limited	China
43.	Charles River Laboratories Preclinical Services Hong Kong Limited	China
44.	Charles River Laboratories Greater China Preclinical Services Shanghai Co. Ltd.	China
45.	NewLab BioQuality GmbH	Germany
46.	Molecular Therapeutics, Inc.	Michigan
47.	Molecular Imaging Research, Inc.	Michigan
48.	Charles River Laboratories India Private Limited	India

QuickLinks

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-136450 and No. 333-92383) and Form S-8 (No. 333-144177, No. 333-124853, No. 333-119846, No. 333-105803, No. 333-61336 and No. 333-47768) of Charles River Laboratories International, Inc. of our report dated February 23, 2009 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
February 23, 2009

QuickLinks

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
AND RULE 13a-14(a)/15d-14(a) OF THE EXCHANGE ACT OF 1934

I, James C. Foster, Chief Executive Officer of Charles River Laboratories International, Inc. (the Company) certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 27, 2008 of the Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our new supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 23, 2009

/s/ JAMES C. FOSTER

James C. Foster
Chairman, Chief Executive Officer and President
Charles River Laboratories International, Inc.

QuickLinks

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
AND RULE 13a-14(a)/15d-14(a) OF THE EXCHANGE ACT OF 1934

I, Thomas F. Ackerman, Corporate Executive Vice President and Chief Financial Officer of Charles River Laboratories International, Inc. (the Company) certify that:

1. I have reviewed this report on Form 10-K for the year ended December 27, 2008 of the Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 23, 2009

/s/ THOMAS F. ACKERMAN

Thomas F. Ackerman
Corporate Executive Vice President and Chief Financial Officer
Charles River Laboratories International, Inc.

QuickLinks

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report on Form 10-K for the year ended December 27, 2008 of Charles River Laboratories International, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, James C. Foster, Chairman, Chief Executive Officer and President of the Company, and Thomas F. Ackerman, Chief Financial Officer of the Company, each hereby certifies, to the best of his knowledge and pursuant to 18 U.S.C. Section 1350, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 23, 2009

/s/ JAMES C. FOSTER

James C. Foster
Chairman, Chief Executive Officer and President
Charles River Laboratories International, Inc.

Dated: February 23, 2009

/s/ THOMAS F. ACKERMAN

Thomas F. Ackerman
Corporate Executive Vice President and Chief Financial Officer
Charles River Laboratories International, Inc.

This certification shall not be deemed "filed" for any purpose, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act.

QuickLinks