

SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

AMENDMENT NO. 1
 TO
 FORM S-1
 REGISTRATION STATEMENT
 UNDER
 THE SECURITIES ACT OF 1933

Charles River Laboratories Holdings, Inc.
 (Exact name of Registrant as specified in its charter)

Delaware 2836 06-139-7316

(State or jurisdiction of (Primary Standard Industrial (I.R.S. Employer
 incorporation or organization) Classification Code Number) Identification No.)

251 Ballardvale Street
 Wilmington, MA 01887
 (978) 658-6000

Thomas Ackerman
 Chief Financial Officer
 Charles River Laboratories, Inc.
 251 Ballardvale Street
 Wilmington, MA 01887
 (978) 658-6000

(Address, including zip code, and
 telephone number, including area code,
 of Registrant's principal executive
 offices)

(Address, including zip code, and
 telephone number, including area code,
 of agent for service)

Copies to:

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 Davis Polk & Wardwell
 450 Lexington Avenue
 New York, New York 10017

Greg Ezring
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 885 Third Avenue
 New York, New York 10022

Approximate date of commencement of proposed sale to the public: From time
 to time after the effective date.

If any of the securities being registered on this Form are to be offered on
 a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
 1933, please check the following box.

If this Form is filed to register additional securities for an offering
 pursuant to Rule 462(b) under the Securities Act, please check the following box
 and list the Securities Act registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c)
 under the Securities Act, check the following box and list the Securities Act
 registration number of the earliest effective registration statement for the
 same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d)
 under the Securities Act, check the following box and list the Securities Act
 registration number of the earliest effective registration statement for the
 same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434,
 please check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Aggregate Price Per Security(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(5)
Warrants to purchase common stock.....	150,000 warrants	\$ 10.00(2)	\$ 1,500,000	\$ 396
Common Stock, par value \$.01 per share	591,366 shares (3)	\$ 2.53(4)	\$ 1,496,156	\$ 395

- (1) Estimated solely for the purpose of computing the amount of registration fee.
- (2) Based on the exercise price of the warrants.
- (3) 591,366 shares of common stock of the registrant are issuable upon exercise of the warrants being registered hereunder, plus a presently indeterminable number of shares of common stock, if any, as shall be issuable from time to time as required pursuant to adjustments under the warrants which are being registered pursuant to Rule 416.
- (4) Based on each warrant entitling the holder to purchase 3.942 shares of common stock.
- (5) Previously paid in connection with Registration No. 333-91845 and No. 333-92383.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the SEC, acting pursuant to said Section 8(a), may determine.

=====

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 28, 2000

PROSPECTUS

Charles River Laboratories Holdings, Inc.
COMMON STOCK
WARRANTS TO PURCHASE COMMON STOCK

This prospectus relates to the resale of 150,000 warrants to purchase shares of common stock of Holdings by holders named on page 60 of this prospectus or in an accompanying supplement to this prospectus. This prospectus also relates to the issuance and sale of 591,366 shares of common stock of Holdings issued upon the exercise of the warrants. All of the common stock and warrants being registered may be offered and sold from time to time by the named holders.

Holdings will not receive any proceeds from the sale of the common stock or warrants by the selling holders, other than payment of the exercise price of the warrants.

The common stock and warrants are not listed on any national securities exchange. Holdings has agreed to bear specific expenses in connection with the registration and sale of the warrants and the common stock being offered by the selling holders.

See "Risk Factors" beginning on page 9 for a discussion of the risk factors that should be considered by you.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2000.

TABLE OF CONTENTS

	Page
Summary.....	1
Risk Factors.....	9
Forward-Looking Statements.....	18
Industry and Market Data.....	18
The Transactions.....	18
Use of Proceeds.....	22
Dividend Policy.....	22
Capitalization.....	23
Selected Historical Consolidated Financial Data.....	24
Management's Discussion and Analysis of Financial Condition and Results of Operations.....	26
Business.....	39
Management.....	49
Executive Compensation.....	51
Security Ownership of Certain Beneficial Owners and Management.....	54
Certain Relationships and Related Party Transactions.....	55
Description of New Credit Facility.....	57
Warrantholders.....	60
Description of Warrants.....	64
Description of Capital Stock.....	67
Certain United States Tax Consequences.....	68
Plan of Distribution.....	71
Legal Matters.....	73
Independent Accountants.....	73
Index to Unaudited Pro Forma Condensed Consolidated Financial Data.....	P-1
Index to Consolidated Financial Statements.....	F-1

SUMMARY

References to "Holdings" refers to Charles River Laboratories Holdings, Inc. References to the words "Charles River," "CRL," "we," "our," and "us" refer only to Charles River Laboratories, Inc., its predecessors, its subsidiaries, its affiliates and its joint ventures. This summary highlights information contained elsewhere in this prospectus and may not contain all of the information that is important to you. For a more complete understanding of this offering, we encourage you to read this entire prospectus carefully.

Our fiscal year ends on the Saturday closest to December 31. Unless the context indicates otherwise, whenever we refer in this prospectus to a particular fiscal year, we mean the fiscal year ending in that particular calendar year. When we refer to "pro forma" financial results, we mean the financial results of Charles River and its subsidiaries on a consolidated basis as if the Transactions (which we define on page 2) had occurred at the beginning of the relevant time period.

CHARLES RIVER LABORATORIES HOLDINGS, INC.

Holdings is a holding company and does not have any material operations or assets other than its ownership of all of the capital stock of Charles River.

Our principal executive offices are located at 251 Ballardvale Street, Wilmington, MA 01887 and our telephone number is (978) 658-6000.

CHARLES RIVER LABORATORIES, INC.

Overview

We are a global market leader in the commercial production and supply of animal research models, meaning whole, living animals bred in a clean environment specifically for the purpose of research, most of which are rats and mice, for use in the discovery, development and testing of new pharmaceuticals. Since we have expanded our core capabilities in research models we have become a leading supplier of related biomedical products and services in several specialized niche markets. We have a broad customer base which consists primarily of:

- o large pharmaceutical companies, including the ten largest global pharmaceutical companies based on 1998 revenues
- o biotechnology, animal health, medical device and diagnostics companies
- o hospitals
- o academic institutions
- o government agencies

On a pro forma basis, research models accounted for 62%, and biomedical products and services accounted for 38%, of net sales for the nine-month period ended September 25, 1999. Over the same time period, we reported pro forma net sales of \$177.1 million and pro forma Adjusted EBITDA, which means EBITDA, as defined, adjusted for non-recurring, non-cash and cash items, as appropriate, of \$45.4 million.

Research Models. We have a leading position in the global market for research models, which primarily consists of rats and mice bred for the specific purpose of research. The use of research models is often a critical part of scientific discovery in the life sciences and is required by FDA guidelines as well as foreign regulatory agencies for new drug approval processes.

Biomedical Products and Services. The principal focus of our biomedical products and services division is to meet the research needs of large pharmaceutical companies as well as biotechnology, animal health, medical device and diagnostics companies. We are a leading supplier of endotoxin testing kits that detect fever producing toxins in injectable drugs and devices and are one of only two FDA validated in vitro alternatives to an animal test. We are one of the world's largest producers of specific pathogen free fertile chicken eggs, which are free of most viruses, bacteria and other harmful agents. We refer to such eggs as "SPF eggs". SPF eggs are principally used to produce poultry vaccines.

Competitive Strengths

We have a number of competitive strengths, including:

- o long-standing relationships with an extensive customer base
- o critical component of pharmaceutical research
- o leading market position
- o global presence
- o experienced and motivated management team

Business Strategy

Our business strategy combines the following elements:

- o increase sales in research models
- o expand biomedical products and services, which includes:
 - capitalizing on outsourcing trends within the pharmaceutical companies, whereby these companies contract out to others functions that were previously performed internally
 - building upon our existing capabilities
 - increasing our global sales
- o undertake strategic acquisitions and alliances

THE TRANSACTIONS

We collectively refer to the recapitalization and the Sierra acquisition, which we describe below, as the "Transactions."

The Recapitalization

On September 29, 1999, we were acquired by affiliates of DLJ Merchant Banking Partners II, L.P., management and other investors while subsidiaries of Bausch & Lomb Incorporated retained a portion of their equity investment in us, for total consideration of \$456.2 million. As a result, DLJ Merchant Banking Partners II, L.P. and some of its affiliates, whom we refer to collectively as the "DLJMB Funds", indirectly own 71.9% and subsidiaries of Bausch & Lomb Incorporated, who we refer to collectively as the "Rollover Shareholders", own 12.5% of Holdings. We are a wholly owned subsidiary of Holdings. See page 18 for more information on the financing of the recapitalization. We collectively refer to the Recapitalization and all related financing as the "Recapitalization."

The Sierra Acquisition

Concurrently with the Recapitalization, we acquired SBI Holdings, Inc. ("Sierra") for an initial total purchase price of \$24.0 million, including approximately \$18.0 million in cash paid to former shareholders, and assumed debt of approximately \$6.0 million, which we immediately retired. See page 19 for more information on the funding of the acquisition of Sierra.

Sierra is a pre-clinical biomedical services company with expertise in drug safety and efficacy assessment studies using research models. We believe that the acquisition of Sierra will contribute to our growing presence in the pre-clinical testing services business. Data from the pre-clinical stage is submitted to the applicable regulatory agency for review in order for the drug to obtain approval to advance to the human testing stage, commonly known as clinical studies.

We collectively refer to the acquisition of Sierra and all related financings as the "Sierra Acquisition."

SUMMARY DESCRIPTION OF THE WARRANTS

We issued the warrants as part of units in a transaction exempt from the registration requirements of the Securities Act of 1933. Each unit consisted of \$1,000 principal amount of 13 1/2% senior subordinated notes due 2009 ("notes") and one warrant to purchase 3.942 shares of common stock, par value \$.01 per share.

- Warrants..... 150,000 warrants which will entitle the holders to purchase an aggregate of 591,366 shares of the common stock of Holdings, representing approximately 5.0% of Holdings common stock on a fully diluted basis, assuming exercise of all outstanding warrants.
- Exercise..... Each warrant will entitle the holder, subject to some conditions, to purchase 3.942 shares of the common stock of Holdings at an exercise price of \$10.00 per share, subject to adjustment under some circumstances. The warrants will be exercisable at any time on or after October 1, 2001, and prior to the expiration of the warrants. The exercise price and number of shares of common stock of Holdings issuable upon exercise of the warrants will be subject to adjustment from time to time upon the occurrence of particular changes with respect to the common stock of Holdings, including:
- o particular distributions of shares of common stock of Holdings
 - o issuances of options or convertible securities
 - o dividends and distributions
 - o particular changes in options and convertible securities of Holdings
- A warrant does not entitle its holder to receive any dividends paid on shares of the common stock of Holdings.
- Expiration..... October 1, 2009.

You should refer to the section entitled "Risk Factors" for an explanation of risks of investing in this offering.

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND CHARLES RIVER LABORATORIES, INC.
SUMMARY HISTORICAL AND UNAUDITED PRO FORMA
COMBINED FINANCIAL DATA

The table below presents summary historical and unaudited pro forma combined financial data and other data for Holdings and Charles River. For the historical periods presented below, Holdings had no asset, liabilities or operations. The summary combined financial data for the fiscal years ended December 28, 1996, December 27, 1997 and December 26, 1998 are derived from the audited combined financial statements of Holdings and Charles River and the notes thereto included elsewhere in this prospectus. The summary historical combined unaudited financial data as of September 25, 1999 and for the nine months ended September 26, 1998 and September 25, 1999 are derived from the unaudited combined financial statements of Holdings and Charles River and the notes thereto included elsewhere in this prospectus. In the opinion of management, Holdings' and Charles River's unaudited combined financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial condition and results of operations for these periods. The summary unaudited pro forma combined financial data, which assume the Transactions had been completed as of such dates, are derived from the Holdings and Charles River Unaudited Pro Forma Condensed Combined Financial Data appearing elsewhere in this prospectus. The summary unaudited pro forma combined financial data do not purport to be indicative of the results that actually would have been obtained had the Transactions been completed as of such dates and are not intended to be a projection of Holdings' and Charles River's combined future results of operations or financial position. You should read the information contained in this table in conjunction with "Use of Proceeds," "Selected Historical Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," Holdings and Charles River "Unaudited Pro Forma Condensed Combined Financial Data" and Holdings' and Charles River's combined financial statements and the notes thereto contained elsewhere in this prospectus.

	Fiscal Year(1)			Nine Months Ended		Pro Forma	
	1996	1997	1998	September 26, 1998	September 25, 1999	Fiscal Year Ended 1998	Nine Months Ended September 25, 1999
	(dollars in thousands)						
Income Statement Data:							
Net sales related to products.....	\$146,477	\$156,800	\$169,377	\$128,478	\$139,269	\$185,969	\$155,303
Net sales related to services.....	9,127	13,913	23,924	17,041	21,827	23,924	21,827
Total net sales.....	155,604	170,713	193,301	145,519	161,096	209,893	177,130
Cost of products sold.....	91,600	102,980	107,146	80,067	84,557	116,551	94,146
Cost of services provided.....	6,177	8,480	15,401	10,974	12,673	15,401	12,673
Selling, general and administrative expenses..	28,327	30,451	34,142	25,202	29,414	39,052	34,778
Amortization of goodwill and other intangibles.....	610	834	1,287	1,036	1,114	3,354	2,553
Restructuring charges.....	4,748	5,892	--	--	--	--	--
Operating income.....	24,142	22,076	35,325	28,240	33,338	35,535	32,980
Other Data:							
EBITDA, as defined(2).....	\$33,670	\$31,779	\$46,220	\$36,172	\$42,039	\$49,146	\$43,660
Adjusted EBITDA(2).....	39,167	38,528	47,234	37,012	43,378	50,642	45,450
Adjusted EBITDA margin.....	25.2%	22.6%	24.4%	25.4%	26.9%	24.1%	25.7%
Depreciation and amortization.....	\$9,528	\$9,703	\$10,895	\$7,932	\$8,701	\$13,611	\$10,680
Capital expenditures.....	11,572	11,872	11,909	5,834	7,426	13,307	8,398
Cash interest expense(3).....						35,060	28,340
Cash flows from operating activities(4).....	\$20,545	\$23,684	\$36,699	\$23,486	\$19,552		
Cash flows from investing activities(4).....	\$(11,678)	\$(12,306)	\$(22,349)	\$(14,267)	\$(4,751)		
Cash flows from financing activities(4).....	\$(4,068)	\$(12,939)	\$(8,018)	\$(2,412)	\$(34,554)		
Selected Ratios:							
Ratio of earnings to fixed charges(5).....	18.8x	16.5x	25.8x	26.1x	33.7x	0.8x	0.9x
Ratio of Adjusted EBITDA to cash interest expense.....						1.4x	1.6x

As of September 25, 1999

Historical Pro Forma

(dollars in thousands)

Balance Sheet Data:

Cash and cash equivalents.....	\$ 3,457	\$ 3,678
Working capital.....	20,596	32,001
Total assets.....	210,371	332,198
Total debt(6).....	1,033	382,770
Total stockholder's equity.....	148,965	(115,197)

(1) Our fiscal year consists of twelve months ending on the Saturday closest to December 31.

(2) EBITDA, as defined, represents operating income plus depreciation and amortization. EBITDA, as defined, is presented because it is a widely accepted financial indicator used by some investors and analysts to analyze and compare companies on the basis of operating performance.

Adjusted EBITDA, which represents EBITDA, as defined, adjusted for non-recurring, non-cash and cash items, as appropriate, is presented below because we believe it is a meaningful indicator of Holdings' and Charles River's operating performance and it is the measure by which some of the covenants under the new credit facility are computed.

EBITDA, as defined, and Adjusted EBITDA are not intended to represent cash flows for the period, nor are they presented as an alternative to operating income or as an indicator of operating performance. They should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP in the United States and are not indicative of operating income or cash flow from operations as determined under GAAP. Our method of computation may or may not be comparable to other similarly titled measures of other companies.

The following table sets forth a reconciliation of EBITDA, as defined, to Adjusted EBITDA:

	Fiscal Year			Nine Months Ended		Pro Forma	
	1996	1997	1998	September 26, 1998	September 26, 1999	Fiscal Year Ended 1998	Nine Months Ended September 25, 1999

	(dollars in thousands)						
EBITDA, as defined.....	\$33,670	\$31,779	\$46,220	\$36,172	\$42,039	\$49,146	\$43,660
Restructuring and other charges.....	4,748	5,892	--	--	400	--	400
Dividends received from equity investments.....	725	773	681	681	815	681	815
Charles River non-cash compensation(a).....	24	84	333	159	124	333	124
Sierra non-cash compensation(a).....	--	--	--	--	--	262	--
Non-recurring transaction expenses(b).....	--	--	--	--	--	220	451
Adjusted EBITDA.....	\$39,167	\$38,528	\$47,234	\$37,012	\$43,378	\$50,642	\$45,450

(a) Amount represents non-cash compensation expense recorded by Charles River and Sierra as a result of options under their respective option plans being issued at below fair market value.

(b) Represents expenses incurred by Sierra related to its acquisition of HTI Bio-Services, Inc., and to its acquisition by Charles River; these amounts are considered non-recurring.

(3) Cash interest expense represents total interest expense less amortization of deferred financing costs and other non-cash interest charges.

(4) Cash flow information is not presented with respect to the unaudited pro forma data because a statement of cash flows is not required by Article 11 of SEC Regulation S-X.

(5) For purposes of calculating the ratio of earnings to fixed charges, "earnings" consist of income before income taxes, minority interests and earnings from equity investments less minority interests plus earnings from equity investments plus fixed charges. "Fixed charges" consist of interest expense on all indebtedness, amortization of deferred financing costs and one-third of rental expense from operating leases that we believe is a reasonable approximation of the interest component of rental expense. On a pro forma basis for the fiscal year ended December 25, 1998 and the nine months ended September 25, 1999, fixed charges exceeded earnings by \$6,493 and \$4,467, respectively.

(6) Total debt includes all debt and capital lease obligations, including current portions.

CHARLES RIVER LABORATORIES, INC.
SUMMARY HISTORICAL AND UNAUDITED PRO FORMA
CONSOLIDATED FINANCIAL DATA

The table below presents summary historical and unaudited pro forma consolidated financial data and other data for Charles River. The summary historical consolidated financial data for the fiscal years ended December 28, 1996, December 27, 1997 and December 26, 1998 are derived from our audited consolidated financial statements and the notes thereto included elsewhere in this prospectus. The summary unaudited financial data as of September 25, 1999 and for the nine months ended September 26, 1998 and September 25, 1999 are derived from our unaudited consolidated financial statements and the notes to those statements. In the opinion of management, our unaudited consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial condition and results of operations for these periods. The summary unaudited pro forma consolidated financial data, which assume the transactions had been completed as of such dates, are derived from the Unaudited Pro Forma Condensed Consolidated Financial Data appearing elsewhere in this prospectus. The summary unaudited pro forma consolidated financial data do not purport to be indicative of the results that actually would have been obtained had the Transactions been completed as of such dates and are not intended to be a projection of our future results of operations or financial position. You should read the information contained in this table in conjunction with "Use of Proceeds," "Selected Historical Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Pro Forma Condensed Consolidated Financial Data" and our consolidated financial statements and the notes thereto contained elsewhere in this prospectus.

	Fiscal Year(1)			Nine Months Ended		Pro Forma	
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Selling, general and administrative expenses.....	28,327	30,451	34,142	25,202	29,414	39,052	34,778
Amortization of goodwill and other intangibles.....	610	834	1,287	1,036	1,114	3,354	2,553
Restructuring charges.....	4,748	5,892	--	--	--	--	--
Operating income.....	24,142	22,076	35,325	28,240	33,338	35,535	32,980
Other Data:							
EBITDA, as defined(2).....	\$33,670	\$31,779	\$46,220	\$36,172	\$42,039	\$49,146	\$43,660
Adjusted EBITDA(2).....	39,167	38,528	47,234	37,012	43,378	50,642	45,450
Adjusted EBITDA margin.....	25.2%	22.6%	24.4%	25.4%	26.9%	24.1%	25.7%
Depreciation and amortization.....	\$9,528	\$9,703	\$10,895	\$7,932	\$8,701	\$13,611	\$10,680
Capital expenditures.....	11,572	11,872	11,909	5,834	7,426	13,307	8,398
Cash interest expense(3).....						35,013	28,330
Cash flows from operating activities(4)...	\$20,545	\$23,684	\$36,699	\$23,486	\$19,552		
Cash flows from investing activities(4)...	\$(11,678)	\$(12,306)	\$(22,349)	\$(14,267)	\$(4,751)		
Cash flows from financing activities(4)...	\$(4,068)	\$(12,939)	\$(8,018)	\$(2,412)	\$(34,554)		
Selected Ratios:							
Ratio of earnings to fixed charges(5).....	18.8x	16.5x	25.8x	26.1x	33.7x	1.0x	1.2x
Ratio of Adjusted EBITDA to cash interest expense.....						1.4x	1.6x
Ratio of total pro forma debt to Adjusted EBITDA.....							6.8x

As of September 25, 1999

 Historical Pro Forma

(dollars in thousands)

Balance Sheet Data:

Cash and cash equivalents.....	\$	3,457	\$	3,678
Working capital.....		20,596		32,001
Total assets.....		210,371		332,198
Total debt(6).....		1,033		311,128
Total stockholder's equity.....		148,965		(30,357)

-
- (1) Charles River's fiscal year consists of twelve months ending on the Saturday closest to December 31.
- (2) EBITDA, as defined, represents operating income plus depreciation and amortization. EBITDA, as defined, is presented because it is a widely accepted financial indicator used by some investors and analysts to analyze and compare companies on the basis of operating performance.

Adjusted EBITDA, which represents EBITDA, as defined, adjusted for non-recurring, non-cash and cash items, as appropriate, is presented below because we believe it is a meaningful indicator of Charles River's operating performance and it is the measure by which some of the covenants under the new credit facility are computed.

EBITDA, as defined, and Adjusted EBITDA are not intended to represent cash flows for the period, nor are they presented as an alternative to operating income or as an indicator of operating performance. They should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP in the United States and are not indicative of operating income or cash flow from operations as determined under GAAP. Our method of computation may or may not be comparable to other similarly titled measures of other companies.

The following table sets forth a reconciliation of EBITDA, as defined, to Adjusted EBITDA:

	Fiscal Year			Nine Months Ended		Pro Forma	
	1996	1997	1998	September 26, 1998	September 25, 1999	Fiscal Year Ended 1998	Nine Months Ended September 25, 1999
	(dollars in thousands)						
EBITDA, as defined.....	\$33,670	\$31,779	\$46,220	\$36,172	\$42,039	\$49,146	\$43,660
Restructuring and other charges.....	4,748	5,892	--	--	400	--	400
Dividends received from equity investments.....	725	773	681	681	815	681	815
Charles River non-cash compensation(a).....	24	84	333	159	124	333	124
Sierra non-cash compensation(a).....	--	--	--	--	--	262	--
Non-recurring transaction expenses(b)..	--	--	--	--	--	220	451
Adjusted EBITDA.....	\$39,167	\$38,528	\$47,234	\$37,012	\$43,378	\$50,642	\$45,450
	=====	=====	=====	=====	=====	=====	=====

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- (a) Amount represents non-cash compensation expense recorded by Charles River and Sierra as a result of options under their respective option plans being issued at below fair market value.
- (b) Represents expenses incurred by Sierra related to its acquisition of HTI Bio-Services, Inc., and to its acquisition by Charles River; these amounts are considered non-recurring.
- (3) Cash interest expense represents total interest expense less amortization of deferred financing costs and other non-cash interest charges.
- (4) Cash flows information is not presented with respect to the unaudited pro forma data because a statement of cash flows is not required by Article 11 of SEC Regulation S-X.
- (5) For purposes of calculating the ratio of earnings to fixed charges, "earnings" consist of income before income taxes, minority interests and earnings from equity investments less minority interests plus earnings from equity investments plus fixed charges. "Fixed charges" consist of interest expense on all indebtedness, amortization of deferred financing costs and one-third of rental expense from operating leases that we believe is a reasonable approximation of the interest component of rental expense.
- (6) Total debt includes all debt and capital lease obligations, including current portions.

RISK FACTORS

In addition to the other matters described in this prospectus, you should carefully consider the risk factors set forth below.

Risks relating to our debt

We have a significant amount of debt, which could limit our growth and our ability to respond to changing conditions

On a pro forma basis, after giving effect to the Transactions, as of September 25, 1999, Charles River and Holdings had (a) total combined indebtedness of approximately \$382.8 million; and (b) approximately \$28 million of borrowings available under our new credit facility, subject to customary conditions. In addition, subject to the restrictions in our new credit facility and the indenture governing the notes, we may incur significant additional debt, which may be secured, from time to time.

The level of our debt could have important consequences, including:

- o limiting cash flow available for general corporate purposes, including acquisitions, because a substantial portion of our cash flow from operations must be dedicated to servicing our debt
- o limiting our ability to obtain additional debt financing in the future for working capital, capital expenditures or acquisitions
- o limiting our flexibility in reacting to competitive and other changes in our industry and economic conditions generally

Though we currently have enough cash to service our debt, we may not in the future

Our ability to pay or to refinance our indebtedness will depend upon our future operating performance, which will be affected by general economic, financial, competitive, legislative, regulatory, business and other factors beyond our control.

We anticipate that our operating cash flow, together with money we can borrow under our new credit facility, will sufficiently meet our anticipated future operating expenses, fund capital expenditures and pay our debt as it becomes due. If we still are unable to pay our debt, we could attempt to restructure or refinance our debt or seek additional equity capital. We may not be able to accomplish these actions on favorable financial terms, if at all, and this inability may reduce our flexibility, potential for growth and ability to make interest or principal payments on our debt.

We may in the future incur significant additional debt in order to fund our working capital or capital expenditure needs, or to acquire other businesses. If our cash flow were to decline, or our debt levels or interest rates were to increase, the risks that we face in terms of our ability to service debt could intensify.

Restrictive covenants in our indenture and new credit facility may adversely affect us by limiting the types of transactions we can enter into and potentially leading to a default and our debt becoming immediately due and payable

The indenture governing the notes contains various covenants that limit our ability to engage in particular transactions. These covenants limit, among other things, our ability, and the ability of some of our subsidiaries, to:

- o borrow money
- o create liens

- o engage in sale-leaseback transactions
- o pay dividends on stock or repurchase stock
- o make particular investments
- o engage in transactions with affiliates or
- o sell particular assets or merge with or into other companies

In addition, our new credit facility contains other and more restrictive covenants and prohibits us from prepaying our subordinated debt, including the notes. Our new credit facility also requires us to maintain specified financial ratios and satisfy some other financial condition tests, such as requiring us to maintain a minimum EBITDA, minimum coverage of interest expense, minimum coverage of fixed charges and a maximum leverage ratio. We currently comply with such ratios and tests; however, events beyond our control may affect our ability to meet these financial ratios and tests in the future. A breach of any of these covenants could cause us to default under our new credit facility and/or the notes. If we default under our new credit facility, which includes a cross default to debt of Holdings, the lenders could elect to declare all amounts outstanding under our new credit facility to be immediately due and payable and terminate all commitments to extend further credit to us. We pledged substantially all of our assets, other than assets of our foreign subsidiaries, as security under our new credit facility. If the lenders under our new credit facility make our borrowing immediately due and payable, we may not have sufficient assets to repay our debts under the new credit facility and our other debt. If we are not able to repay amounts due under our new credit facility, the lenders could proceed against the collateral granted to them to secure that debt.

Risks relating to our business

"Contaminations" can damage our inventory and result in decreases in sales

On a pro forma basis, research models accounted for 62% of our net sales for the nine-month period ended September 25, 1999. We breed research models that are free of particular agents, such as viruses and bacteria, which when present can distort or otherwise compromise the quality of research results. We also produce fertile chicken eggs that must be free of particular contaminants in order to be used in poultry and human vaccine production. Introduction of an otherwise foreign agent within any one of our over 150 isolated breeding rooms or 50 poultry houses could disrupt our disease-free animal production and result in a decrease in sales and harm our reputation. These disruptions or contaminations can arise from several factors or conditions, including:

- o a supervisor's or animal care technician's failure to oversee or follow operating protocols
- o compromised breed stock
- o an erosion in a "clean room's" equipment or structure

Such contaminations typically results in the "recycling" or cleaning up of the contaminated room, which in turn results in inventory loss, clean-up and start-up costs, and can reduce sales as a result of lost customer orders and credits for prior shipments. These contaminations are unanticipated and difficult to predict. We experienced several material contaminations in 1996 and a few significant contaminations in 1997 that adversely impacted our 1996 and 1997 financial results. We experienced no significant contaminations in 1998. Future contaminations may harm our reputation for providing high quality products. In the event of a known contamination, we immediately notify our customers. While avoidance of contaminations in our research model and SPF egg facilities around the world is our highest operational priority, with several worldwide programs in place, it is possible that we may experience future contaminations that will negatively impact our operations and financial results as described above.

We are dependent on particular industries; mergers or combinations of companies in the pharmaceutical industry may decrease demand for our business

Our sales are highly dependent on research and development expenditures by the pharmaceutical and, to a lesser extent, biotechnology industries. Our revenues could be negatively affected by general economic downturns in our clients' industries, or any decrease in research and development expenditures.

Over the past several years, companies in the pharmaceutical industry has undergone a period of significant mergers and combinations, particularly in Europe, a trend that many industry experts expect to continue. After recent mergers and combinations, some customers combined or otherwise reduced their research and development operations, resulting in fewer animal research activities. Due to these mergers and combinations, we have experienced both temporary disruptions and permanent reductions in purchases of our research models by some of our customers. Mergers and combinations within the industry may also lead to reduced demand as our customers eliminate redundant research activities. Future mergers and combinations in the pharmaceutical industry could result in additional disruptions and reductions in purchasing and consequently adversely affect our results of operations.

The outsourcing trend in the pharmaceutical industry, whereby companies contract out to others functions that were previously performed internally, may decrease, which could affect our growth

Some of our biomedical products and services businesses have grown significantly as a result of the increase over the past several years in pharmaceutical companies outsourcing their non-clinical research support activities. While industry analysts expect the outsourcing trend to continue for the next several years, a substantial decrease in outsourcing activity could result in a diminished growth rate in the sales of one or more of our expected higher growth businesses.

Displacement technologies may be developed, validated and increasingly used in biomedical research, and as a result could reduce demand for some of our products

For many years, groups within the scientific and research community have attempted to develop models, methods and systems that would replace or supplement the use of living animals as test subjects in biomedical research. While companies have developed several techniques that have scientific merit, especially in the area of cosmetics and household product testing (markets in which we are not active), only a few companies have validated and successfully deployed alternative test methods in the discovery and development of effective and safe treatments for human and animal disease conditions. The principal validated in vitro or non-animal test system is the LAL, or endotoxin testing system, a technology which we acquired and have aggressively marketed as an alternative to an animal test. While we would expect to participate in some fashion with any in vitro method as it becomes validated as a research model alternative or adjunct in our markets, these methods may not be available to us or we may not be successful in commercializing these methods. Even if we are successful, net sales from these methods may not offset reduced research model net sales, which would harm our results of operations.

In our SPF egg business, researchers have developed recombinant technologies that could displace particular avian vaccine applications for SPF eggs. "Recombinant technologies" refers to technologies related to the manipulation of DNA in a cell. At this time, we do not believe that these technologies can compete with SPF eggs from a cost or performance standpoint, but it is possible that recombinant technologies may improve in the future until they become a commercially viable alternative to SPF eggs.

In our endotoxin testing business, researchers are in the early stages of developing a potential recombinant alternative to the naturally occurring LAL product. We intend to collaborate with an academic research group with early stage proprietary technology. While we do not expect the recombinant technology to be a viable commercial alternative to LAL, due to cost and performance deficiencies, it is possible that a technology derived in vitro may be developed, which would make our product obsolete.

Such alternative research methods would 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.

Animal rights issues could increase the costs of our primate business, as well as our overall business

Although our primate business constitutes a small part of our overall business, it has from time to time been subjected to animal rights media attention and on-site protests, especially at our small import facility located in England. In addition, animal rights activists have also focused on Sierra's business, which involves large animals. Our core research models of rats, mice and other rodents have not historically been the subject of such protests, but may be in the future. Protests and demonstrations by animal rights activists may lead our customers, many of whom are concerned with public perception, to decide to decrease their business with us. In addition, animal rights activists have made threats against our facility located in England, which may result in property damages, or require us to incur expenses in protecting our employees and our facility and subject us to liabilities.

Some of our businesses are dependent on a few sources of animal suppliers and supply and if we are unable to obtain resources from those suppliers, our revenues may be adversely affected

Our primate import business is dependent on animals both captured and bred on the island of Mauritius. These animals are unique in that they are naturally free of herpes B virus, which is important to our customers. While we have a long-term supply agreement with Bioculture Mauritius Ltd., the leading provider of these animals, and supply has not been disrupted since we commenced importing these animals a decade ago, it is possible that temporary or permanent obstacles to their continued supply may arise, including:

- o export or import restrictions or embargos
- o government or economic instability in Mauritius
- o severe weather conditions in Mauritius

Sierra also depends on a supply agreement with Scientific Resources International, Ltd., a provider in China. Any disruption of this supply may negatively effect its business if Sierra could not remove the disruption or if it was unable to secure an alternative source or secondary source on comparable commercial terms.

Our endotoxin testing business is dependent on the plentiful availability of horseshoe crabs, the blood of which is used to produce the test material. It is possible that horseshoe crabs may be subject to regulatory or other restrictions in the future.

If we are not able to obtain these animals from our existing sources, we may not be able to find an alternative source on commercially reasonable terms, or delivery to our customers may be delayed.

Our supply of animal feed may be interrupted by the bankruptcy of our commercial supplier Purina Mills, Inc.

Purina Mills, Inc., our commercial supplier of animal feed for our United States research model business has filed for reorganization under the U.S. Bankruptcy Code; however, we do not expect this to interrupt our supply of animal feed. In addition, we believe an alternative or secondary source of animal feed could be secured if necessary on terms comparable with our current supplier; however, it is possible that we may not be able to secure an alternative or secondary source on comparable commercial terms, and our costs of animal feed may increase.

Factors such as exchange rate fluctuations and increased international and U.S. regulatory requirements may increase our costs of doing business in foreign countries

Approximately 46%, 41%, 40% and 35% of our net sales for 1996, 1997, 1998 and the nine months ended September 25, 1999 were derived from our operations outside the United States. In addition, approximately 35% of our pro forma net sales for the nine-month period ended September 25, 1999 were derived from operations outside the United States. Our operations and financial results could be significantly affected by factors such as changes in foreign currency rates, uncertainties related to regional economic circumstances and the costs of complying with a wide variety of international and United States regulatory requirements.

Because the sales and expenses of our foreign operations are generally denominated in local currencies, exchange rate fluctuations between local currencies and the United States dollar will subject us to currency

translation risk with respect to the reported results of our foreign operations. These fluctuations may decrease our earnings. We currently do not hedge against the risk of exchange rate fluctuations.

We face significant competition in our business and if we are unable to respond to competition in our business, our revenues may decrease

We have different competitors in each of our business areas. We primarily compete against smaller companies, which only provide a few services in our research models business, and numerous other companies of varying sizes in our biomedical products and services business. A few of our competitors in our biomedical products and services business are larger than we are and may have greater capital, technical and other resources than we do; however, many are smaller and more regionalized. Of all of our businesses, we have the smallest relative share in the biosafety testing market, where the market leader is a well established company. Expansion by our competitors in other areas in which we operate could affect our competitive position. We generally compete on the basis of quality, reputation, and availability, which is supported by our international presence with strategically located facilities. However, it is possible that we may not be able to compete favorably in these areas in the future, and therefore, our revenues may decrease or our growth may be limited.

If we cannot retain key personnel, our business may suffer

Our success depends to a significant extent on the continued services of our senior management and other members of management. James C. Foster, our President, Chief Executive Officer and director, has been with Charles River for over 23 years holding various positions, with him serving as our President and Chief Executive since 1992. We have no employment agreement with Mr. Foster, nor with any other named executive. If Mr. Foster or other members of management do not continue in their present positions, our business may suffer.

Some of our biomedical products and services businesses, most notably the Special Animal Services and biosafety testing businesses, are particularly dependent on the retention and recruitment of key personnel with highly specialized technical backgrounds. It is possible that we will not be able to continue to recruit and retain key scientific staff necessary to support our service in our higher growth businesses, especially during a period of tight labor markets and this may hurt our operating performance.

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

Since December 31, 1996, we have completed four acquisitions and will continue to review future acquisition opportunities in the ordinary course of our business. However, acquisition candidates may not be available on terms and conditions acceptable to us and potential growth through acquisitions may be limited. Acquisitions involve numerous risks, including, among other things:

- o difficulties and expenses incurred in connection with the acquisitions and subsequent assimilation of the operations and services or products of the acquired companies
- o the difficulty of operating new businesses and the diversion of management's attention from other business concerns
- o the potential loss of key employees of the acquired company

Acquisitions of foreign companies also may involve the additional risks of assimilating differences in foreign business practices and overcoming language barriers. In the event that the operations of an acquired business do not live up to expectations, we may be required to restructure the acquired business. It is possible that we may not be able to successfully integrate our past and any future acquisitions, including the Sierra Acquisition, into our operations.

We are controlled by our principal shareholders whose interests may differ from your interests

Circumstances may occur in which the interests of our principal shareholders could be in conflict with your interests. In addition, these shareholders may have an interest in pursuing transactions that, in their judgment, enhance the value of their equity investment in our company, even though such transactions may involve risks that you may not want to assume as a holder of the warrants or common stock of Holdings.

Most of our outstanding shares of common stock are directly or indirectly held by the DLJMB Funds. As a result of their stock ownership, the DLJMB Funds control us and indirectly have the power to:

- o elect most of our directors
- o appoint new management
- o approve any action requiring the approval of the holders of common stock, including adopting amendments to our certificate of incorporation and approving recapitalizations or sales of all or substantially all of our assets

The directors elected by the DLJMB Funds will have the ability to control decisions affecting our capital structure, including the issuance of additional capital stock, the implementation of stock repurchase programs and the declaration of dividends.

The general partners of each of the DLJMB Funds are affiliates or employees of Donaldson, Lufkin & Jenrette, Inc. Donaldson, Lufkin & Jenrette Securities Corporation, which was the initial purchaser of the units, is an affiliate of Donaldson, Lufkin & Jenrette, Inc., as is DLJ Capital Funding, Inc., which is the lead arranger, syndication agent and a lender under our new credit facility.

Our historical financial information may not be representative of our results as a separate company

The historical financial information we have included in this prospectus may not reflect what our results of operations, financial position and cash flows would have been had we been a separate, stand-alone company during the periods presented. In addition, the information may not reflect what our results of operations, financial position and cash flows will be in the future. Various adjustments and allocations were made to the historical financial statements in this prospectus because Bausch & Lomb Incorporated did not account for us as a single stand-alone business for all periods presented. The adjustments and allocations we have made in preparing our historical and pro forma consolidated financial statements may not appropriately reflect our operations during the periods presented as if we had operated as a stand-alone company.

We must comply with many federal, state and local rules and regulations which could impose unanticipated costs, limit our flexibility in growing our business and restrict our business opportunities

Our business is affected by FDA regulations and similar foreign regulations which may affect the demand for our products

Our endotoxin testing business is regulated as a medical device manufacturer under FDA regulations. We received a "warning letter" from the FDA earlier last year, citing quality control and other problems in our operation at our Charleston, South Carolina facility which the agency considered to be in violation of the laws or regulations enforced by the FDA. While the FDA has allowed our operation to continue to manufacture and sell the LAL product line produced at the Charleston facility, we must make prescribed changes to our production and quality control systems in order to maintain our license to manufacture at that facility. We expect to be able to meet all of the FDA's requirements in the near future, and have already made considerable progress in addressing the non-compliance issues, but it is possible that the FDA may conclude that our corrective actions are inadequate. If the FDA finds that we have not corrected the deficiencies noted in the warning letter, the agency could, among other things:

- o issue another warning letter
- o request that we enter into a consent decree
- o prohibit new product introductions
- o institute a product recall
- o prohibit us from shipping products until all deficiencies are corrected to its satisfaction
- o temporarily revoke our manufacturing license

Any of these actions could impose additional costs and affect our ability to provide our customers with products.

Our business may be affected by changes in the Animal Welfare Act and related regulations which may require us to alter our operations

Some of our business activities are currently regulated by the Animal Welfare Act, which governs the treatment of some animals intended for use in research. Much of our United States small animal research model business, which is predominantly rats and mice, is not subject to regulation under the Animal Welfare Act. However, we comply with licensing and registration requirement standards set by the USDA for handling animals, including breeding, maintenance and transportation of our animals. Birds, including the chickens used in our United States SPF egg business, are also not subject to Animal Welfare Act regulations. However, the USDA, which enforces the Animal Welfare Act, is presently considering changing the regulations issued under the Animal Welfare Act, in light of judicial action, to include rats, mice and birds within its coverage. The Animal Welfare Act imposes a wide variety of specific regulations on producers and users of animal subjects, most notably cage size, shipping conditions and environmental enrichment methods. Should the USDA decide to include rats, mice and birds, especially chickens, in its regulations, we could be required to alter our production operation for these models, including adding production capacity, new equipment and additional employees. While we believe that application of the Animal Welfare Act to our rats, mice and SPF egg businesses in the United States will not result in loss of net sales, margin or market share, since all producers and users are subject to the same regulations, it is possible that the USDA's actions will negatively affect our operations. In addition, although we do not anticipate the addition of rats, mice and birds to the Animal Welfare Act to require significant expenditures, it is possible that the Animal Welfare Act, when amended, may be more stringent than we expect and require significant expenditures. Any future amendments to the Animal Welfare Act or other laws or regulations may also require significant expenditures by us.

In addition, some states have their own regulations, including general anti-cruelty legislation, which establish standards in handling animals. To the extent that we provide products and services overseas, we also have to comply with foreign laws, such as the European Convention for the Protection of Animals During International Transport and other anti-cruelty laws. The Council of Europe is presently considering proposals to more stringently regulate animal research.

If we do not comply with such laws and regulations described above, it can result in significant civil and criminal penalties.

We have been engaged in legal disputes over environmental compliance at our Florida Keys primate business for many years and may incur substantial costs to resolve these disputes

For two decades we raised rhesus monkeys on two islands in the Florida Keys. We recently sold the assets of this rhesus primate breeding business to Merck & Co. Federal, state and local environmental and wildlife authorities, as well as private environmental advocacy groups, have challenged the continuing legality of this operation. They have cited damage to a subsequently protected plant species, mangroves, resulting from the free range conditions in which we have maintained the primates. To settle our disputes, we have agreed to move the primates off the islands and thereafter transfer the real property to the government. We have also agreed to reforest the islands at our cost, restoring them to their conditions prior to our arrival. While we believe the reforestation process

can be efficiently completed within a reasonable period, the reforestation process may not be successful. Also there may be further disputes with environmental authorities relating to this reforestation obligation in which restitution costs, damages and penalties may be assessed.

Healthcare reform could reduce or eliminate our business opportunities

The healthcare industry is subject to changing political, economic and regulatory influences that may affect the pharmaceutical and biotechnology industries. Government healthcare reform, most notably price controls on new drugs, may adversely affect research and development expenditures by pharmaceutical and biotechnology companies, resulting in a decrease of the business opportunities available to us. Many foreign governments have also reviewed or undertaken healthcare reform, and we cannot predict the impact that any pending or future healthcare reform proposals may have on our business in foreign countries.

Our business may be disrupted by year 2000 problems

Prior to January 1, 2000, there was a great deal of concern regarding the ability of computers to adequately recognize 21st century dates from 20th century dates due to the two-digit date fields used by many systems. Most reports to date, however, are that computer systems are functioning normally and the compliance and remediation work accomplished during the years leading up to 2000 was effective to prevent any problems. We have not experienced any such computer difficulty, however, computer experts have warned that there may still be residual consequences of the change in centuries and any such difficulties may, depending upon their pervasiveness and severity, negatively effect on our business, financial condition and results of operations.

If we cannot obtain consents and approvals from third parties required as a result of the change in control of our company, our business may be negatively disrupted

A substantial number of our material agreements, including supply agreements, license agreements, joint venture agreements and service agreements contain provisions that require consents and/or approvals from third parties, including government entities, in case of a change in control of our company. In addition, a substantial number of our leases contain provisions prohibiting such change in control or permitting the landlord to terminate the lease upon a change in control. The Recapitalization constituted a change of control as defined in those agreements. We have received the necessary consents and/or approvals from third parties to our material agreements, except those from government entities. Consents from government entities generally require post-transaction disclosure which is in process, and we expect to receive such consents. We may not be able to obtain from government entities all of the consents and/or approvals that are triggered by the change in control of our company.

There are no public trading markets for the warrants and the common stock of Holdings issuable upon conversion of the warrants which may limit your ability to sell the warrants and such common stock

There is currently no active trading markets for the warrants and the common stock of Holdings issuable upon conversion of the warrants. As a result, quotes for such warrants and shares will likely not be readily available. Further, there can be no assurances as to the liquidity of or the ability of the holders to sell their securities, or the price at which holders would be able to sell their securities.

The trading price of the securities depends on the market for similar securities and other factors, including economic conditions and our financial condition, performance and prospects.

You may not receive dividends, and therefore, capital appreciation may be the sole means by which holders of Holdings common stock will realize a return on their investment

Holdings has not paid dividends to date on the Holdings common stock or any other securities and will not pay any dividends on the Holdings common stock or any other securities in the foreseeable future. Therefore, capital appreciation may be the sole means by which holders of Holdings common stock will realize a return on their investment. Holdings is a holding company that is dependent on distributions from its subsidiaries to meet its cash requirements. The terms of the indenture governing notes issued by Charles River and the new credit facility will

restrict the ability of Charles River to make distributions to Holdings and, consequently, will restrict the ability of Holdings to pay dividends on the Holdings common stock or service its indebtedness. In addition, holders of the warrants will not have the right to receive any dividends so long as their warrants are unexercised.

FORWARD-LOOKING STATEMENTS

This prospectus includes "forward-looking statements" including, in particular, the statements about our plans, strategies and prospects under the headings "Summary," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," and in the Unaudited Pro Forma Financial Information and the related notes. Although we believe that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, we can give no assurance that such plans, intentions or expectations will be achieved. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this prospectus are set forth in this prospectus, including under the headings "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." All forward looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements and risk factors contained throughout this prospectus.

INDUSTRY AND MARKET DATA

In this prospectus, we rely on and refer to information and statistics regarding the research model and biomedical products and services industries, and our market share in the sectors in which we compete. We obtained this information and statistics from various third party sources, discussions with our customers and/or our own internal estimates. We believe that these sources and estimates are reliable, but we have not independently verified them.

THE TRANSACTIONS

The Recapitalization

We entered into a recapitalization agreement dated as of July 25, 1999 with Bausch & Lomb Incorporated ("B&L"), the Rollover Shareholders, Holdings, DLJMB and CRL Acquisition LLC, a wholly owned subsidiary of DLJMB. The recapitalization agreement provided for, among other things:

- o the contribution of all assets and liabilities (except as described below) relating to our business by the Rollover Shareholders to us in exchange for all of our capital stock
- o the exchange by the Rollover Shareholders of their shares of our capital stock for an equivalent ownership of shares of Holdings, so that Holdings will own 100% of our capital stock
- o the Rollover Shareholders retaining some assets including:
 - o substantially all of our cash and cash equivalents as of the day preceding the closing date
 - o all receivables owed by the Rollover Shareholders or their affiliates
- o the Rollover Shareholders retaining some liabilities including:
 - o all indebtedness for borrowed money outstanding immediately prior to the closing date
 - o all payables and other obligations owed to the Rollover Shareholders or any of their affiliates
 - o all tax liabilities relating to pre-closing periods
- o the formation by CRL Acquisition LLC of a wholly owned subsidiary ("Acquisition Subco"). CRL Acquisition LLC and Acquisition Subco were organized by DLJMB for the purpose of consummating the Recapitalization. The DLJMB Funds, management and other investors who previously purchased units contributed equity of \$92.4 million in cash to CRL Acquisition LLC in exchange for all of the membership

interests in CRL Acquisition LLC, and CRL Acquisition LLC then contributed equity of \$92.4 million in cash to Acquisition Subco in exchange for all of the capital stock of Acquisition Subco

- o the merger of Acquisition Subco with and into Holdings, with Holdings being the surviving entity
- o the redemption by Holdings of 87.5% of its capital stock from the Rollover Shareholders for \$400.0 million in cash and a subordinated discount note for \$43.0 million issued by Holdings to the Rollover Shareholders; the Rollover Shareholders retained 12.5% of their equity investment with a fair market value of \$13.2 million

As a result of the Recapitalization, the DLJMB Funds, management and other investors indirectly own (through CRL Acquisition LLC) 87.5% of the capital stock of Holdings and the Rollover Shareholders own 12.5% of the capital stock of Holdings.

The Sierra Acquisition

We acquired Sierra for an initial total purchase price of \$24.0 million, including approximately \$18.0 million in cash paid to former shareholders and assumed debt of approximately \$6.0 million, which we immediately retired. In addition, we have obligations to pay:

- o up to \$2.0 million in contingent purchase price if specified financial objectives are reached by December 31, 2000
- o up to \$10.0 million in performance-based bonus payments if specified financial objectives are reached over the next five years, with no payment in any individual year to exceed \$2.7 million
- o \$3.0 million in retention and non-competition payments contingent upon the continuing employment of specified key scientific and management personnel through June 30, 2001

The Financing

We consummated the Recapitalization and the Sierra Acquisition concurrently (the "effective time"). In order to fund the consideration for the Transactions and pay related fees and expenses:

- o we issued and sold units under an offering memorandum in the aggregate principal amount of \$150.0 million
- o we obtained \$105.6 million in equity investment, consisting of \$92.4 million in cash by the DLJMB Funds, management, and other investors and equity retained by the Rollover Shareholders with a fair value of \$13.2 million
- o we entered into a new \$190.0 million senior secured credit facility, consisting of \$160.0 million of term loan availability and \$30.0 million of revolving loan availability with a group of financial institutions led by DLJ Capital Funding. At the effective time, we borrowed all of the term loans and \$2.0 million of the revolving credit facility. We may use the remaining borrowing availability under the new credit facility for general corporate purposes, subject to some conditions, including the absence of any material adverse change
- o Holdings issued senior discount debentures with other warrants to the DLJMB Funds and other investors for \$37.6 million
- o Holdings issued a subordinated discount note to the Rollover Shareholders for \$43.0 million

Concurrently with the effective time:

- o we dividended \$270.0 million less fees and expenses, which included a portion of the amount received for the units previously offered and under our new credit facility, to Holdings

- o the Rollover Shareholders received cash in the amount of \$400.0 million and a subordinated discount note for \$43.0 million in exchange for 87.5% of their shares of capital stock of Holdings; the Rollover Shareholders retained 12.5% of their equity investment with a fair market value of \$13.2 million

The funding of the Sierra Acquisition was with:

- o available cash
- o a portion of the net proceeds from the units
- o a portion of the borrowings under our new credit facility

The following table sets forth the sources and uses of funds for the Transactions on a pro forma basis.

	As of September 25, 1999
	----- (dollars in thousands)
Sources:	
Available cash.....	\$ 2,508
Borrowings under our new credit facility:	
Revolving credit facility(1).....	2,000
Term loans(2).....	160,000
Units(3).....	150,000
Senior discount debentures with warrants of Holdings (4).....	37,613
Subordinated discount note of Holdings (5).....	43,000
Equity investment by DLJMB Funds, management and other investors...	92,387
Rollover Shareholders' equity.....	13,198

Total sources.....	\$ 500,706
	=====
Uses:	
Recapitalization consideration.....	\$ 443,000
Sierra acquisition consideration(6).....	24,000
Rollover Shareholders' equity.....	13,198
Debt issuance costs.....	13,237
Loans to management.....	920
Transaction fees and expenses(7).....	6,351

Total uses.....	\$ 500,706
	=====

(1) We have availability of \$28.0 million under our new revolving credit facility, subject to customary borrowing conditions. See "Description of New Credit Facility."

(2) Includes a senior secured Term Loan A facility of \$40.0 million and a senior secured Term Loan B facility of \$120.0 million.

(3) Represents the issuance of \$150.0 million of units previously offered which was allocated between senior subordinated notes (\$147.9 million) and the warrants (\$2.1 million).

(4) Investment by the DLJMB Funds in Charles River Laboratories Holdings, Inc..

(5) Investment by the Rollover Shareholders, in Charles River Laboratories Holdings, Inc.

(6) The total Sierra acquisition consideration of \$24.0 million was used to pay existing shareholders (approximately \$18.0 million) and to retire Sierra's existing debt (approximately \$6.0 million).

(7) Includes financial advisory and other fees, and legal, accounting and other professional fees. See "Certain Relationships and Related Transactions."

USE OF PROCEEDS

Our net proceeds from the offering of the units, after deducting the expenses of the Transactions, including discounts and commissions to the initial purchaser, were approximately \$143.2 million. We divvied \$270.0 million less some fees and expenses, consisting of a portion of the net proceeds from the offering together with a portion of the \$162.0 million of initial borrowings under our new credit facility to Holdings. Holdings used the proceeds from this dividend, together with its new equity investment by the DLJMB Funds, management and other investors, proceeds from the issuance of its senior discount debentures with other warrants and its subordinated discount note, to fund the Recapitalization and to pay particular fees and expenses related to the Recapitalization as required by the recapitalization agreement. We used the remaining proceeds to fund the Sierra Acquisition and pay some related fees and expenses. See "The Transactions."

All of the warrants offered hereby are being sold by the warrant holders. Holdings will not receive any proceeds from the sale of the warrants or common stock of Holdings issued upon the exercise of the warrants, other than the payment of the exercise price of the warrants.

DIVIDEND POLICY

Holdings has not paid dividends to date on the Holdings common stock or any other securities and does not anticipate paying any dividends on the Holdings common stock or any other securities in the foreseeable future. Holdings is a holding company that is dependent on distributions from its subsidiaries to meet its cash requirements. The terms of the indenture governing notes issued by Charles River and the new credit facility will restrict the ability of Charles River to make distributions to Holdings and, consequently, will restrict the ability of Holdings to pay dividends on the Holdings common stock or service its indebtedness. In addition, holders of the warrants will not have the right to receive any dividends so long as their warrants are unexercised.

CAPITALIZATION

The following table presents Holdings and Charles River's combined cash and cash equivalents and capitalization as of September 25, 1999 (i) on a historical basis and (ii) as adjusted to give pro forma effect to the Transactions. This table should be read in conjunction with "The Transactions," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations," our consolidated financial statements and notes thereto included elsewhere in this prospectus. See "Unaudited Pro Forma Condensed Consolidated Financial Data."

	As of September 25, 1999	
	Historical	Pro Forma

	(dollars in thousands)	
Debt:		
New credit facility(1):		
Revolving credit facility.....	\$ --	\$ 2,000
Term loans(2).....	--	160,000
Senior subordinated notes(3).....	--	147,872
Senior discount debentures with warrants	--	28,642
Subordinated discount note	--	43,000
Capital lease obligations and other long-term debt...	1,033	1,256
	-----	-----
Total debt.....	1,033	382,770
Redeemable Common Stock.....	--	13,198
Shareholder's equity:		
Common stock.....	1	1
Additional paid-in capital.....	17,836	196,184
Retained earnings.....	142,422	(299,168)
Loans to officers.....	--	(920)
Accumulated other comprehensive income.....	(11,294)	(11,294)
	-----	-----
Total shareholder's equity.....	148,965	(115,197)
	-----	-----
Total capitalization.....	\$ 149,998	\$ 280,771
	=====	=====

(1) We have availability of \$28.0 million under our new revolving credit facility, subject to customary borrowing conditions. See "Description of New Credit Facility."

(2) Includes a senior secured Term Loan A facility of \$40.0 million and a senior secured Term Loan B facility of \$120.0 million.

(3) Represents the offering proceeds of \$150.0 million related to the units which was allocated between the senior subordinated notes (\$147.9 million) and the warrants (\$2.1 million).

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

For the historical periods presented below, Holdings had no assets, liabilities or operations. Therefore, the following table presents Charles River's selected historical consolidated financial data and other data as of and for the fiscal years ended December 31, 1994, December 30, 1995, December 28, 1996, December 27, 1997 and December 26, 1998 and as of and for the nine months ended September 26, 1998 and September 25, 1999. The selected historical consolidated financial data as of and for the three fiscal years ended December 26, 1998 were derived from our audited consolidated financial statements and the notes to those statements. The selected historical consolidated financial data as of and for the fiscal years ended December 31, 1994 and December 30, 1995 and as of and for the periods ended September 26, 1998 and September 25, 1999 were derived from our unaudited consolidated financial statements and the notes to those statements. In the opinion of management, our unaudited consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial condition and results of operations for these periods. The information contained in this table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes thereto contained elsewhere in this prospectus.

	Fiscal Year(1)					Nine Months Ended	
	1994	1995	1996	1997	1998	September 26, 1998	September 25, 1999
	(dollars in thousands)						
Income Statement Data:							
Net sales related to products.	\$128,890	\$133,514	\$146,477	\$156,800	\$169,377	\$128,478	\$139,269
Net sales related to services.	6,857	7,527	9,127	13,913	23,924	17,041	21,827
Total net sales.....	135,747	141,041	155,604	170,713	193,301	145,519	161,096
Cost of products sold.....	78,235	78,877	91,600	102,980	107,146	80,067	84,557
Cost of services provided....	6,857	7,527	6,177	8,480	15,401	10,974	12,673
Selling, general and administrative expenses.....	25,824	27,976	28,327	30,451	34,142	25,202	29,414
Amortization of goodwill and other intangibles.....	437	558	610	834	1,287	1,036	1,114
Restructuring charges.....	4,788	--	4,748	5,892	--	--	--
Operating income.....	19,606	26,103	24,142	22,076	35,325	28,240	33,338
Other income.....	--	--	--	--	--	--	1,441
Interest income.....	149	634	654	865	986	659	496
Interest expense.....	(464)	(768)	(491)	(501)	(421)	(311)	(207)
Gain/(loss) from foreign currency, net.....	39	(68)	84	(221)	(58)	(127)	(143)
Income before income taxes, minority interests and earnings from equity investments.....	19,330	25,901	24,389	22,219	35,832	28,461	34,925
Provision for income taxes....	7,995	10,759	10,889	8,499	14,123	11,280	16,903
Income before minority interests and earnings from equity investments.....	11,335	15,142	13,500	13,720	21,709	17,181	18,022
Minority interests.....	--	(13)	(5)	(10)	(10)	(8)	(10)
Earnings from equity investments.....	1,492	1,885	1,750	1,630	1,679	1,286	1,940
Net income.....	\$12,827	\$17,014	\$15,245	\$15,340	\$23,378	\$18,459	\$19,952
Other Data:							
Depreciation and amortization.	\$9,635	\$9,717	\$9,528	\$9,703	\$10,895	\$7,932	\$8,701
Capital expenditures.....	5,727	10,239	11,572	11,872	11,909	5,834	7,426

	Fiscal Year(1)					Nine Months Ended	
	1994	1995	1996	1997	1998	September 26, 1998	September 25, 1999
	(dollars in thousands)						
Ratio of earnings to fixed charges(2).....	21.9x	18.9x	18.8x	16.5x	25.8x	26.1x	33.7x
Balance Sheet Data (at end of period):							
Cash and cash equivalents.....	\$9,584	\$15,336	\$19,657	\$17,915	\$24,811	\$25,184	\$3,457
Working capital.....	23,366	35,901	45,204	41,746	37,422	48,457	20,596
Total assets.....	164,680	184,271	196,981	196,211	233,410	222,092	210,371
Total debt(3).....	4,142	4,626	1,645	1,363	1,582	1,462	1,033
Total shareholder's equity....	126,000	142,212	153,818	149,364	168,259	165,324	148,965

(1) Our fiscal year consists of twelve months ending on the Saturday closest to December 31.

(2) For purposes of computing the ratio of earnings to fixed charges, "earnings" consist of income before income taxes, minority interests and earnings from equity investments less minority interests plus earnings from equity investments plus fixed charges. "Fixed charges" consist of interest expense on all indebtedness, amortization of deferred financing costs and one-third of rental expense from operating leases that we believe is a reasonable approximation of the interest component of rental expense.

(3) Total debt includes all debt and capital lease obligations, including current portions.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated financial statements and our unaudited pro forma condensed consolidated financial statements, including the notes thereto, included elsewhere in this prospectus.

This discussion contains forward-looking statements which involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in "Risk Factors."

HOLDINGS

Holdings is a holding company and does not have any material operations or assets other than its ownership of all of the capital stock of Charles River.

CHARLES RIVER

Overview

We are a global market leader in the commercial production and supply of animal research models for use in the discovery, development and testing of new pharmaceuticals. The expansion of our core capabilities in research models has enabled us to become a leading supplier of related biomedical products and services in several specialized niche markets.

We operate in two segments for financial reporting purposes--research models and biomedical products and services. On a pro forma basis, research models accounted for 62%, and biomedical products and services accounted for 38%, of net sales for the nine-month period ended September 25, 1999. Over the same period, Charles River and Holdings reported pro forma net sales of \$177.1 million and pro forma combined Adjusted EBITDA of \$45.4 million. Adjusted EBITDA represents EBITDA, as defined, adjusted for non-recurring, non-cash and cash items, as appropriate, which are more fully described on page 6. We present Adjusted EBITDA because we believe it is a meaningful indicator of Charles River's operating performance, and it is the measure by which some of the covenants under the new credit facility are computed. EBITDA, as defined, and Adjusted EBITDA are not intended to represent cash flows for the period, nor are they presented as an alternative to operating income or as an indicator of operating performance. They should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP in the United States and are not indicative of operating income or cash flow from operations as determined under GAAP. Our method of computation may not be comparable to other similarly titled measures of other companies.

Sierra, which we recently acquired, is a pre-clinical biomedical services company with expertise in drug safety and effectiveness assessment studies using research models. Sierra offers its services to biotechnology, pharmaceutical and medical device companies that are principally focused on conducting studies needed in the early stages of drug development, especially those that require highly specialized scientific capabilities. Sierra has expertise in conducting critical developmental studies on potential new drugs and devices using research models, including short-term evaluations of potential new treatment for human or animal disease conditions.

Net Sales. We recognize net sales when a product is shipped or as services are rendered. Over the past three years, unit volume of small animal research models has increased modestly in North America and has decreased modestly in Europe. During the same period, sales in both North America and Europe have increased, principally as a result of price increases and a shift in mix towards higher priced research models. In recent years, we have increased our focus on the sale of specialty research models, such as special disease models, which have contributed to additional sales growth.

Our customers typically place orders for research models with less than a week's lead time. Meeting such demand requires efficient inventory management and strong customer service support. We improved inventory availability in the

last two years through better forecasting and production mix, and most importantly, improved biosecurity, thereby reducing the possibility of contaminations.

Biomedical products and services have grown at a compounded rate of 31% from 1996 to 1998 and accounted for 30% of our sales in 1998, compared to 22% in 1996. Our growth in this business demonstrates our ability to capitalize on our core research model technology and enter into related product development activities undertaken by our customers.

Pricing. We maintain published list prices for all of our research models, biomedical products and some of our services. We also have pricing agreements with our customers which provide some discounts, usually based on volume. Many of our services are based on customized orders and are priced accordingly. While pricing has been competitive, some of our products are priced at a premium due to the higher quality, better availability, and superior customer support that our customers associate with our products.

Biosecurity. Biosecurity is our highest operational priority. Prior breaches of biosecurity have adversely affected our results of operations, and we cannot assure you that future breaches would not materially affect our results of operations. A biosecurity breach typically results in additional expenses from the need to "recycle" or clean up the contaminated room, which in turn results in inventory loss, clean-up and start-up costs, and can reduce net sales as a result of lost customer orders and credits for prior shipments. We experienced several significant contaminations in 1996 and a few significant contaminations in 1997, both in our isolation rooms for research models and in our poultry houses for SPF eggs. As a result, our net sales in 1996 and 1997 were adversely affected by our inability to fulfill customer orders and our expenses were increased during those periods by the costs associated with cleaning up the contaminations. Since December 31, 1996, we have made over \$6.0 million of capital expenditures designed to strengthen our biosecurity, primarily by upgrading our production facilities. In addition, we have made significant changes to our operating procedures for isolation rooms and poultry houses designed to further minimize the risks of contamination, including, for example, increasing the frequency of replacing masks and gowns, and most importantly, increasing awareness and training among our employees. These improvements to our operating procedures increased annual ongoing biosecurity related expenses by approximately \$0.5 million in 1998. While we cannot assure you that we will not experience future significant isolation room or poultry house contaminations in the future, these changes have contributed to our absence of significant contaminations during 1998 and the first nine months of 1999.

Acquisitions. Since December 31, 1996, we have successfully acquired and integrated four companies, which contributed \$6.3 million in sales in 1998, or 3.3% of total sales. We acquired Sierra for an initial total purchase price of \$24.0 million, including approximately \$18.0 million in cash paid to former shareholders and assumed debt of approximately \$6.0 million, which we immediately retired. In addition, we have agreed to pay (a) up to \$2.0 million in contingent purchase price if specified financial objectives are reached by December 31, 2000, (b) up to \$10.0 million in performance-based bonus payments if specified financial objectives are reached over the next five years, with no payment in any individual year to exceed \$2.7 million, and (c) \$3.0 million in retention and non-competition payments contingent upon the continuing employment of specified key scientific and managerial personnel through June 30, 2001.

The \$2.0 million in contingent purchase price will, if paid, increase goodwill and/or other identifiable intangibles by the same amount and not affect our results of operations except through the subsequent related amortization expense and any interest expense related to any borrowings necessary to finance such payment. The \$10.0 million in performance-based bonus payments, will, if paid, be expensed during the period in which it becomes reasonably certain that such financial objectives will be achieved. We will expense the \$3.0 million in retention and non-competition payments over the next two years. The contingent purchase price and performance-based bonus payments are not reflected in the pro forma financial data included elsewhere herein because they are not considered reasonably estimable; the retention and non-competition payments are not included in the pro forma financial data as they are considered non-recurring.

Joint Ventures. We have two unconsolidated joint ventures which are accounted for under the equity method. Our largest is Charles River Japan, which we own 50%/50% with Ajinomoto Co., Inc., and is an extension of our research model business. Our royalty agreement provides us with 3% of the sales of locally produced research models. We also receive dividends based on our pro-rata share of 50% of net income. Dividends received from Charles River Japan were \$0.7 million, \$0.8 million and \$0.7 million in 1996, 1997 and 1998, respectively. In addition, we received dividends of \$0.8 million in 1999. Our other unconsolidated joint venture is Charles River Mexico, an extension of our SPF eggs business, which is not significant to our operations.

Restructuring Program. During 1996 and 1997, we implemented two restructuring programs. Our plans, which were submitted to and approved by B&L, were designed to reduce excess capacity, increase efficiencies, eliminate nonessential operating and staff personnel, and close several small product-lines.

In 1996, we established a restructuring reserve in the amount of \$4.7 million, based on our plan to close some animal facilities in the U.S., eliminate personnel in U.S., Europe and elsewhere, and close an animal facility in Germany. These were areas in our business where due to excess capacity or staff, financial performance was below expectations. These actions, which were completed in 1996, had the impact of reducing cost of products sold and services provided and selling, general and administrative expenses. These initiatives contributed to improved profitability by eliminating costs, and improving operating efficiencies in all areas targeted. When we prepared our restructuring program, we estimated we would save approximately \$2.6 million on an annual basis. While we were successful in reducing our headcount, closing the small product lines and reducing our excess capacity, we did not achieve all of the efficiencies we had hoped for and our savings were somewhat less than planned. After 1997, we have not continued to track expense savings, in part because the continuous evolution and changes that take place in our business make this difficult, and in addition, the value of monitoring the savings diminishes over time.

In 1997, we established a restructuring reserve in the amount of \$5.9 million, based on our plan to close particular facilities and eliminate personnel in our SPF egg business, eliminate personnel in Europe, reduce corporate staff, and relocate our primate colony. We have completed the actions underlying this plan and such actions had the impact of reducing cost of products sold and services provided and selling, general and administrative expenses. This had the impact of improving profitability in those areas affected. At the time we prepared our restructuring program, we estimated we would save approximately \$3.1 million on an annual basis. While our savings were significant, we did not achieve our original estimate, principally because we have not realized any benefit from the relocation of our primate colony, which has just been completed. Since we are currently in the process of selling the entire colony, we are unable to measure the positive impact of the relocation.

Allocation of Costs from Bausch & Lomb. Historically, B&L charged us for some direct expenses, including insurance, information technology and other miscellaneous expenses, based upon actual charges incurred on our behalf. However, these charges and estimates are not necessarily indicative of the costs and expenses which would have resulted had we incurred these costs as a stand-alone entity. The actual amounts of expenses we incur in future periods may vary significantly from these allocations and estimates. We expect to incur other incremental expenses as a stand-alone company. See "Unaudited Pro Forma Condensed Consolidated Financial Data."

The Transactions. The Recapitalization, which was consummated on September 29, 1999, was accounted for as a leveraged recapitalization, which will have no impact on the historical basis of our assets and liabilities. The Sierra Acquisition was accounted for under the purchase method of accounting with the purchase price allocated to the assets and liabilities of Sierra based on an estimate of their fair value, with the remainder, if any, being allocated to goodwill. On a pro forma basis, we incurred various costs of approximately \$19.6 million (pre-tax) in connection with consummating the Transactions. We will capitalize and amortize the portion of these costs that represents deferred financing costs over the life of the related financing. We will charge a portion of the expenses related to the Recapitalization to retained earnings and include in the purchase price the portion related to the Sierra Acquisition.

Deferred Tax Assets. In conjunction with the Recapitalization, we will make an election under section 338(h)(10) of the Internal Revenue Code of 1986, as amended. Such election results in a step-up in the tax basis of the underlying assets. The resulting net deferred tax asset of \$88.1 million is expected to be realized over 15 years through future tax deductions which are expected to reduce future tax payments. See Note (e) to the Unaudited Pro Forma Condensed Consolidated Balance Sheet included in the Unaudited Pro Forma Condensed Consolidated Financial Data.

Results of Operations

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

	Fiscal Year Ended			Nine Months Ended	
	December 28, 1996	December 27, 1997	December 26, 1998	September 26, 1998	September 25, 1999
Net sales.....	100.0%	100.0%	100.0%	100.0%	100.0%
Costs of products sold and service provided....	62.8	65.3	63.4	62.6	60.4
Selling, general and administrative expenses...	18.2	17.8	17.7	17.3	18.3
Amortization of goodwill and other intangibles.	0.4	0.5	0.7	0.7	0.7
Restructuring charges.....	3.1	3.5	--	--	--
Operating income.....	15.5	12.9	18.2	19.4	20.6
Net income.....	9.8%	9.0%	12.1%	12.7%	12.4%
	=====	=====	=====	=====	=====

Nine Months ended September 25, 1999 Compared to Nine Months ended September 26, 1998

Net Sales. Net sales for the first nine months of 1999 were \$161.1 million, an increase of \$15.6 million, or 10.7%, from \$145.5 million in the first nine months of 1998.

Research Models. Net sales of research models for the first nine months of 1999 were \$109.2 million, an increase of \$6.0 million, or 5.8%, from \$103.2 million for the first nine months of 1998. Sales increased due to the increase in small animal research model sales in North America and Europe, resulting from improved pricing, a more favorable product mix and an increase in unit volume. We also experienced growth in our primate import and conditioning business, mainly due to pricing.

Biomedical Products and Services. Net sales of biomedical products and services for the first nine months of 1999 were \$51.9 million, an increase of \$9.6 million, or 22.7%, from \$42.3 million for the first nine months of 1998. At the beginning of the second quarter of 1998, we acquired two new businesses that contributed \$2.8 million of this sales growth. The remaining increase was due to significant sales increases of Special Animal Services and Endotoxin testing kits, and sales from our facility management contracts, primarily due to better customer awareness of our outsourcing solutions.

Cost of Products Sold and Services Provided. Cost of products sold and services provided for the first nine months of 1999 was \$97.2 million, an increase of \$6.2 million, or 6.8%, from \$91.0 million for the first nine months of 1998.

Research Models. Cost of products sold and services provided for research models for the first nine months of 1999 was \$65.4 million, an increase of \$1.7 million, or 2.7%, compared to \$63.7 million for the first nine months of 1998. Cost of products sold and services provided for the first nine months of 1999 was 59.9% of net sales compared to 61.7% of net sales for the first nine months of 1998. Cost of products sold and services provided increased at a lower rate than net sales due to the more favorable product mix and better pricing, as well as improved capacity utilization.

Biomedical Products and Services. Cost of products sold and services provided for biomedical products and services for the first nine months of 1999 was \$31.8 million, an increase of \$4.5 million, or 16.5%, compared to \$27.3 million for the first nine months of 1998. Cost of products sold and services provided for the first nine months of 1999 was 61.3% of net sales compared to 64.5% of net sales for the first nine months of 1998. Cost of products sold and services provided increased at a lower rate than net sales, due to improved utilization in our SPF egg business, and a favorable sales mix in our Special Animal Services and biosafety testing businesses.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the first nine months of 1999 were \$29.4 million, an increase of \$4.2 million, or 16.7% from \$25.2 million for the first nine months of 1998. Selling, general and administrative expenses for the first nine months of 1999 were 18.2% of net sales, compared to 17.3% of net sales for the first nine months of 1998. Selling, general and administrative expenses also included research and development expense of \$0.4 million for the first nine months of 1999 compared to \$0.8 million for the same period in 1998.

Research Models. Selling, general and administrative expenses for research models for the first nine months of 1999 were \$15.7 million, an increase of \$2.5 million, or 18.9%, compared to \$13.2 million, for the first nine months of 1998. Selling, general and administrative expenses for the first nine months of 1999 were 14.4% of net sales, compared to 12.8% for the first nine months of 1998. The increase was attributable to additional worldwide marketing efforts, additional salespeople in the United States and the impact of selling efforts in Europe for ESD, a business acquired at the end of 1998.

Biomedical Products and Services. Selling, general and administrative expenses for biomedical products and services for the first nine months of 1999 were \$7.5 million, an increase of \$0.9 million, or 13.6%, compared to \$6.6 million for the first nine months of 1998. Selling, general and administrative expenses for the first nine months of 1999 decreased to 14.5% of net sales, compared to 15.6% of net sales for the first nine months of 1998, due to the significant increase in sales.

Unallocated Corporate Overhead. Unallocated corporate overhead, which consists of various corporate expenses, was \$6.2 million for the first nine months of 1999, an increase of \$0.8 million, or 14.8%, compared to \$5.4 million for the first nine months of 1998. The increase resulted from a number of items, the most significant of which related to the write down of a small investment in one of our joint ventures, which is undergoing significant financial difficulties.

Amortization of Goodwill and Other Intangibles. Amortization of goodwill and other intangibles for the first nine months of 1999 was \$1.1 million, an increase of \$0.1 million, or 10.0%, from \$1.0 million for the first nine months of 1998. The increase was due to the effect of three recent acquisitions, two in April 1998 and one in December 1998.

Restructuring Charges. There were no restructuring charges during the nine months ended September 25, 1999 and September 26, 1998. During the nine months ended September 25, 1999, we charged \$0.8 million of previously reserved for costs against the recorded restructuring reserves. The remaining reserves, which primarily relate to continuing severance payments and relocation and refoiliation costs, are expected to be fully utilized by the end of 1999.

Operating Income. Operating income for the first nine months of 1999 was \$33.3 million, an increase of \$5.1 million, or 18.1%, from \$28.2 million in the first nine months of 1998. Operating income for the first nine months of 1999 was 20.7% of net sales, compared to 19.4% of net sales for the first nine months of 1998. Operating income increased in total and as a percentage of net sales for the reasons described below.

Research Models. Operating income from sales of research models for the first nine months of 1999 was \$28.0 million, an increase of \$1.7 million, or 6.5%, from \$26.3 million in the first nine months of 1998. Operating income from sales of research models for the first nine months of 1999 was 25.5% of net sales, unchanged from the first nine months of 1998.

Biomedical Products and Services. Operating income from sales of biomedical products and services for the first nine months of 1999 was \$11.5 million, an increase of \$4.2 million, or 57.5%, from \$7.3 million in the first nine months of 1998. Operating income from sales of biomedical products and services for the first nine months of 1999 increased to 22.2% of net sales, compared to 17.3% of net sales for the first nine months of 1998, due to improvements in pricing, sales mix and cost savings achieved.

Other Income. During the third quarter of 1999, we recorded a \$1.4 million gain on the sale of two small facilities, one located in Florida, and the other located in the Netherlands.

Income Taxes. The effective tax rate of 48.4% for the first nine months of 1999 as compared to 39.6% for the first nine months of 1998, reflects the remittance of cash dividends of \$20.7 million from our foreign subsidiaries which, in turn, were remitted to B&L. The related amounts were previously considered permanently reinvested in the foreign jurisdictions for U.S. income tax reporting purposes, therefore, we were required to provide additional taxes upon their repatriation to the U.S. In addition, during the nine months ended September 25, 1999, an election was made by B&L to treat some foreign entities as branches for United States income tax purposes. As a result, all previously untaxed accumulated earnings of such entities became immediately subject to tax in the United States. The receipt of the cash dividends from the foreign subsidiaries and the foreign tax elections made resulted in incremental United States taxes of \$2.0 million, net of foreign tax credits, during the nine months ended September 25, 1999.

Net Income. Net income for the first nine months of 1999 was \$20.0 million, an increase of \$1.5 million, or 8.1%, from \$18.5 million in the first nine months of 1998. The increase was attributable to the factors described above.

Fiscal 1998 Compared to Fiscal 1997

Net Sales. Net sales in 1998 were \$193.3 million, an increase of \$22.6 million, or 13.2%, from \$170.7 million in 1997.

Research Models. Net sales of research models in 1998 were \$134.6 million, an increase of \$9.4 million, or 7.5%, from \$125.2 million in 1997. Sales increased due to the increase in small animal research model sales in North America, resulting from improved pricing and a more favorable product mix. In addition, in 1998 we were not affected by the significant contaminations which negatively impacted sales in 1997. Overall, unit volumes remained relatively flat, with modest increases in North America offset by modest declines in Europe. Our net sales in our primate import and conditioning business also increased as a result of expansion in our boarding and service business.

Biomedical Products and Services. Net sales of biomedical products and services in 1998 were \$58.7 million, an increase of \$13.2 million, or 29.0%, from \$45.5 million in 1997. During 1998 we acquired three businesses that contributed \$6.1 million of our sales growth. The remaining increase was due to increased sales across all of our product lines, and in particular our Special Animal Services and Endotoxin testing businesses.

Cost of Products Sold and Services Provided. Cost of products sold and services provided in 1998 was \$122.5 million, an increase of \$11.0 million, or 9.9%, from \$111.5 million in 1997.

Research Models. Cost of products sold and services provided for research models for 1998 was \$85.8 million, an increase of \$3.3 million, or 4.0%, compared to \$82.5 million in 1997. Cost of products sold and services provided for 1998 was 63.7% of net sales compared to 65.9% for 1997. Cost of products sold and services provided increased for 1998 compared to 1997, but at a slower rate than net sales due principally to better product mix and pricing as well as greater economies of scale and improved production efficiencies.

Biomedical Products and Services. Cost of products sold and services provided for biomedical products and services for 1998 was \$36.7 million, an increase of \$7.7 million, or 26.6%, compared to \$29.0 million in 1997. Cost of products sold and services provided was 62.5% of net sales in 1998 compared to 63.7% in 1997. Cost of products sold and services provided increased for 1998 compared to 1997, but at a slower rate than net sales due principally to cost savings.

Selling, General and Administrative Expenses. Selling, general and administrative expenses in 1998 were \$34.1 million, an increase of \$3.6 million, or 11.8%, from \$30.5 million in 1997. Selling, general and administrative expenses in 1998 were 17.6% of net sales compared to 17.9% of net sales in 1997. These expenses increased mainly in line with sales. Selling, general and administrative expenses also included research and development expense of \$1.4 million in 1998, which was the same amount as in 1997.

Research Models. Selling, general and administrative expenses for research models for 1998 were \$18.1 million, a decrease of \$1.5 million, or 7.7%, compared to \$19.6 million, for 1997. Selling, general and administrative expenses for 1998 decreased to 13.4% of net sales, compared to 15.7% for 1997 due primarily to the significant increase in sales.

Biomedical Products and Services. Selling, general and administrative expenses for biomedical products and services for 1998 were \$9.7 million, an increase of \$2.8 million, or 40.6%, compared to \$6.9 million for 1997. Selling, general and administrative expenses for 1998 were 16.5% of net sales, compared to 15.2% of net sales for 1997. The increase was principally attributable to the acquisition of two small businesses in April 1998.

Unallocated Corporate Overhead. Unallocated corporate overhead was \$6.3 million for 1998, an increase of \$2.3 million, or 57.5%, compared to \$4.0 million in 1998. The increase was due to an increase in our supplemental retirement program costs, along with an increase in management bonuses for 1998.

Amortization of Goodwill and Other Intangibles. Amortization of goodwill and other intangibles in 1998 was \$1.3 million, an increase of \$0.5 million, or 62.5%, from \$0.8 million in 1997. The increase was due to the acquisition of two small service businesses in April 1998.

Restructuring Charges. There were no restructuring charges in 1998 compared to \$5.9 million in 1997 associated with the restructuring program discussed above. During 1998, we charged \$1.6 million of previously reserved for costs against the previously recorded restructuring reserves.

Operating Income. Operating income in 1998 was \$35.3 million, an increase of \$13.2 million, or 59.7%, from \$22.1 million in 1997. Operating income in 1998 was 18.3% of net sales compared to 12.9% of net sales in 1997.

Research Models. Operating income from research models in 1998 was \$30.5 million, an increase of \$10.9 million, or 55.6%, from \$19.6 million in 1997. Operating income from sales of research models in 1998 increased to 22.7% of net sales, compared to 15.7% of net sales in 1997 for the reasons described above.

Biomedical Products and Services. Operating income from biomedical products and services in 1998 was \$11.1 million, an increase of \$4.6 million, or 70.8%, from \$6.5 million in 1997. Operating income increased to 18.9% of net sales, compared to 14.3% of net sales in 1997 for the reasons described above.

Income Taxes. The effective tax rate in 1998 was 39.4% compared to 38.3% in 1997.

Net Income. Net income in 1998 was \$23.4 million, an increase of \$8.1 million, or 52.9%, from \$15.3 million in 1997. The increase was attributable to the factors referred to above.

Fiscal 1997 Compared to Fiscal 1996

Net Sales. Net sales in 1997 were \$170.7 million, an increase of \$15.1 million, or 9.7%, from \$155.6 million in 1996.

Research Models. Net sales of research models in 1997 were \$125.2 million, an increase of \$3.9 million, or 3.2%, from \$121.3 million in 1996. Sales increased due to the increase in small animal research model sales in North America, primarily due to improved pricing and a favorable product mix which more than offset slight unit volume declines in Europe and flat unit volume sales in North America. The unit volume declines were partially due to a number of contaminations which occurred in 1996 and several contaminations in 1997, which mostly impacted net sales in 1997. In addition, net sales in 1997 were negatively impacted by foreign currency translations. Sales in our primate business increased after our imported primates business was reacquired at the beginning of the third quarter of 1996.

Biomedical Products and Services. Net sales of biomedical products and services in 1997 were \$45.5 million, an increase of \$11.2 million, or 32.7%, from \$34.3 million in 1996. The increase was due to increased sales of SPF eggs, an increase in facility management contracts and the acquisition of our French distributor for Endotoxin testing kits in the beginning of the second quarter of 1996.

Cost of Products Sold and Services Provided. Cost of products sold and services provided in 1997 was \$111.5 million, an increase of \$13.7 million, or 14.0%, from \$97.8 million in 1996.

Research Models. Cost of products sold and services provided for research models for 1997 was \$82.5 million, an increase of \$6.5 million, or 8.6%, compared to \$76.0 million in 1996. Cost of products sold and services provided for 1997 was 65.9% of net sales compared to 62.7% for 1996. Cost of products sold and services provided increased for 1997 compared to 1996 at a greater rate than sales due principally to additional costs associated with biosecurity and the prevention of contaminations.

Biomedical Products and Services. Cost of products sold and services provided for biomedical products and services for 1997 was \$29.0 million, an increase of \$7.2 million, or 33.0%, compared to \$21.8 million in 1996. Cost of products sold and services provided for 1997 was 63.7% of net sales in 1997 compared to 63.6% in 1996.

Selling, General and Administrative Expenses. Selling, general and administrative expenses in 1997 were \$30.5 million, an increase of \$2.2 million, or 7.8%, from \$28.3 million in 1996. Selling, general and administrative expenses in 1997 were 17.9% of net sales compared to 18.2% of net sales in 1996. Selling, general and administrative expenses also included research and development expense of \$1.4 million in 1997, compared to \$1.5 million in 1996.

Research Models. Selling, general and administrative expenses for research models for 1997 were \$19.6 million, a decrease of \$0.1 million, or 0.5%, compared to \$19.7 million, for 1996. Selling, general and administrative expenses for 1997 were 15.7% of net sales, compared to 16.2% for 1996.

Biomedical Products and Services. Selling, general and administrative expenses for biomedical products and services for 1997 were \$6.9 million, an increase of \$1.5 million, or 27.8%, compared to \$5.4 million for 1996. Selling, general and administrative expenses for 1997 were 15.2% of net sales, compared to 15.7% of net sales for 1996.

Unallocated Corporate Overhead. Corporate overhead was \$4.0 million for 1997, an increase of \$0.8 million, or 25.0%, compared to \$3.2 million in 1996.

Amortization of Goodwill and Other Intangibles. Amortization of goodwill and other intangibles in 1997 was \$0.8 million, an increase of \$0.2 million, or 33.3%, from \$0.6 million in 1996. The increase was due to the acquisition of our French distributor for Endotoxin testing kits in the beginning of the second quarter of 1996.

Restructuring Charges. Restructuring charges in 1997 were \$5.9 million, an increase of \$1.2 million, or 25.5%, from \$4.7 million in 1996. The 1997 restructuring charges consisted of the following: plant closings and personnel reductions in our SPF egg business, severance costs and relocation costs for our purpose bred primates in the Florida Keys and related refoliation costs and staff reductions and associated severance costs in Europe and the United States. The 1996 restructuring charges consisted of the following: plant closings in the United States and Europe of the small animal business, personnel reductions at our European headquarters, administrative staff reductions at the SPF egg business, and shut-down or combining of several other small businesses. During 1997, we charged \$3.2 million of costs against the reserves recorded in 1997. The restructuring activities provided for in 1996 were completed by the end of the year with actual charges approximating those originally provided for.

Operating Income. Operating income in 1997 was \$22.1 million, a decrease of \$2.0 million, or 8.3%, from \$24.1 million in 1996. Operating income in 1997 was 12.9% of net sales compared to 15.5% of net sales in 1996. Operating income decreased in total and as a percentage of net sales due to the factors described above.

Research Models. Operating income from research models in 1997 was \$19.6 million, a decrease of \$4.5 million, or 18.7%, from \$24.1 million in 1996. Operating income from sales of research models in 1997 decreased to 15.7% of net sales, compared to 19.9% of net sales in 1996 due primarily to biosecurity costs and higher restructuring charges.

Biomedical Products and Services. Operating income from biomedical products and services in 1997 was \$6.5 million, an increase of \$3.2 million, or 97.0%, from \$3.3 million in 1996. Operating income from sales of biomedical products and services in 1997 increased to 14.3% of net sales, compared to 9.6% of net sales in 1996 due to the significant increase in sales.

Income Taxes. The effective tax rate in 1997 was 38.3%, compared to 44.6% in 1996, due to higher foreign statutory tax rates in 1996.

Net Income. Net income in 1997 was \$15.3 million, an increase of \$0.1 million, or 0.7%, from \$15.2 million in 1996. The increase was attributable to the factors referred to above.

Liquidity and Capital Resources

Post-Transactions

Our principal sources of liquidity are cash flow from operations and borrowings under our new credit facility. Our principal uses of cash are debt service requirements as described below, capital expenditures, working capital requirements and acquisitions.

On a pro forma basis, after giving effect to the Transactions, as of September 25, 1999, Charles River and Holdings had:

- o total combined indebtedness of approximately \$382.8 million
- o approximately \$28.0 million of borrowings available under our new credit facility, subject to customary conditions

Our significant debt service obligations following the Transactions could, under some circumstances, have material consequences to our security holders. See "Risk Factors--Risks relating to our debt."

The term loan facility under the new credit facility consists of a \$40.0 million term loan A facility and a \$120.0 million term loan B facility. The term loan A facility matures six years after the closing date of the facility and the term loan B facility matures eight years after the closing date of the facility.

The new credit facility also includes a \$30.0 million revolving credit facility which matures six years after the closing date of the facility. The revolving credit facility may be increased by up to \$25.0 million at our request, which will only be available to us under some circumstances, subject to a successful syndication under the same terms and conditions of the \$30.0 million revolving credit facility.

Loans under the term loan A facility and the revolving facility will bear interest, at our option, at the alternate base rate or the reserve adjusted LIBOR rate plus, in each case, applicable margins of 3.00% for LIBOR loans and 1.75% for base rate loans. Loans under the term loan B facility will bear interest, at our option, at the alternate base rate or the reserve adjusted LIBOR rate plus, in each case, applicable margins of 3.75% for LIBOR loans and 2.50% for base rate loans. We pay commitment fees in an amount equal to 0.50% per annum on the daily average unused portion of the revolving credit facility. Such fees are payable quarterly in arrears and upon the maturity or termination of the revolving credit facility. Beginning approximately six months after the closing date of the new credit facility, the applicable margins applicable to loans under the term loan A facility and the revolving facility and commitment fees will be determined based on the ratio (the "Leverage Ratio") of consolidated total debt to consolidated EBITDA (as defined in the new credit facility) of our company and our restricted subsidiaries (as defined in the new credit facility).

Although CRL Transaction Co., Inc., a newly formed wholly owned subsidiary of Charles River, will guarantee the notes under a covenant described under "Description of Notes--Certain Covenants", CRL Transaction Co. Inc. is inconsequential to Charles River's consolidated results of operational and financial position.

All of our future domestic restricted subsidiaries will be guarantors of the new credit facility. Our obligations under the new credit facility are or will be secured by:

- o all of our stock,
- o all of our existing and after-acquired personal property and all the existing and after-acquired personal property of our future domestic restricted subsidiaries, including a pledge of all of the equity interests of all our future restricted subsidiaries held by us or any of our restricted subsidiaries and no more than 65% of the equity interests of any foreign restricted subsidiary, and all intercompany debt in our favor,
- o first-priority perfected liens on all of our material existing and after-acquired real property fee and leasehold interests, subject to customary permitted liens (as defined in the new credit facility), and
- o a negative pledge on all of our and our subsidiaries' assets.

The new credit facility contains customary covenants and restrictions on our ability to engage in particular activities, including, but not limited to:

- o limitations on other indebtedness, liens, investments and guarantees,
- o restrictions on dividends and redemptions and payments on subordinated debt and
- o restrictions on mergers and acquisitions, sales of assets and leases. The new credit facility also contains customary events of default and a cross-default to indebtedness of Holdings.

The notes mature in 2009. Interest on the notes is payable semi-annually in cash. The notes contain customary covenants and events of default, including covenants that limit our ability to incur debt, pay dividends and make particular investments.

We anticipate that we will spend approximately \$15.0 million on a pro forma basis for capital expenditures in 1999. The new credit facility contains restrictions on our ability to make capital expenditures. Based on current estimates, management believes that the amount of capital expenditures permitted to be made under the new credit facility will be adequate to grow our business according to our business strategy and to maintain the properties and businesses of our continuing operations. We anticipate we will spend approximately \$13.5 million for capital expenditures in 2000.

Working capital totaled \$31.9 million at September 25, 1999 on a pro forma basis. Management believes that we will continue to require working capital consistent with past experience and that current levels of working capital, together with borrowings available under the new credit facility, will be sufficient to meet expected liquidity needs in the near term.

Reference should be made to Quantitative and Qualitative Disclosures about Market Risk found on page 37 where a table disclosing the Company's total anticipated debt service requirements in the period 2000 through 2004 can be found. We anticipate that our operating cash flow, together with borrowings under the new credit facility, will be sufficient to meet our anticipated future operating expenses, capital expenditures and debt service obligations as they become due. However, our ability to make scheduled payments of principal of, to pay interest on or to refinance our indebtedness and to satisfy our other debt obligations will depend upon our future operating performance, which will be affected by general economic, financial, competitive, legislative, regulatory, business and other factors beyond our control. See "Risk Factors."

From time to time we will continue to explore additional financing methods and other means to lower our cost of capital, which could include stock issuance or debt financing and the application of the proceeds therefrom to the repayment of bank debt or other indebtedness. In addition, in connection with any future acquisitions, we may require additional funding which may be provided in the form of additional debt or equity financing or a combination thereof. It is possible that we may not be able to obtain such additional financing on favorable financial terms.

In connection with the Transactions, Holdings issued \$37.6 million aggregate principal amount of 16.27% senior discount debentures with other warrants to the DLJMB Funds and other investors. The senior discount debentures accrete from their original issue price of \$37.6 million to \$82.3 million by October 1, 2004. Thereafter, interest is payable in cash. The senior discount debentures mature on April 1, 2010. The senior discount debentures contain covenants and events of default substantially similar to those contained in the notes. In addition, Holdings issued to the Rollover Shareholders a subordinated discount note with an original issue price of \$43.0 million. The subordinated discount note accretes at the rate of 12% prior to October 1, 2004 and thereafter at 15% to an aggregate principal amount of \$175.3 million at maturity on October 1, 2010. The subordinated discount notes are subject to mandatory redemption upon a change of control at the option of the holder thereof and are subject to redemption at Holdings' option at any time.

Holdings has no source of liquidity other than dividends from Charles River. Charles River's ability to pay dividends will be subject to limitations contained in the indenture governing the notes and the new credit facility.

Historical

Nine Months Ended September 25, 1999 Compared to Nine Months Ended September 26, 1998

Cash flow from operating activities for the nine months ended September 25, 1999 was \$19.6 million compared to \$23.5 million for the nine months ended September 26, 1998 due to an increase in working capital.

Net cash used in investing activities, consisting primarily of capital expenditures and acquisitions, was \$4.8 million for the nine months ended September 25, 1999 compared to \$14.3 million for the nine months ended September 26, 1998. The investing levels primarily change from year to year as the result of spending on acquisitions. The large amount in 1998 primarily relates to the acquisition of Tektagen, Inc. Capital expenditures were \$7.4 million for the nine months ended September 25, 1999, compared to \$5.8 million for the nine months ended September 26, 1998. There were not any significant capital commitments at September 25, 1999. We continually monitor our capital spending in relation to current and anticipated business needs. Our operations typically do not require large capital expenditures and we anticipate that capital spending will remain relatively consistent except for requirements related to acquisitions.

Net cash used in financing activities, consisting principally of net activity with B&L, was \$34.6 million for the nine months ended September 25, 1999 compared to \$2.4 million for the nine months ended September 26, 1998. This large increase relates principally to B&L dividending all excess cash in Charles River Laboratories in connection with the Transactions.

Fiscal 1998 Compared to Fiscal 1997

Cash flow from operating activities in 1998 was \$36.7 million compared to \$23.7 million in 1997, due to an increase in net income and a decrease in working capital.

Net cash used in investing activities in 1998 was \$22.3 million compared to \$12.3 million in 1997. The increase in 1998 was primarily due to the acquisition of Tektagen, Inc. Capital expenditures were \$11.9 million in 1998, the same as 1997. Cash paid for acquisitions was \$11.1 million in 1998, compared to \$1.2 million in 1997.

Net cash used in financing activities was \$8.0 million in 1998 compared to \$12.9 million in 1997. The decrease is due to less remittances to B&L.

Fiscal 1997 Compared to Fiscal 1996

Cash flow from operating activities in 1997 was \$23.7 million compared to \$20.5 million in 1996, due to a decrease in working capital.

Net cash used in investing activities in 1997 was \$12.3 million compared to \$11.7 million in 1996. Capital expenditures were \$11.9 million in 1997, compared to \$11.6 million in 1996.

Net cash used in financing activities was \$12.9 million in 1997 compared to \$4.1 million in 1996. The increase is due to increased remittances to B&L.

We anticipate that our operating cash flow, together with borrowings under the new credit facility, will be sufficient to meet our anticipated future operating expenses, capital expenditures and debt service obligations as they become due. However, our ability to make scheduled payments of principal of, to pay interest on or to refinance our indebtedness and to satisfy our other debt obligations will depend upon our future operating performance, which will be affected by general economic, financial, competitive, legislative, regulatory, business and other factors beyond our control. See "Risk Factors."

Year 2000 Compliance

We have been addressing the potential risks associated with the year 2000 date issue. We are following a formal program developed by B&L to assess and renovate internal information technology ("IT") and non-information technology ("non-IT") operations that are at risk, and further, to evaluate the year 2000 readiness of key third-party suppliers and recipients of products, services, materials or data. Year 2000 issues are being addressed through a combination of software replacement, system upgrades and, in limited instances, source code modifications (collectively, "renovation"). Ongoing reengineering projects have had the incidental benefit of remediating several major year 2000 issues.

The assessment phase of IT systems is substantially complete. The renovation phase is on schedule and all key IT systems are compliant as of November 1999. We expect other IT systems to be tested and compliant by mid-December 1999. For non-IT systems, we have utilized a leading production systems integration firm specializing in year 2000 assessment and remediation of manufacturing, laboratory and research and development facilities. The assessment phase was fully completed during the second quarter of 1999. At this time, we have tested all key non-IT systems and such systems are compliant. We assessed the readiness of key suppliers and customers in early 1999. We have interacted with each major supplier or recipient of data, including face-to-face interviews with many of those considered to be critical to our company. This assessment is complete.

Our anticipated costs, comprised of both period expenses and capital expenditures, of identifying and remediating year 2000 issues on the above-described areas, are not expected to exceed \$1.5 million. The majority of this work has been done by in-house personnel, which commenced in 1995. Management believes that our year 2000 program will substantially reduce the risk of a material adverse impact on future financial results caused by the year 2000 issue. Potential risks of a failure to address a year 2000 issue (whether IT, non-IT, or external) that could have a materially detrimental impact to us include the inability to manufacture or ship products, the inability to receive and fill orders, and problems with customers or suppliers, including the loss of electrical power or the failure of a key customer or supplier to purchase products or provide anticipated goods and services. At this stage, we have contingency plans for all our major facilities globally.

On September 29, 1999, we acquired Sierra. We are currently working with local management to implement the year 2000 compliance program of Charles River. We expect to complete all phases by the end of the fourth quarter of 1999.

Subsequent Transactions

We have recently reached an agreement in principle to acquire a controlling stake in Charles River Japan. We expect to sign a definitive agreement on or about January 31, 2000, and expect the closing to take place on or about March 1, 2000.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary market risk exposures are in the areas of interest-rate risk and foreign currency exchange-rate risk.

Our exposure to interest-rate risk arises from variable-rate and fixed-rate debt arrangements entered into for other-than-trading purposes. To mitigate the risks associated with increases in interest rates, we plan to enter into interest-rate protection agreements for at least 50% of our total variable rate debt amount.

The table below summarizes our market risks associated with debt obligations arising from the Transaction. The term loan and revolving loan will bear interest, at our option, at prime or LIBOR, plus an applicable margin. Effective interest rates shown in the table below for the term loan facility is a weighted-average of interest rates, based on the current rates. Further, as disclosed in the Summary Description of the Notes, the interest rate on the subordinated debt is subject to increase to 14% per year on August 15, 2000 in the event that we do not meet a specified ratio as of June 30, 2000.

	Fiscal Year				
	2000	2001	2002	2003	2004
Subordinated Debt Balance.....	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Effective Interest Rate.....	13.5%	13.5%	13.5%	13.5%	13.5%
Principal Payments.....	0	0	0	0	0
Interest Expense.....	20,250	20,250	20,250	20,250	20,250
Term Facility Balance.....	158,800	155,600	150,400	141,200	130,000
Effective Interest Rate.....	9.69%	9.69%	9.70%	9.72%	9.76%
Principal Payments.....	1,200	3,200	5,200	9,200	11,200
Interest Expense.....	15,450	15,240	14,848	14,181	13,240
Revolver Balance.....	0	0	0	0	0
Available Credit.....	30,000	30,000	30,000	30,000	30,000
Fee on Unused Portion.....	0.50%	0.50%	0.50%	0.50%	0.50%
Interest Expense.....	150	150	150	150	150

We also have exposure to some foreign currency exchange-rate fluctuations for the cash flows received from our foreign affiliates. This risk is mitigated by the fact that the operations of our subsidiaries are conducted in their respective local currencies. Currently, we do not engage in any foreign currency hedging activities as we do not believe that our foreign currency exchange-rate risk is material.

BUSINESS

HOLDINGS

Holdings is a holding company and does not have any material operations or assets other than its ownership of all of the capital stock of Charles River.

CHARLES RIVER

Overview

We are a global market leader in the commercial production and supply of animal research models for use in the discovery, development and testing of new pharmaceuticals. The expansion of our core capabilities in research models has enabled us to become a leading supplier of related biomedical products and services in several specialized niche markets. Our research model capabilities and biomedical products and services, together with our global distribution network, allow us to meet the extensive needs of our broad customer base. Our customers consist primarily of:

- o large pharmaceutical companies, including the ten largest global pharmaceutical companies based on 1998 revenues
- o biotechnology, animal health, medical device and diagnostics companies
- o hospitals
- o academic institutions
- o government agencies

Our facilities are located in 18 countries, including the United States, Canada, Japan and many European countries. On a pro forma basis, research models accounted for 62%, and biomedical products and services accounted for 38%, of net sales for the nine-month period ended September 25, 1999. Over the same time period, Charles River and Holdings reported pro forma net sales of \$177.1 million and pro forma Adjusted EBITDA of \$45.4 million. Adjusted EBITDA represents EBITDA, as defined, adjusted for non-recurring, non-cash and cash items, as appropriate, which are more fully described on page 6. We present adjusted EBITDA because we believe it is a meaningful indicator of Charles River's operating performance, and it is the measure by which some of the covenants under the new credit facility are computed. EBITDA, as defined, and Adjusted EBITDA are not intended to represent cash flows for the period, nor are they presented as an alternative to operating income or as an indicator of operating performance. They should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP in the United States and are not indicative of operating income or cash flow from operations as determined under GAAP. Our method of computation may not be comparable to other similarly titled measures of other companies.

Research Models. We have a leading position in the global market for research models, which primarily consists of purpose-bred rats and mice, but also includes other rodent species such as guinea pigs and hamsters, and primates such as cynomolgous monkeys imported from Mauritius. The use of research models is often a critical part of scientific discovery in the life sciences and is required by FDA guidelines as well as foreign regulatory agencies for new drug approval processes. Our business is primarily involved in the early stages of drug discovery and development, commonly referred to as the pre-clinical stage of drug development. During this stage, promising new drug candidates are evaluated for their effectiveness and safety through testing in research models. Data from the pre-clinical stage is submitted to the applicable regulatory agency for review in order for the drug to obtain approval to advance to the human testing stage, commonly known as clinical studies. We principally produce and sell rats, mice, other rodents and primates (principally cynomolgus monkeys) with highly defined health and genetic backgrounds, primarily for use in pre-clinical research. Our research models include special disease rodent models,

such as mice with impaired immune systems, which are increasingly demanded by biomedical researchers for specialized research and discovery. We focus on maintaining reliable biosecurity, which refers to the process of ensuring that research models are produced and maintained in a clean room environment that is free of viruses, bacteria and other agents which if present could alter research results when using these models. As a result, we provide consistent product availability and offer a wide variety of healthy, genetically defined and specifically targeted research models. We further differentiate our research models by providing extensive technical service and support, including scientific oversight from a team of more than 70 full-time, dedicated professionals (DVMs, MDs and PhDs) specializing in laboratory animal medicine, pathology and the study of viruses and primates, as well as molecular biology and genetics.

Biomedical Products and Services. The principal focus of our biomedical products and services division is to meet the research needs of large pharmaceutical companies as well as biotechnology, animal health, medical device and diagnostics companies. We are a leading supplier of endotoxin testing kits that detect fever producing toxins in injectable drugs and devices and are one of only two FDA validated in vitro alternatives to an animal test. These kits are used to test materials for the presence of particular by-products of bacteria known as endotoxins, which if present and introduced to the bloodstream can cause serious illness or even death. We manufacture these kits which are based on extracts from the blood of horseshoe crabs, which visibly clots in the presence of endotoxin, thereby acting as a test for the presence of endotoxin. In addition, we are one of the world's largest producers of SPF fertile chicken eggs, which are principally used to produce poultry vaccines. Our other biomedical products and services, many of which are related to technologies developed in our research model business, include:

- o transgenic animal production, which refers to the breeding of mice genetically engineered by a scientist by introducing a gene into the mouse that would not be present otherwise
- o medical device testing
- o contract research services
- o comprehensive health monitoring programs, including DNA testing, of animal colonies
- o testing services for human protein drug candidates, which are drugs developed from human cells rather than from chemical synthesis
- o facility management services

Competitive Strengths

Long-Standing Relationships with an Extensive Customer Base. Our customers consist primarily of large pharmaceutical companies, including the ten largest global pharmaceutical companies based on 1998 revenues, as well as biotechnology, animal health, medical device and diagnostics companies and hospitals, academic institutions and government agencies. We have many long-term, stable relationships with our customers as evidenced by the fact that all of our top 20 customers in 1989 remain our customers today. We have further strengthened our customer relationships by offering related biomedical products and services to our research model customers. Our customer base is also diversified with no individual customer accounting for more than 3% of net sales in 1998 and the top 30 customers representing approximately 30% of total net sales.

Critical Component of Pharmaceutical Research. The research models we supply are essential to the new drug discovery and development process. FDA guidelines and some foreign regulatory agencies for many years have required that new drug candidates be tested on two separate animal species in the pre-clinical stage. According to the Pharmaceutical Research and Manufacturers of America, total research and development spending in the United States by research-based pharmaceutical companies was \$17 billion in 1998. While pharmaceutical companies generally invest large sums of money in developing new drugs, the purchase of research models typically represents an immaterial portion of the cost to commercialize a new drug. As a result, most customers are principally focused on the quality of the research model which is critical for achieving accurate and reproducible study results and

facilitating timely FDA approval of new drug candidates. For these reasons, our reputation for high quality models and consistent product availability enable us to maintain and expand our customer relationships.

Leading Market Position. We believe that our worldwide infrastructure, global staff of nearly 100 scientific professionals, 50 years of operating history and reputation of Charles River and its predecessors for high quality products have established us as a global market leader in the commercial production and supply of research models. We maintain our leadership position through our well-established customer relationships, extensive high quality product offerings and our ability to provide complementary services. Our market leadership in research models has allowed us to capitalize on the significant research and development spending by large pharmaceutical companies. More recently, we have also been able to capitalize on outsourcing trends by our customers who are increasingly contracting out to others functions that were previously done internally, such as conducting tests of new drug compounds for effectiveness or safety in animals.

Global Presence. We are a global provider of research models, with 49 facilities in the United States, Canada, Japan and many European countries. On a pro forma basis, our international business contributed approximately 35% of our net sales for the nine-month period ended September 25, 1999. We believe that as our customers continue to expand globally, they are likely to prefer to deal with a select number of suppliers who have the ability to offer them a wide range of products and services worldwide and in a timely manner. In addition, our customers benefit from our global presence because it reduces potential exposure to biosecurity risks. It also minimizes regulatory restrictions and costs relating to transporting research models over long distances. We provide our customers with uniform and consistent research models regardless of the location of their research study.

Experienced and Motivated Management Team. Our senior management team has extensive experience in supplying the biomedical research industry, and an average of 17 years of experience with Charles River. Our senior management team, led by our chief executive officer, James C. Foster, has successfully grown our business, secured our current strong market positions, integrated eight strategic acquisitions since 1992 and positioned us for growth. Our senior management team has broadened our pure research model focus to also include being a leading supplier of biomedical products and services in several specialized niche markets. As a result of the recapitalization of our business, our management team indirectly holds 6.1% of the equity of Charles River, and expects to have the option to acquire additional equity of Charles River through a customary equity incentive plan.

Business Strategy

Increase Sales in Research Models. We believe we can continue to increase our market share in this division by introducing new research models, providing exceptional technical service and support, increasing our existing price structure and product mix and maintaining reliable biosecurity. In general, we have been able to increase our prices at rates that are above the rate of inflation in the United States by maintaining high quality and specialized products, enhancing service and improving availability. We also have been focused on periodically adding higher value research models to our portfolio. These higher value research models tend to be premium priced, targeted towards specific disease conditions and provide us with an enhanced product mix that contributes to moderate but sustained growth in the research model business. We expect to continue to expand this division, both through sustained growth in demand for already introduced models and the introduction of new models.

Expand Value-Added Biomedical Products and Services. Our biomedical products and services division has been our fastest growing division over the past several years. We believe we can continue to grow this business by capitalizing on outsourcing trends, building upon our existing capabilities and increasing our global sales.

Capitalize on Outsourcing Trends. We have increased our offerings of biomedical products and services primarily in response to the increasing outsourcing trends within the pharmaceutical industry. We believe this shift toward increased outsourcing began in response to the pharmaceutical companies' growing capabilities in identifying potential new drug compounds and the resulting resource constraints placed on pharmaceutical research infrastructures by non-core activities. By outsourcing their non-core activities to us, our customers can focus on proprietary drug development and streamline their drug development process. In response, we have expanded our offerings to include many pre-clinical research activities undertaken by our customers.

Build Upon Our Existing Capabilities. As a result of our strong position in research models, our global presence and our professional expertise, we have the unique capability to offer related biomedical products and services to many of our customers. We intend to build upon this expertise to capture more outsourcing business opportunities by using our existing infrastructure, reputation for quality and extensive customer contacts. We believe there are numerous other opportunities for increasing our share of high value pre-clinical research services and products.

Increase Our Global Sales. Our current biomedical products and services customer base is primarily composed of our domestic research model customers. We intend to continue to offer and sell new biomedical products and services to our existing international research model customers as well as seek new international customers for this division. We believe that we can rapidly increase our global presence in this area by taking advantage of our existing international customer relationships and infrastructure.

Undertake Strategic Acquisitions and Alliances. We have a history of acquiring and successfully integrating small companies in both our research model and our biomedical products and services businesses. We expect that strategic acquisitions will continue to provide an additional source of long-term growth. In addition, we believe that our association with GHCP, one of our equity investors, will assist us in identifying attractive acquisition candidates while expanding our existing business. GHCP, which is comprised of several experienced healthcare executives, has a strategic partnership with DLJMB to invest in healthcare related businesses. The founding partners of GHCP who are represented on the Charles River board include Henry Wendt, former Chairman of SmithKline Beecham Corporation, Robert Cawthorn, former Chairman and CEO of Rhone-Poulenc Rorer Inc. and Douglas Rogers, founder of Kidder, Peabody's Health Care Group.

Business Divisions

Our business is divided into two divisions, research models and related biomedical products and services.

Research Models

The research model business is our core business and accounted for 70% of our 1998 sales. The business is principally comprised of small animals (rats, mice and other rodents), and primates.

Small Animal Models

Our largest product line is the small animal models group, which consists primarily of the production and sale of large numbers of purpose-bred rats and mice to researchers. We believe we are a commercial leader in this business, supplying rodents for research since 1947. We began as a supplier of outbred rats, with genetic characteristics representative of a random population. Over the years we added other small animal species and strains to our product mix. We have also added:

- o inbred animals, which have essentially identical genes
- o hybrid animals, which are the offspring of two different inbred parents
- o spontaneous mutant animals, which contain a naturally occurring genetic mutation (such as immune deficiency)
- o transgenic animals, which contain genetic material transferred from another source

We believe we offer one of the largest selections of small animal models and provide our customers with high volume and high quality production. Our rats, mice and other rodent species (e.g., guinea pigs, hamsters) 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. We provide our small animal models to numerous customers around the world, including pharmaceutical and biotechnology companies and hospitals and universities.

The most common use of our small animal models is for the screening, discovery and testing of new drug candidates. For example, in order for a pharmaceutical company to file a complete submission for FDA approval of a new drug, it must provide evidence of safe and effective testing on two species of animal models, one small and one large, before moving into the clinic for testing on humans. Animal testing is used in order to identify, define, characterize and assess the safety of new drug candidates. Outbred, and increasingly, inbred mice are often the model of choice in early discovery and development work. Outbred rats are frequently used in safety assessment studies. Our models are also used in basic life science research within universities, hospitals and other research institutions. Unlike drug discovery, these uses are generally not specifically mandated by regulatory agencies such as the FDA, but instead are governed by the terms of government grants, institutional protocols as well as the scientific inquiry and peer review publication processes.

Primates

We provide primates to the research community, principally for use in drug development and testing studies. The primates we provide are most often cynomolgus monkeys sourced from the island of Mauritius, which are both purpose bred and wild caught. Primates are often used as the required large animal species in FDA or similar regulated testing protocols. We believe that the use of primates has been moderately increasing recently, as they are often the preferred model for testing the growing number of new drug candidates derived from human proteins, such as drugs developed in AIDS research.

Our largest primate business is located in Houston, where we import, quarantine, condition, hold and sell primates exported to us by our supplier in Mauritius. We believe that these primates are unique, in that they are naturally free of herpes B virus, a common virus present in the species which is transmissible to humans in a highly toxic form. We have a long-term supply contract under which our supplier provides us with a reliable stream of purpose-bred and wild caught animals. The contract expires in December 31, 2005 but is automatically renewed for an additional five-year period unless it is breached. We also have a primate import and quarantine facility in the United Kingdom. The importing and care of these animals is not an FDA regulated activity, but rather it is principally a USDA and CDC regulated activity.

Biomedical Products and Services

Biomedical products and services include our newer, higher growth businesses, such as: SPF eggs; endotoxin testing; special animal services; diagnostics; biosafety testing; facility management; and medical device testing.

SPF Eggs

Fertile SPF chicken embryos within eggs are often used by animal health companies as a living "bioreactor," or self-contained manufacturing vehicle, to grow large quantities of live or killed avian viruses. These viruses are then used as the raw material in poultry vaccines. We are a leading supplier to the major global manufacturers of poultry vaccines, researchers and other users. We also provide specially raised SPF eggs for some human vaccines. We have entered into an agreement with a company that is in the FDA approval process for a nasal spray flu vaccine for human use that, if commercially successful, may significantly increase our existing SPF eggs business.

We have a worldwide presence that includes several SPF eggs production facilities in the United States, as well as facilities in Germany and in Australia. We have a joint venture in Mexico and a franchise in India. We also operate a specialized (or bird) avian laboratory in Storrs, Connecticut which provides support services to our customers.

Endotoxin Testing

We are a market leader in the endotoxin testing business, which is used to test quality control samples of injectable drugs and devices, their components and the processes under which they are manufactured, for the presence of endotoxin. Endotoxins are fever producing pathogens or toxic compounds that are highly toxic to humans when sufficient quantities are introduced into the body. Quality control testing for endotoxin contamination by our customers is a mandatory FDA requirement for injectable drugs and devices, and the manufacture of the test

kits and reagents is regulated by the FDA as a medical device. Endotoxin testing uses a processed extract from the blood of the horseshoe crab, known as limulus amoebocyte lysate, or "LAL." The LAL test is the first and one of the only FDA validated in vitro alternatives to an animal model test, specifically the rabbit pyrogen test. The process of extracting blood is not harmful to the crabs, which are subsequently returned to their natural ocean environment. We produce and distribute test kits and reagents to pharmaceutical and biotechnology medical device and product companies on a global basis.

Special Animal Services

Special Animal Services, or SAS, provides services for our customers to help them maintain, improve, breed and test animals purchased or created by them for biomedical research activities. Our special animal services business includes: transgenic breeding, model characterization and scale-up, genetic testing and characterization, quarantine, embryo cryopreservation, embryo transfer, rederivation, and health and genetic monitoring. We provide these services to more than 100 customers around the world, from pharmaceutical and biotechnology companies to hospitals and universities, and maintain more than 150 different lines of research models. Our Contract Research Services business is a discrete unit within the SAS business that provides more advanced or specialized research model studies. These projects not only capitalize on our strong historical research model capabilities, but also exploit more recently developed capabilities in protocol development, animal micro-surgery, dosing techniques, drug effectiveness testing and data management and analysis. We initiated SAS five years ago in response to our customers' outsourcing needs. The business is managed and staffed by a senior team that was trained and developed internally. This business leverages the technologies and relationships associated with our research model business.

Diagnostics

Diagnostics is an internally developed business that was built upon the scientific foundation created by the diagnostic laboratory needs of our research model business. We now provide commercial laboratory services to monitor and analyze the health and genetics of our customers' research models used in their research protocols. We may serve as the customer's sole source testing laboratory, or as a back-up source supporting some internal capability. Our diagnostics business is principally located in Wilmington, Massachusetts and Troy, New York.

Biosafety Testing

We recently entered the evolving business generally known as "biosafety testing." This is a specialized area of non-clinical quality control testing that is frequently outsourced by both pharmaceutical and biotechnology companies. The testing services we provide allow the customer to determine if the human protein drug candidates, or the process for manufacturing those products, are essentially "pure," or free of residual biological materials. The bulk of this testing work is required by the FDA, either for obtaining new drug approval or maintaining a licensed manufacturing capability. Our scientific staff consults with customers in the areas of process development, validation, manufacturing scale-up, and biological tests. Our biosafety business is located in Malvern, Pennsylvania.

Facility Management

Facility management involves managing the animal care function and facilities on behalf of government, academic, pharmaceutical and biotechnology companies. This business builds upon our core capabilities as a leading provider of high quality research models. We now manage all or a part of the animal care facilities of several commercial, government and academic institutions in both the United States and Europe.

Medical Device Testing

We have capabilities in medical device testing that are complementary to our research model business, especially in the large and growing cardiovascular field, using large research models. This business also provides services in support of animal and human health research, most notably in the area of new drug and vaccine development and experimental xenotransplantation of whole organs and tissues from swine to humans. Our medical device testing business is located in Southbridge, Massachusetts.

Sierra

Sierra, which we recently acquired, is a pre-clinical biomedical services company with expertise in drug safety and effectiveness assessment studies using research models. Sierra offers its services to biotechnology, pharmaceutical and medical device companies that are principally focused on conducting studies needed in the early stages of drug development, especially those that require highly specialized scientific capabilities. Sierra has expertise in conducting critical developmental studies on potential new drugs and devices using research models, including short-term evaluations of potential new treatment for human or animal disease conditions.

Customers

Our customers consist primarily of large pharmaceutical companies, including the ten largest pharmaceutical companies based on 1998 revenues, as well as biotechnology, animal health, medical device and diagnostic companies and hospitals, academic institutions and government agencies. We have many long-term, stable relationships with our customers as evidenced by the fact that all of our top 20 customers in 1989 remain our customers today.

During 1998, in both the research models and biomedical products and services businesses, approximately two-thirds of our sales were to pharmaceutical and biotechnology companies, and the balance to hospitals, universities and the government.

Sales, Marketing and Customer Support

We sell our products and services principally through a direct sales force. As of September 25, 1999, we have approximately 51 employees engaged in field sales, of which 30 are in the United States, 12 are in Europe and 9 are with our joint venture company in Japan. The direct sales force is supplemented by a network of international distributors for some of our biomedical product and services businesses.

Our internal marketing groups support the field sales staff, while developing and implementing programs to create close working relationships with customers in the biomedical research industry. Our web site, www.criver.com, is an effective marketing tool, and has become recognized as a valuable resource in the laboratory animal field by a broad spectrum of industry leaders. Our website is not incorporated by reference in this prospectus.

We maintain both a customer service and technical assistance department, which services our customers' routine and more specialized needs. We frequently assist our customers in solving problems related to animal husbandry, health and genetics, biosecurity, protocol development and other areas in which our internal expertise is recognized as a valuable customer resource.

Research and Development

We do not maintain a fully dedicated research and development staff. Rather, this work is done on an individual project basis or through a university or other forms of collaborations. Our annual dedicated research and development spending was \$1.5 million in 1996, \$1.4 million in 1997, \$1.4 million in 1998 and \$0.4 million for the nine months ended September 25, 1999. Our approach to developing new products or services is to extend our base technologies into new applications and fields, and to license or acquire technologies to serve as a platform for the development of new businesses that service our existing customer base. Our research and development focus is principally on developing projects that improve our productivity or processes.

Industry Support and Animal Welfare

Among the shared values of our employees 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 demonstrate our commitment with special recognition programs for employees who demonstrate an extraordinary commitment in this critical area of our business.

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 internships in laboratory animal medicine, 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. Our primate import business dedicates a portion of its net sales, through a royalty, to support similar programs and initiatives.

Employees

As of September 25, 1999, we have approximately 2,430 employees, including nearly 100 professionals with advanced degrees (DVMs, PhDs and MDs). Our employees are not unionized in the United States, though we are unionized in some European locales, consistent with local custom for our industry. We believe that we have a good relationship with our employees.

Competition

Our strategy is to be the leader in each of the markets in which we participate. Our competitors are generally different in each of our business areas.

In our research models business division, we have three smaller competitors in the United States, several smaller ones in Europe, and two in Japan. Of our main United States competitors, two are privately held businesses and the third is a government financed non-profit institution. We believe that none of our competitors for research models has our comparable global reach, financial strength, breadth of product offering or pharmaceutical industry relationships.

We have several competitors in our biomedical products and services business division. A few of our competitors in our biomedical products and services business are larger than we are; however, many are smaller and more regionalized. Expansion by our competitors in other areas in which we operate could affect our competitive position. Of all of our businesses, we have the smallest relative share in the biosafety testing market, where the market leader is a well established company.

We generally compete on the basis of quality, reputation, and availability, which is supported by our international presence with strategically located facilities.

Environmental Matters; Legal Proceedings

Our operations and properties are subject to extensive foreign and federal, state and local environmental protection and health and safety laws and regulations. These laws and regulations govern, among other things, the generation, storage, handling, use and transportation of hazardous materials and the handling and disposal of hazardous and biohazardous waste generated at our facilities. Under such laws and regulations, we are required to obtain permits from governmental authorities for some of our operations. If we violate or fail to comply with these laws, regulations or permits, we could be fined or otherwise sanctioned by regulators. Under some environmental laws and regulations, we could also be held responsible for all of the costs relating to any contamination at our past or present facilities and at third party waste disposal sites.

Although we believe that our costs of complying with current and future environmental laws, and our liabilities arising from past or future releases of, or exposure to, hazardous substances will not materially adversely affect our business, results of operations or financial condition, we cannot assure you that they will not do so.

We have for many years been engaged in disputes with federal, state and local authorities and private environmental groups regarding damage to mangrove plants resulting from our maintaining a free range primate breeding operation on two islands we purchased in the Florida Keys. To settle our disputes, we have agreed to move the primates off the islands, and thereafter transfer the real property to the government. We have also agreed to reforest the islands at our cost, restoring them to their conditions prior to our arrival. Despite our best efforts, we have not been able to successfully replant the lost mangroves, principally due to the presence of a free range animal

population and storms. We believe that we will finally resolve these disputes by successfully reforesting the islands over the next three years.

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

Regulatory Matters

Some of our business activities are currently regulated by the AWA, which governs the treatment of particular animals intended for use in research. Much of our United States small animal research model business, which is predominantly rats and mice, is not subject to regulation under the AWA although we comply with licensing and registration requirement standards set by the USDA for handling animals, including breeding, maintenance and transportation of our animals. Birds, including the chickens used in our United States SPF egg business, are also not subject to AWA regulations. However, the USDA, which enforces the AWA, is presently considering changing the regulations issued under the AWA, in light of judicial action, to include rats, mice and birds within its coverage. The AWA imposes a wide variety of specific regulations on producers and users of animal subjects, most notably cage size, shipping conditions and environmental enrichment methods. Our animal production facilities in the United States are accredited by a highly regarded member association known as AAALAC, which maintains standards that often exceed those of the USDA.

Our biomedical products and services businesses are also generally regulated by the USDA, and in the case of our endotoxin testing business, the FDA. Our manufacture of test kits and reagents for endotoxin testing is subject to regulation by the FDA, under the authority of the Federal Food, Drug, and Cosmetic Act. We are required to register with the FDA as a device manufacturer and are subject to inspection on a routine basis for compliance with the FDA's Quality System Regulations. These regulations require that we manufacture our products and maintain our documents in a prescribed manner with respect to manufacturing, testing and control activities. We are in receipt of a "warning letter" from the FDA for quality control deficiencies with regard to our Charleston, South Carolina facility, and are attempting to address the agency's concerns. See "Risk Factors--We must comply with many federal, state and local rules and regulations."

Properties

The following charts provide summary information on our properties. The first chart lists the sites we own, and the second chart the sites we lease. Most of our material leases expire from 2000 to 2005.

Sites---Owned

Country	No. of Sites	Total Square Feet	Principal Functions
Canada.....	1	48,789	Office, Production, Laboratory
France.....	3	373,214	Office, Production, Laboratory
Germany.....	3	122,314	Office, Production, Laboratory
Italy.....	1	36,677	Office, Production, Laboratory
Japan.....	3	114,831	Office, Production, Laboratory
Netherlands.....	1	6,502	Office
United Kingdom.....	2	67,331	Office, Production, Laboratory
USA.....	19	732,980	Office, Production, Laboratory
China.....	1	10,000	Office, Production, Laboratory
Total.....	34	1,512,638	
	==	=====	

Sites--Leased

Country	No. of Sites	Total Square Feet	Principal Functions
Australia.....	1	16,787	Office, Production
Belgium.....	1	16,140	Office, Production
Czech Republic.....	1	23,704	Office, Production, Laboratory
Hungary.....	1	4,681	Office, Production, Laboratory
Spain.....	1	3,228	Production, Laboratory
Sweden.....	1	8,070	Production
USA(1).....	10	255,895	Office, Production, Laboratory
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Total.....	16	328,505	
	==	=====	

(1) Includes two properties leased by Sierra with a total square footage of 116,751 square feet.

MANAGEMENT

The following table sets forth the name, age and position of each person who is an executive officer, significant member of management, or director of Holdings. Each director has been a director of our company and of Holdings since the recapitalization.

Name	Age	Position
James C. Foster.....	48	President, Chief Executive Officer and Director
Thomas F. Ackerman.....	45	Senior Vice President and Chief Financial Officer
Dennis R. Shaughnessy	41	Senior Vice President, Corporate Development, General Counsel and Secretary
Robert Cawthorn.....	63	Director
Stephen D. Chubb.....	55	Director
Thompson Dean.....	41	Director
Stephen C. McCluski.....	47	Director
Reid S. Perper.....	40	Director
Douglas E. Rogers.....	44	Director
William Waltrip.....	62	Director
Henry C. Wendt.....	66	Director

James C. Foster joined Charles River in 1976 as General Counsel. Over the past 23 years, Mr. Foster has held various staff and managerial positions with Charles River, culminating in Mr. Foster being named Charles River's President and Chief Operating Officer in 1991. He has served as our President and Chief Executive Officer since 1992. Mr. Foster also serves on the Board of Directors of BioTransplant, Inc.

Thomas F. Ackerman joined Charles River 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. He is currently responsible for overseeing Charles River's Accounting and Finance Department, as well as our Information Management & Technology Group. Prior to joining Charles River, Mr. Ackerman was an accountant at Arthur Anderson & Co.

Dennis R. Shaughnessy joined Charles River in 1988 as Corporate Counsel and was named Vice President, Business Affairs in 1991. Prior to joining Charles River, Mr. Shaughnessy was a corporate associate at Boston's Testa, Hurwitz & Thibault and previously served in government policy positions. He assumed his current position in 1994 and is responsible for overseeing our business development initiatives on a worldwide basis, as well as handling our overall legal affairs. Mr. Shaughnessy also serves as our Corporate Secretary.

Robert Cawthorn has been a Managing Director of Global Health Care Partners, a group of DLJ Merchant Banking, Inc. since 1997. Mr. Cawthorn was Chief Executive Officer and Chairman of Rhone-Poulenc Rorer Inc. until May 1996. Further, he previously served as an Executive Officer of Pfizer International and the first President of Biogen Inc. Mr. Cawthorn serves as a director of CBS Corporation and Sunoco, Inc.

Stephen D. Chubb has been Chairman, Director and Chief Executive Officer of Matritech, Inc. since its inception in 1987. Previously, Mr. Chubb served as President and Chief Executive Officer of T Cell Sciences, Inc. and as President and Chief Executive Officer of Cytogen Company.

Thompson Dean has been a Managing Partner of DLJ Merchant Banking, Inc. since November 1996. Previously, Mr. Dean was a Managing Director of DLJ Merchant Banking, Inc. and its predecessor since January 1992. Mr. Dean serves as a director of Commvault Inc., Von Hoffmann Press, Inc., Manufacturer's Services Limited, Phase Metrics, Inc., AKI Holdings Corp., Amatek Ltd., DeCrane Aircraft Holdings Inc., Insilco Holding Corporation, Formica Corporation and Mueller Group, Inc.

Stephen C. McCluski has been Senior Vice President and Chief Financial Officer of Bausch & Lomb Incorporated since 1995. Previously, Mr. McCluski served as Vice President and Controller of Bausch & Lomb Incorporated and President of Outlook Eyewear Company.

Reid S. Perper has been a Principal of DLJ Merchant Banking, Inc. since January 1996. Prior to that time, Mr. Perper had been a Vice President of DLJ Merchant Banking, Inc. since January 1993. Mr. Perper was formerly a director of IVAC Holdings, Inc. and Fiberite Holdings, Inc.

Douglas E. Rogers has been Managing Director of Global Health Care Partners, a group of DLJ Merchant Banking, Inc. since 1996. Previously, Mr. Rogers was Vice President at Kidder Peabody & Co., Senior Vice President at Lehman Brothers, and head of U.S. Investment Banking at Baring Brothers. Mr. Rogers serves as a director of Computerized Medical Systems, Inc. and Wilson Greatbatch Ltd.

William Waltrip has been a director of Bausch & Lomb Incorporated since 1985, and Chairman of the Board of Directors of Technology Solutions Company since 1993. He has also been a director of Teachers Insurance and Annuity Association since 1980 and Thomas & Betts Corporation and Technology Solutions Company since 1983. Previously, Mr. Waltrip served as Chairman and Chief Executive Officer of Bausch & Lomb Incorporated, as Chief Executive Officer of Technology Solutions Company, as Chairman and Chief Executive Officer of Biggers Brothers, Inc., and as Chief Operating Officer of IU International Corporation. He was also previously President and Chief Executive Officer and a director of Purolator Courier Corporation.

Henry C. Wendt has been the Chairman of Global Health Care Partners, a group of DLJ Merchant Banking, Inc. since 1996. Previously, Mr. Wendt was Chairman of SmithKline Beecham Corporation and President and Chief Executive Officer of SmithKline Beckman Corp. prior to its merger with Beecham and served as founder and First Chairman of Pharmaceutical Partners for Better Health Care. Mr. Wendt serves as a director of Allergen, Inc., Atlantic Richfield Company, Computerized Medical Systems, The Egypt Investment Company, West Marine Products and Wilson Greatbatch Ltd.

EXECUTIVE COMPENSATION

The aggregate remuneration of our chief executive officer during 1998 and the four other most highly compensated executive officers whose salary and bonus exceeded \$100,000 for the fiscal year ended December 26, 1998, is set forth in the following table:

Summary Compensation Table

Name and Principal Position	Annual		Long Term Compensation		All Other Compensation
	Salary	Bonus	Restricted Stock Awards(s)	Securities Underlying Options	
James C. Foster..... Director, President and Chief Executive Officer	\$308,700	\$230,705 (1)	4,500	19,000	\$204,985 (2)
Real H. Renaud..... Senior Vice President and General Manager, European and North American Animal Operations	212,000	99,814	--	4,200	64,834 (3)
David P. Johst..... Vice President, Human Resources and Administration	146,800	69,911	--	4,200	69,871 (4)
Julia D. Palm..... Vice President and General Manager, Biotech Products and Services	165,200	50,829	--	1,720	66,953 (5)
Dennis R. Shaughnessy..... Vice President, Corporate Development, General Counsel and Secretary	167,800	79,898	--	4,200	82,056 (6)

(1) Includes \$12,000 in cash paid to Mr. Foster under Bausch & Lomb's Long Term Incentive Plan during 1998.

(2) Includes employer contribution under our Executive Supplemental Life Insurance Retirement Plan and EVA Long-Term Incentive Plan (\$168,068) and Employee Savings Plan (\$3,200), costs associated with a corporate automobile (\$23,861) and corporate club dues and services (\$9,856).

(3) Includes employer contribution under our Executive Supplemental Life Insurance Retirement Plan (\$40,075) and Employee Savings Plan (\$3,200) and costs associated with a corporate automobile (\$21,559).

(4) Includes employer contribution under our Executive Supplemental Life Insurance Retirement Plan (\$54,982) and Employee Savings Plan (\$3,200) and costs associated with a corporate automobile (\$11,689).

(5) Includes employer contribution under our Executive Supplemental Life Insurance Retirement Plan (\$50,691) and Employee Savings Plan (\$3,200) and costs associated with a corporate automobile (\$13,062).

(6) Includes employer contribution under our Executive Supplemental Life Insurance Retirement Plan (\$57,956) and Employee Savings Plan (\$2,132) and costs associated with a corporate automobile (\$21,968).

Stock Options

The following table presents material information regarding options to acquire shares of Bausch & Lomb's common stock granted to our named executive officers in 1998.

Option Grants in 1998 Fiscal Year

Name	Number of Securities Underlying Options Granted (#)	Individual Grants		Exercise or Base Price (\$/Sh)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(1)		
		Percent of Total Options Granted to Employees in Fiscal Year (%)				0%(\$)	5%(\$)	10%(\$)
James C. Foster.....	19,000	1.36%		50.94	7/27/08	--	608,682	1,542,520
Real H. Renaud.....	4,200	0.30%		50.94	7/27/08	--	134,551	340,978
David P. Johst.....	4,200	0.30%		50.94	7/27/08	--	134,551	340,978
Julia D. Palm.....	1,720	0.12%		50.94	7/27/08	--	55,102	139,639
Dennis R. Shaughnessy..	4,200	0.30%		50.94	7/27/08	--	134,551	340,978

(1) We cannot assure you that the value realized by an optionee will be at or near the amount estimated using this model. These amounts rely on assumed future stock price movements which management believes cannot be predicted with a reliable degree of accuracy. These amounts are based on the assumption that the option holders hold the options granted for their full term. The column headed "0% (\$)" is included to illustrate that the options were granted at fair market value and option holders will not recognize any gain without an increase in the stock price, which increase benefits all shareholders commensurately.

The following table provides material information related to the number and value of options exercised during 1998 and the value of options held by the named executive officers at the end of 1998. On December 26, 1998, the closing sale price of Bausch & Lomb common stock on NYSE was \$58 11/16 .

Aggregated Option Exercises in 1998 Fiscal Year and Fiscal Year-End Option Values

Name	Shares Acquired on Exercise (#)	Value Realized (\$)(1)	Number of Securities Underlying Unexercised Options at Fiscal Year-End (#)		Value of Unexercised In-the-Money Options at Year End (\$)(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
James C. Foster.....	362	10,238	73,740	37,760	1,244,664	497,373
Real H. Renaud.....	5,036	82,873	17,696	9,418	257,909	125,719
David P. Johst.....	3,144	64,194	7,370	8,407	105,561	111,026
Julia D. Palm.....	1,880	39,600	3,214	4,267	60,463	64,727
Dennis R. Shaughnessy..	6,890	54,303	1,650	8,350	15,469	109,697

(1) Value realized represents the difference between the exercise price of the option shares and the market price of the option shares on the date the option was exercised. The value realized was determined without consideration for any issues or brokerage expenses which may have been owed.

(2) Represents the total gain which would be realized if all in-the-money options held at year end were exercised, determined by multiplying the number of shares underlying the options by the difference between the per share option exercise price and the per share fair market value on December 26, 1998.

Employee Agreements and Compensation Arrangements

We do not currently have employment agreements with any of our named executive officers.

Director Compensation

We intend to pay our independent directors \$10,000 per year and \$1,000 per board meeting, plus travel expenses.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

All of our common stock is held by Holdings. The following table sets forth information with respect to the beneficial ownership of Holdings common stock by (a) any person or group who beneficially owns more than five percent of Holdings common stock, (b) each of our directors and executive officers and (c) all directors and officers as a group.

Name of Beneficial Owner -----	Percentage of Outstanding Common Stock (1) -----
DLJ Merchant Banking Partners II, L.P. and related investors(2)(3).....	71.9%
Bausch & Lomb Incorporated.....	12.5%
James C. Foster(4).....	2.0%
Thomas F. Ackerman(4).....	*
Dennis R. Shaughnessy(4).....	*
Robert Cawthorn(5).....	--
Stephen D. Chubb.....	--
Thompson Dean(5).....	--
Stephen C. McCluski.....	--
Reid S. Perper(5).....	--
Douglas E. Rogers(5).....	--
William Waltrip.....	--
Henry C. Wendt(5).....	--
Officers and directors as a group(4).....	6.1%

* less than 1%.

- (1) Under the SEC's rules, each person or entity is deemed to be a beneficial owner with the power to vote and direct the disposition of these shares.
- (2) Consists of shares held indirectly through CRL Acquisition LLC by the DLJMB Funds and the following related investors: DLJ Merchant Banking Partners II-A, L.P.; DLJ Investment Partners, L.P.; DLJ Offshore Partners II, C.V.; DLJ Capital Corp.; DLJ Diversified Partners, L.P.; DLJ Diversified Partners-A, L.P.; DLJ Millennium Partners, L.P.; DLJ Millennium Partners-A, L.P.; DLJMB Funding II, Inc.; DLJ First ESC L.P.; DLJ EAB Partners, L.P.; DLJ ESC II, L.P.; Sprout Capital VIII, L.P. and Sprout Venture Capital, L.P. See "Certain Relationships and Related Party Transactions" and "Plan of Distribution." The address of each of these investors is 277 Park Avenue, New York, New York 10172, except the address of Offshore Partners is John B. Gorsiraweg 14, Willemstad, Curacao, Netherlands Antilles.
- (3) Does not include the effect of the warrants or the issuance by Holdings of senior discount debentures with other warrants to the DLJMB Funds and other investors. If such warrants were exercised, the percentage of outstanding common stock beneficially owned by DLJ Merchant Banking Partners II, L.P. and related investors would decrease by 1.0%.
- (4) Consists of shares held indirectly through CRL Acquisition LLC.
- (5) Messrs. Cawthorn, Dean, Perper, Rogers and Wendt are officers of DLJ Merchant Banking, Inc., an affiliate of the DLJMB Funds and the initial purchaser. Shares shown for Messrs. Cawthorn, Dean, Perper, Rogers and Wendt exclude shares shown as held by the DLJMB Funds, as to which they disclaim beneficial ownership. The address of each of these investors is 277 Park Avenue, New York, New York 10172.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Recapitalization

Financial Advisory Fees and Agreements

Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ Securities Corporation"), an affiliate of the DLJMB Funds, acted as financial advisor to us and was also the initial purchaser of the notes. We paid customary fees to DLJ Securities Corporation as compensation for its services as financial advisor and initial purchaser. DLJ Capital Funding, an affiliate of the DLJMB Funds, received customary fees and reimbursement of expenses in connection with the arrangement and syndication of the new credit facility and as a lender thereunder. The aggregate amount of all fees paid to the DLJ entities in connection with the Recapitalization and the related financing was approximately \$13.2 million plus out-of-pocket-expenses.

Under the investors' agreement described below, for a period of five years from the date of the investors' agreement, DLJ Securities Corporation or any of its affiliates will be engaged as the exclusive financial and investment banking advisor of Holdings. We expect that DLJ Securities Corporation or such affiliate will receive customary fees for such services rendered and will be entitled to reimbursement for all reasonable disbursements and out-of-pocket expenses incurred in connection with such engagement. We expect that any such arrangement will include provisions for the indemnification of DLJ Securities Corporation against some liabilities, including liabilities under the federal securities laws.

CRL Acquisition LLC Operating Agreement

CRL Acquisition LLC, DLJMB Funds, management and other investors are parties to an operating agreement in connection with the Recapitalization. The operating agreement provides, among other things, that any person acquiring limited liability company units of CRL Acquisition LLC who is required by the operating agreement or by any other agreement or plan of CRL Acquisition LLC to become a party to the operating agreement will execute an agreement to be bound by the operating agreement.

The terms of the operating agreement restrict transfers of the limited liability company units of CRL Acquisition LLC by some investors or management and some future limited liability company unit holders parties thereto. The agreement provides for, among other things:

- o the ability of the other limited liability company unit holders to participate in particular sales of units of CRL Acquisition LLC by the DLJMB Funds
- o the ability of the DLJMB Funds to require the other limited liability company unit holders to sell limited liability company units of CRL Acquisition LLC in particular circumstances should the DLJMB Funds choose to sell any such units owned by them

The operating agreement also provides that DLJMB Funds has the right to appoint the three members of the board of directors of CRL Acquisition LLC, including the chairman.

Investors' Agreement

Holdings, CRL Acquisition LLC, CRL Holdings, Inc. (a subsidiary of B&L), management and other investors are parties to an investors' agreement in connection with the Recapitalization. The investors' agreement provides, among other things, that any person acquiring shares of common stock of Holdings who is required by the investors' agreement or by any other agreement or plan of Holdings to become a party to the investors' agreement will execute an agreement to be bound by the investors' agreement.

The terms of the investors' agreement restrict transfers of the shares of Holdings' common stock by CRL Holdings Inc., management and some other investors and some future shareholders parties thereto. The agreement provides for, among other things:

- o the ability of some other shareholders to participate in particular sales of shares of Holdings by CRL Acquisition LLC or its permitted transferees
- o the ability of DLJMB Funds or CRL Acquisition LLC to require the other shareholders to sell shares of Holdings in particular circumstances should the DLJMB Funds or CRL Acquisition LLC choose to sell any such shares owned by them
- o some registration rights with respect to shares of common stock of Holdings, including rights to indemnification against some liabilities, including liabilities under the Securities Act
- o the right of CRL Holdings Inc. to sell to Holdings all of the common stock of Holdings acquired by it as of the closing date of the Recapitalization and still held by it, beginning on the date that substantially all of the debt of Holdings and its subsidiaries is either repaid or refinanced and such refinanced debt permits it (such right terminates upon the occurrence of particular events, including an initial public offering, or 12 years from the closing date of the Recapitalization)
- o pre-emptive rights of all the parties, other than CRL Acquisition LLC and its permitted transferees, to acquire its pre-emptive portion of Holdings common stock in particular instances when Holdings proposes to issue common stock

The investors' agreement also provides that DLJ Merchant Banking Partners II, L.P. has the right to appoint seven of the nine members of the board of directors of Holdings, including the chairman.

Transactions with Officers and Directors

In connection with the Recapitalization, some of our officers purchased units of CRL Acquisition LLC, some of whom also borrowed funds up to a maximum aggregate amount of \$1.3 million from DLJ Inc. secured by their units. James C. Foster borrowed \$.3 million and each of Real H. Renaud, Thomas F. Ackerman and Dennis R. Shaughnessy borrowed approximately \$0.2 million. Two weeks after the consummation of the Recapitalization, the loans matured and were repaid by the officers, partially with funds borrowed from Charles River up to a maximum aggregate amount of \$.9 million. The loans from Charles River matures in ten years and interest accrues at the initial rate of the Term Loan B of the new credit facility. Each loan is secured by units in CRL Acquisition LLC held by the borrower, 25% of each loan is recourse to the borrower and all proceeds from the sale of such equity and options will be used to pay down the loan until it is repaid in full. All payments due under each loan accelerates immediately upon the termination of the borrower's employment with Charles River for any reason.

DESCRIPTION OF NEW CREDIT FACILITY

The new credit facility was provided by a syndicate of financial institutions led by DLJ Capital Funding, as sole book runner, lead arranger and syndication agent. The new credit facility includes a \$40.0 million term loan A facility, a \$120.0 million term loan B facility and a \$30.0 million revolving credit facility, which provides for loans and under which up to \$15.0 million in letters of credit may be issued. The term loan A facility matures six years after the closing date of the facility, the term loan B facility matures eight years after the closing date of the facility and the revolving facility matures six years after the closing date of the facility. The revolving credit facility is subject to a potential, but uncommitted, increase of up to \$25 million at our request at any time prior to such revolving credit facility maturity date. Such increase will be available only if one or more financial institutions agrees, at the time of our request, to provide it.

Loans under the term loan A facility and the revolving facility will bear interest, at our option, at the alternate base rate or the reserve adjusted LIBOR rate plus, in each case, applicable margins of 3.00% for LIBOR loans and 1.75% for base rate loans. Loans under the term loan B facility will bear interest, at our option, at the alternate base rate or the reserve adjusted LIBOR rate plus, in each case, applicable margins of 3.75% for LIBOR loans and 2.50% for base rate loans. We pay commitment fees in an amount equal to 0.50% per annum on the daily average unused portion of the revolving credit facility. Such fees are payable quarterly in arrears and upon the maturity or termination of the revolving credit facility. Beginning approximately six months after the closing date of the new credit facility, the applicable margins applicable to loans under the term loan A facility and the revolving facility and commitment fees will be determined based on the ratio (the "Leverage Ratio") of consolidated total debt to consolidated EBITDA (as defined in the new credit facility) of us and our restricted subsidiaries (as defined in the new credit facility).

The following margins will apply to loans under the term loan A facility and the revolving facility, which are determined by reference to the applicable leverage ratio:

Leverage Ratio -----	Applicable Margin For Base Rate Loans -----	Applicable Margin For LIBOR Rate Loans -----
greater than or equal to 5.0:1.0	1.75%	3.00%
greater than or equal to 4.0:1.0 and less than 5.0:1.0	1.25%	2.50%
greater than or equal to 3.0:1.0 and less than 4.0:1.0	0.75%	2.00%
less than 3.0:1.0	0.25%	1.50%

Further, the following commitment fees will apply, which are determined by reference to the applicable leverage ratio:

Leverage Ratio -----	Applicable Commitment Fee -----
greater than or equal to 4.0:1.0	0.500%
less than 4.0:1.0	0.375%

We will pay a letter of credit fee on the outstanding undrawn amounts of letters of credit issued under the new credit facility at a rate per year equal to the margin applicable to LIBOR loans under the revolving facility (in the case of standby letters of credit) or 1.25% (in the case of commercial letters of credit), which shall be shared by all

lenders participating in the relevant letters of credit. In addition, we will pay an additional fee to the issuer of each letter of credit in an amount agreed between us and the issuer.

The term loan A is subject to the following amortization schedule:

Year	Term Loan Amortization (%)
-----	-----
1.....	0%
2.....	5
3.....	10
4.....	20
5.....	25
6.....	40

The term loan B is subject to the following amortization schedule:

Year	Term Loan Amortization (%)
-----	-----
7.....	1%
8.....	93

The new credit facility is subject to mandatory prepayment:

- o with the net cash proceeds of the sale or other disposition of any property or assets of, or receipt of casualty proceeds by, us or any of our restricted subsidiaries, subject to some exceptions, including an exception for reinvestment in our and our restricted subsidiaries' business,
- o with 50% of the net cash proceeds received from the issuance of equity securities of Holdings, us or any of our restricted subsidiaries (subject to some exceptions) so long as the Leverage Ratio following such payment would exceed 3.5:1,
- o with the net cash proceeds received from issuances of debt securities by Holdings, us or any of our restricted subsidiaries (subject to some exceptions) and
- o with 50% of excess cash flow (as defined in the new credit facility) for each fiscal year so long as the Leverage Ratio following such payment would exceed 3.5:1.

All mandatory prepayment amounts will be applied first to the prepayment of the term loans.

All of our future domestic restricted subsidiaries will be guarantors of the new credit facility. Our obligations under the new credit facility will be secured by:

- o all of our stock,
- o all of our existing and after-acquired personal property and all the existing and after-acquired personal property of our future domestic restricted subsidiaries, including a pledge of all of the equity interests of all our future restricted subsidiaries held by us or any of our restricted subsidiaries and no more than 65% of the equity interests of any foreign restricted subsidiary, and all intercompany debt in our favor,
- o first-priority perfected liens on all of our material existing and after-acquired real property fee and leasehold interests, subject to customary permitted liens (as defined in the new credit facility), and
- o a negative pledge on all of our and our subsidiaries' assets.

The new credit facility contains customary covenants and restrictions on our ability to engage in some activities, including, but not limited to:

- o limitations on other indebtedness, liens, investments and guarantees,
- o restrictions on dividends and redemptions and payments on subordinated debt and
- o restrictions on mergers and acquisitions, sales of assets and leases.

The new credit facility also contains financial covenants requiring us to maintain a minimum EBITDA, minimum coverage of interest expense, minimum coverage of fixed charges and a maximum leverage ratio. The new credit facility contains customary events of default and a cross-default to indebtedness of Holdings.

Borrowings and reimbursement obligations under the new credit facility are subject to significant conditions, including compliance with some financial ratios and the absence of any material adverse change. See "Risk Factors--Risks relating to our debt."

WARRANTHOLDERS

Below is information with respect to the number of the warrants, and shares of common stock of Holdings owned by each of the warrant holders. The warrants are being registered to permit public secondary trading of the warrants and the common stock issued upon the exercise of the warrants, and the warrant holders may offer the warrants and common stock issued upon the exercise of the warrants for resale from time to time. See "Plan of Distribution."

We have filed with the SEC a registration statement, of which this prospectus forms a part, with respect to the resale of the warrants and the issuance and resale of common stock of Holdings issued upon the exercise of the warrants from time to time, under Rule 415 under the Securities Act, in the over-the-counter market, in privately-negotiated transactions, in underwritten offerings or by a combination of such methods of sale, and have agreed to use our best efforts to keep such registration statement effective until the earlier of (i) two years following the first date on which no warrants remain outstanding and (ii) if all warrants expire unexercised, the expiration of the warrants on October 1, 2009.

The warrants and our common stock issued upon the exercise of the warrants offered by this prospectus may be offered from time to time by the persons or entities named below:

Name and Address of Holders -----	Percentage of Shares of Common Stock Owned Prior to Offering -----	Number of Warrants Owned Prior to Offering -----		Ownership After Offering -----
		Number of Warrants -----	Number of Shares Issuable Upon Exercise -----	Percentage of Shares of Common Stock -----
Atlas Strategic Income Fund c/o Oppenheimer Funds, Inc. Two World Trade Center, 34th Floor New York, NY 10048	--	100	394	--
Ares Leveraged Investment Fund, L.P. c/o Ares Management, L.P. 1999 Avenue of the Stars, Suite 1900 Los Angeles, CA 90067	--	2,500	9,856	--
Ares Leveraged Investment Fund II, L.P. c/o Ares Management, L.P. 1999 Avenue of the Stars, Suite 1900 Los Angeles, CA 90067	--	5,000	19,712	--
Columbia/HCA c/o Caywood Scholl Capital Mgmt. 4350 Executive Drive #125 San Diego, CA 92121	--	150	591	--
DeMoss Foundation c/o Caywood Scholl Capital Mgmt. 4350 Executive Drive #125 San Diego, CA 92121	--	100	394	--
Dresdner RCM Caywood Scholl CBO I, Ltd. c/o Caywood Scholl Capital Mgmt. 4350 Executive Drive #125 San Diego, CA 92121	--	2,500	9,856	--

Name and Address of Holders -----	Percentage of Shares of Common Stock Owned Prior to Offering -----	Number of Warrants Owned Prior to Offering -----		Ownership After Offering -----
		Number of Warrants -----	Number of Shares Issuable Upon Exercise -----	Percentage of Shares of Common Stock -----
DLJ ESC II, L.P. 277 Park Avenue New York, NY 10172	71.9%*	3,455	13,621	71.9%*
DLJ Investment Funding, Inc. 277 Park Avenue New York, NY 10172	71.9%*	2,303	9,079	71.9%*
DLJ Investment Partners, L.P. 277 Park Avenue New York, NY 10172	71.9%*	24,242	95,573	71.
Enterprise High Yield Bond Fund c/o Caywood Scholl Capital Mgmt. 4350 Executive Drive #125 San Diego, CA 92121	--	350	1,380	--
Enterprise Accumulation Trust High Yield c/o Caywood Scholl Capital Mgmt. 4350 Executive Drive #125 San Diego, CA 92121	--	250	986	--
IL Annuity & Insurance Co.-RGA c/o Caywood Scholl Capital Mgmt. 4350 Executive Drive #125 San Diego, CA 92121	--	150	591	--
JHW Cash Flow Fund I, L.P. c/o Kerri Cagnassola 177 Broad Street Stamford, CT 06901	--	5,000	19,712	--
Oneok Master Trust 10 West 3rd Street, 1st Floor Tulsa, Oklahoma 74103	--	500	1,971	--
Oppenheimer Champion Income Fund c/o Oppenheimer Funds, Inc. Two World Trade Center, 34th Floor New York, NY 10048	--	4,500	17,741	--
Oppenheimer High Income Fund c/o Oppenheimer Funds, Inc. Two World Trade Center, 34th Floor New York, NY 10048	--	1,100	4,337	--

Name and Address of Holders	Percentage of Shares of Common Stock Owned Prior to Offering	Number of Warrants Owned Prior to Offering		Ownership After Offering
		Number of Warrants	Number of Shares Issuable Upon Exercise	Percentage of Shares of Common Stock
Oppenheimer High Yield Bond Fund c/o Oppenheimer Funds, Inc. Two World Trade Center, 34th Floor New York, NY 10048	--	3,000	11,827	--
Oppenheimer Strategic Bond Fund c/o Oppenheimer Funds, Inc. Two World Trade Center, 34th Floor New York, NY 10048	--	350	1,380	--
Oppenheimer Strategic Income Fund c/o Oppenheimer Funds, Inc. Two World Trade Center, 34th Floor New York, NY 10048	--	5,950	23,458	--
Sutter CB0 1999-1 Ltd. c/o Chase Bank of Texas, N.A. 600 Travis Street, 51st Floor Houston, TX 77002	--	3,500	13,799	--
TCW Leveraged Income Investment Trust L.P. 865 South Figueroa Street, 21st Floor Los Angeles, CA 90017	--	2,526	9,959	--
TCW Leveraged Income Trust II, L.P. 865 South Figueroa Street, 21st Floor Los Angeles, CA 90017	--	2,526	9,959	--
TCW Crescent Mezzanine Partners II, L.P. 865 South Figueroa Street, 21st Floor Los Angeles, CA 90017	--	16,266	64,128	--
TCW Crescent Mezzanine Trust II 865 South Figueroa Street, 21st Floor Los Angeles, CA 90017	--	3,945	15,553	--
The 1818 Mezzanine Fund, L.P. c/o Brown Brothers Harriman & Co. 59 Wall Street New York, NY 10005	--	39,424	155,427	--
Wells Fargo Bank, N.A. Capital Markets High Yield 555 Montgomery Street, 10th Floor San Francisco, CA 94111	--	4,000	15,770	--

* The holder indirectly owns such percentage of Holdings common stock.

None of such holders have, or within the past three years had, any position, office or other material relationship with us or any of our predecessors or affiliates except as disclosed in "Management", whereby some of our directors and officers are affiliated with some of the holders listed above.

Because the selling holders may, under this prospectus, offer all or some portion of the warrants or the common stock issuable upon conversion of the warrants, no estimate can be given as to the amount of the warrants or the common stock issuable upon conversion of the warrants that will be held by the selling holders upon termination of any such sales. In addition, the selling holders identified above may have sold, transferred or otherwise disposed of all or a portion of their warrants, since the date on which they provided the information regarding their warrants, in transactions exempt from the registration requirements of the Securities Act. See "Plan of Distribution."

Only selling holders identified above who beneficially own the securities set forth opposite each such selling holder's name in the foregoing table on the effective date of the registration statement of which this prospectus forms a part may sell such securities under the registration statement. Prior to any use of this prospectus in connection with an offering of the warrants and/or the common stock issuable upon conversion of warrants by any holder not identified above, this prospectus will be supplemented to set forth the name and number of shares beneficially owned by the selling securityholder intending to sell such warrants and/or common stock, and the number of warrants and/or shares of common stock to be offered. The prospectus supplement will also disclose whether any selling securityholder selling in connection with such prospectus supplement has held any position or office with, been employed by or otherwise has had a material relationship with, us or any of our affiliates during the three years prior to the date of the prospectus supplement if such information has not been disclosed herein.

DESCRIPTION OF WARRANTS

The warrants were issued under a warrant agreement between Holdings and State Street Bank and Trust Company, as warrant agent, a copy of which is available as set forth under the caption entitled "Where You Can Find More Information." The following is only a summary of the warrant agreement and may not contain all the information that is important to you. Therefore, we encourage you to read the warrant agreement which has been filed with the SEC as an exhibit to the registration statement on form S-1 with respect to the warrants and shares of common stock of Holdings issuable upon the exercise of the warrants. See "Where You Can Find More Information" for information on how you can obtain a copy of the warrant agreement.

General

Each warrant, when exercised, will entitle the holder thereof to receive 3.942 fully paid and non-assessable shares of Holdings common stock, at an exercise price of \$10.00 per share, subject to adjustment. The exercise price and the number of Holdings common stock are both subject to adjustment in particular cases referred to below. The holders of the warrants would be entitled, in the aggregate, to purchase shares of Holdings common stock representing approximately 5.0% of Holdings common stock on a fully diluted basis on the closing date, assuming exercise of all outstanding warrants. The warrants will be exercisable at any time on or after October 1, 2001. Unless exercised, the warrants will automatically expire at 5:00 p.m. New York City time on October 1, 2009.

The warrants may be exercised by surrendering to Holdings the warrant certificates evidencing the warrants to be exercised with the accompanying form of election to purchase properly completed and executed, together with payment of the exercise price. Payment of the exercise price may be made at the holder's election (i) by tendering notes having an aggregate principal amount at maturity, plus accrued and unpaid interest, if any, thereon, to the date of exercise equal to the exercise price and (ii) in cash in United States dollars by wire transfer or by certified or official bank check to the order of Holdings. Upon surrender of the warrant certificate and payment of the exercise price, Holdings will deliver or cause to be delivered, to or upon the written order of such holder, stock certificates representing the number of whole shares of Holdings common stock to which the holder is entitled. If less than all of the warrants evidenced by a warrant certificate are to be exercised, a new warrant certificate will be issued for the remaining number of warrants. Holders of warrants will be able to exercise their warrants only if a registration statement relating to Holdings common stock underlying the warrants is then in effect, or the exercise of such warrants is exempt from the registration requirements of the Securities Act, and such securities are qualified for sale or exempt from qualification under the applicable securities laws of the states in which the various holders of warrants or other persons to whom it is proposed that Holdings common stock be issued on exercise of the warrants reside.

No fractional shares of Holdings common stock will be issued upon exercise of the warrants. Holdings will pay to the holder of the warrant at the time of exercise an amount in cash equal to the current market value of any such fractional shares of Holdings common stock less a corresponding fraction of the exercise price.

The holders of the warrants will have no right to vote on matters submitted to the stockholders of Holdings and will have no right to receive dividends. The holders of the warrants will not be entitled to share in the assets of Holdings in the event of liquidation, dissolution or the winding up of Holdings. In the event a bankruptcy or reorganization is commenced by or against Holdings, a bankruptcy court may hold that unexercised warrants are executory contracts which may be subject to rejection by Holdings with approval of the bankruptcy court, and the holders of the warrants may, even if sufficient funds are available, receive nothing or a lesser amount as a result of any such bankruptcy case than they would be entitled to if they had exercised their warrants prior to the commencement of any such case.

In the event of a taxable distribution to holders of Holdings common stock that results in an adjustment to the number of shares of Holdings common stock or other consideration for which a warrant may be exercised, the holders of the warrants may, in particular circumstances, be deemed to have received a distribution subject to United States federal income tax as a dividend. See "Certain Federal Income Tax Consequences."

Adjustments

The number of shares of Holdings common stock purchasable upon the exercise of the warrants and the exercise price will be subject to adjustment if particular events occur, including:

- (1) the payment by Holdings of dividends and other distributions on the Holdings common stock,
- (2) subdivisions, combinations and reclassifications of the Holdings common stock,
- (3) the issuance to all holders of Holdings common stock of rights, options or other warrants entitling them to subscribe for Holdings common stock or securities convertible into, or exchangeable or exercisable for, Holdings common stock at a price which is less than the fair market value per share (as defined) of Holdings common stock,
- (4) some distributions to all holders of Holdings common stock of any of Holdings' assets or debt securities or any rights or other warrants to purchase any such securities, but excluding those rights and warrants referred to in clause (3) above,
- (5) the issuance of shares of Holdings common stock for consideration per share less than the then fair market value per share of Holdings common stock, but excluding securities issued in transactions referred to in clauses (1) through (4) above or (6) below and subject to some exceptions,
- (6) the issuance of securities convertible into or exchangeable for Holdings common stock for a conversion or exchange price plus consideration received upon issuance less than the then fair market value per share of Holdings common stock at the time of issuance of such convertible or exchangeable security, but excluding securities issued in transactions referred to in clauses (1) through (4) above, and
- (7) some other events that could have the effect of depriving holders of the warrants of the benefit of all or a portion of the purchase rights evidenced by the warrants.

Adjustments to the exercise price will be calculated to the nearest cent. No adjustment need be made for any of the foregoing transactions if holders of warrants issued are to participate in the transaction on a basis and with notice that the board of directors determines to be fair and appropriate in light of the basis and notice and on which other holders of Holdings common stock participate in the transaction.

"Disinterested Director" means, in connection with any issuance of securities that gives rise to a determination of the fair market value thereof, each member of the board of directors of Holdings who is not an officer, employee, director or other affiliate of the party to whom Holdings is proposing to issue the securities giving rise to such determination.

"Fair Market Value" per security at any date of determination shall be (1) in connection with a sale to a party that is not an affiliate of Holdings in an arm's-length transaction, the price per security at which such security is sold and (2) in connection with any sale to an affiliate of Holdings, (a) the last price per security at which such security was sold in an arm's-length transaction within the three-month period preceding such date of determination or (b) if clause (a) is not applicable, the fair market value of such security determined in good faith by (i) a majority of the Board of Directors of Holdings, including a majority of the disinterested directors, and approved in a board resolution delivered to the Warrant Agent or (ii) a nationally recognized investment banking, appraisal or valuation firm, which is not an affiliate of Holdings, in each case taking into account, among all other factors deemed relevant by the Board of Directors or such investment banking, appraisal or valuation firm, the trading price and volume of such security on any national securities exchange or automated quotation system on which such security is traded.

No adjustment in the exercise price will be required unless such adjustment would require an increase or decrease of at least one percent (1.0%) in the exercise price; provided however, that any adjustment that is not made will be carried forward and taken into account in any subsequent adjustment. In the case of particular combinations or mergers of Holdings, or the sale of all or substantially all of the assets of Holdings to another corporation, (i) each

warrant will thereafter be exercisable for the right to receive the kind and amount of shares of stock or other securities or property to which such holder would have been entitled as a result of such combination, merger or sale had the warrants been exercised immediately prior thereto and (ii) the Person formed by or surviving any such combination or merger, if other than the company, or to which such sale shall have been made will assume the obligations of Holdings under the warrant agreement.

Reservation of Shares

Holdings has authorized and reserved for issuance and will at all times reserve and keep available such number of shares of Holdings common stock as will be issuable upon the exercise of all outstanding warrants. Such shares of Holdings common stock, when paid for and issued, will be duly and validly issued, fully paid and non-assessable, free of preemptive rights and free from all taxes, liens, charges and security interests with respect to the issuance thereof.

Amendment

From time to time, Holdings and State Street Bank and Trust Company, warrant agent, without the consent of the holders of the warrants, may amend or supplement the warrant agreement for particular purposes, including curing defects or inconsistencies or making any change that does not adversely affect the legal rights of any holder. Any amendment or supplement to the warrant agreement that adversely affects the legal rights of the holders of the warrants will require the written consent of the holders of a majority of the then outstanding warrants (excluding warrants held by Holdings or any of its affiliates). The consent of each holder of the warrants affected will be required for any amendment under which the exercise price would be increased or the number of shares of Holdings common stock purchasable upon exercise of warrants would be decreased, other than for particular adjustments provided in the warrant agreement.

DESCRIPTION OF CAPITAL STOCK OF HOLDINGS

General

Holdings is authorized to issue an aggregate of 40,000,000 shares of common stock, par value \$.01 per share, of which 10,285,715 are outstanding (excluding 1,600,000 reserved for issuance for outstanding warrants, including the Warrants). The following is a summary of some of the rights and privileges pertaining to Holdings common stock. For a full description of the Holdings' capital stock, reference is made to the Holdings' Certificate of Incorporation currently in effect, a copy of which is available from Holdings. See "Where You Can Find More Information."

Common Stock

Holders of Holdings common stock have no conversion, redemption or preemptive rights.

Voting Rights

The holders of Holdings common stock are entitled to one vote per share on all matters submitted for action by the shareholders. There is no provision for cumulative voting with respect to the election of directors. Accordingly, the holders of more than 50% of the shares of Holdings common stock can, if they choose to do so, elect the board of directors of Holdings and determine most matters on which stockholders are entitled to vote. Under the Investors' Agreement, the shareholders who are party to such agreement have agreed to vote their shares to cause CRL Acquisition LLC to select five of the seven Holdings' directors, including the chairman. See "Certain Relationships and Related Party Transactions--Investors' Agreement."

Dividend Rights

Holders of Holdings common stock are entitled to share equally, share for share, if dividends are declared on Holdings common stock, whether payable in cash, property or securities of Holdings.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of Holdings, after we have made payments from the funds available therefore to the holders of preferred stock, if any, for the full amount to which they are entitled, the holders of the shares of Holdings common stock are entitled to share equally, share for share, in the assets available for distribution.

Preferred Stock

Holdings has authorized 10,000,000 shares of preferred stock to be issued from time to time in one or more series, with such designations, powers, preferences, rights, qualifications, limitations and restrictions as the board of directors may determine. The shares of preferred stock of any one series shall be identical with each other in all respects except as to the dates from which dividends shall accrue or be cumulative. On all matters with respect to which holders of the preferred stock are entitled to vote as a single class, each holder of preferred stock with such voting right shall be entitled to one vote for each share held.

Section 203 of Delaware General Corporation Law

Holdings is a Delaware corporation and subject to Section 203 of the DGCL. Section 203 prevents an "interested stockholder" (defined generally as a person owning 15% or more of a corporation's outstanding voting stock) from engaging in a "business combination" with a Delaware corporation for three years following the date such person became an interested stockholder, subject to some exceptions such as transactions done with the approval of the board of directors and of the holders of at least two-thirds of the outstanding shares of voting stock not owned by the interested stockholder. The existence of this provision would be expected to have an anti-takeover effect, including possibly discouraging takeover attempts that might result in a premium over the market price for the shares of Holdings common stock.

DLJMB Warrants

Holdings issued senior discount debentures with other warrants (the "DLJMB Warrants") to the DLJMB Funds and other investors for \$37.6 million. Each DLJMB Warrant will entitle the holder thereof to purchase one share of Holdings common stock at an exercise price of not less than \$0.01 per share subject to customary antidilution provisions (which differ in some respects from those contained in the warrants) and other customary terms. The DLJMB Warrants will be exercisable at any time prior to 5:00 p.m., New York City time, on April 1, 2010. The exercise of the DLJMB Warrants also will be subject to applicable federal and state securities laws.

The DLJMB Funds are entitled to particular registrations rights related to the DLJMB Warrants.

Transfer Agent and Registrar

The transfer agent and registrar for the Holdings common stock will be the Secretary of Holdings.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following describes the material United States federal income tax consequences of the ownership, disposition and exercise of warrants applicable to holders of warrants. This discussion is based on the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), administrative pronouncements, judicial decisions and existing and proposed Treasury Regulations, and interpretations of the foregoing, changes to any of which subsequent to the date of this registration statement may affect the tax consequences described herein, possibly with retroactive effect.

The following discusses only warrants and the shares of Holdings common stock issuable upon the exercise of the warrants held as capital assets within the meaning of Section 1221 of the Code. It does not discuss all of the tax consequences that may be relevant to a holder in light of his particular circumstances or to holders subject to special rules, such as some financial institutions, tax-exempt entities, insurance companies, dealers and traders in securities or currencies and holders who hold the warrants or the shares of Holdings common stock issuable upon the exercise of the warrants as part of a hedging transaction, "straddle," conversion transaction or other integrated transaction, or persons who have ceased to be United States citizens or to be taxed as resident aliens. Persons considering the purchase of warrants should consult their tax advisors with regard to the application of the United States federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

As used herein, the term "U.S. Holder" means a beneficial owner of a warrant or the shares of Holdings common stock issuable upon the exercise of the warrants that for United States federal income tax purposes is:

- o a citizen or resident of the United States;
- o a corporation created or organized in or under the laws of the United States or of any political subdivision thereof;
- o an estate the income of which is subject to United States federal income taxation regardless of its source; or
- o a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

As used herein, the term "Non-U.S. Holder" means an owner of a warrant or the shares of Holdings common stock issuable upon the exercise of the warrants that is, for United States federal income tax purposes,

- o a nonresident alien individual;

- o a foreign corporation;
- o a nonresident alien fiduciary of a foreign estate or trust; or
- o a foreign partnership, one or more of the members of which is a nonresident alien individual, a foreign corporation or a nonresident alien fiduciary of a foreign estate or trust.

Tax Consequences to U.S. Holders

The Warrants

A U.S. Holder will generally not recognize any gain or loss upon exercise of any warrants (except with respect to any cash received in lieu of a fractional share of Holdings common stock issuable upon the exercise of the warrant). A U.S. Holder will have an initial tax basis in the shares of Holdings common stock received on exercise of the warrants equal to the sum of its tax basis in the warrants and the aggregate cash exercise price, if any, paid in respect of such exercise. A U.S. Holder's holding period in such shares of Holdings common stock will commence on the day the warrants are exercised.

If a warrant expires without being exercised, a U.S. Holder will recognize a capital loss in an amount equal to its tax basis in the warrant. Upon the sale or exchange of a warrant, a U.S. Holder will generally recognize a capital gain or loss equal to the difference, if any, between the amount realized on such sale or exchange and the U.S. Holder's tax basis in such warrant. Such capital gain or loss will be long-term capital gain or loss if, at the time of such sale or exchange, the warrant has been held for more than one year.

Under Section 305 of the Code, a U.S. Holder of a warrant may be deemed to have received a constructive distribution from Charles River, which may result in the inclusion of ordinary dividend income, in the event of particular adjustments to the number of shares of Holdings common stock to be issued on exercise of a Warrant.

Backup Withholding and Information Reporting

Backup withholding of U.S. federal income tax at a rate of 31% may apply to dividends received with respect to the shares of Holdings common stock issuable upon the exercise of the warrants and the proceeds of a disposition of a warrant or such shares to a U.S. Holder who is not an exempt recipient. Generally, individuals are not exempt recipients, whereas corporations and some other entities are exempt recipients. Backup withholding will apply only if the U.S. Holder

- o fails to furnish its Taxpayer Identification Number ("TIN") which, in the case of an individual, is his or her Social Security Number;
- o furnishes an incorrect TIN;
- o is notified by the Internal Revenue Service ("IRS") that it has failed to properly report payments of dividends; or
- o under particular circumstances, fails to certify, under penalty of perjury, that it has furnished a correct TIN and has not been notified by the IRS that it is subject to backup withholding.

U.S. Holders should consult their tax advisors regarding their qualification for exemption from backup withholding and the procedure for obtaining such an exemption if applicable.

The amount of any backup withholding from a payment to a U.S. Holder is not an additional tax and is allowable as a credit against such U.S. Holder's United States federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is furnished to the IRS.

Tax Consequences to Non-U.S. Holders

Dividends on Warrant Shares

Dividends paid to a Non-U.S. Holder on the shares of Holdings common stock (and, after December 31, 2000, any deemed dividends resulting from particular adjustments to the number of shares of Holdings common stock to be issued on exercise of a warrant) generally will be subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty, unless such dividends are effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the U.S. Currently, for purposes of determining whether tax is to be withheld at a 30% rate or at a reduced treaty rate, Charles River ordinarily will presume that dividends paid on or before December 31, 2000 to an address in a foreign country are paid to a resident of such country absent knowledge that such presumption is not warranted. Under Treasury Regulations effective for payments after December 31, 2000, Non-U.S. Holders will be required to satisfy particular applicable certification requirements to claim treaty benefits.

Sale, Exchange or Disposition of the Warrants or Warrant Shares

A Non-U.S. Holder of a warrant or shares of Holdings common stock issuable upon the exercise of the warrants will not be subject to United States federal income tax on gain realized on the sale, exchange or other disposition of such warrant or shares, unless:

- o that holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition, and some other conditions are met;
- o that gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States; or
- o the warrant or such share was a United States real property interest ("USRPI") as defined in Section 897(c)(1) of the Code at any time during the five year period prior to the sale or exchange or at any time during the time that the Non-U.S. Holder held such warrant or share, whichever time was shorter.

A warrant or shares of Holdings common stock would be a USRPI only if, at any time during the five years prior to the sale or exchange of such warrant or share or at any time during the period that the Non-U.S. Holder held such warrant or share, whichever time was shorter, Charles River had been a "United States real property holding corporation" (USRPHC) as defined in Section 897(c)(2) of the Code. Charles River believes that it is not, has not been and will not become a USRPHC for federal income tax purposes.

Estate Tax

An individual Non-U.S. Holder who is treated as the owner of, or has made particular lifetime transfers of, an interest in a warrant or shares of Holdings common stock will be required to include the value thereof in his gross estate for U.S. federal estate tax purposes, and may be subject to U.S. federal estate tax unless an applicable estate tax treaty provides otherwise.

Effectively Connected Dividend Income or Gain

Dividends with respect to shares of Holdings common stock or gain realized on the sale, exchange or other disposition of warrants or shares that are effectively connected with the conduct of a trade or business in the U.S. by a Non-U.S. Holder, although exempt from withholding tax, may be subject to U.S. income tax at graduated rates as if such dividends or gain were earned by a U.S. Holder. The Non-U.S. Holder will be exempt from withholding tax if it properly certifies on IRS Form 4224, Form W-8ECI or other appropriate successor form that the income is effectively connected with the conduct of a United States trade or business. In addition, if such Non-U.S. Holder is a foreign corporation, it may be subject to a 30% branch profits tax (unless reduced or eliminated by an applicable treaty) on its earnings and profits for the taxable year attributable to such effectively connected income, subject to particular adjustments.

Backup Withholding and Information Reporting

Where required, Charles River will report annually to the IRS and to each Non-U.S. Holder the amount of any dividends paid to the Non-U.S. Holder. Copies of these information returns may also be made available under the provisions of a specific treaty or other agreement to the tax authorities of the country in which the Non-U.S. Holder resides.

Backup withholding (described above under "-- Tax Consequences to U.S. Holders--Backup Withholding and Information Reporting") generally will not apply to dividends paid on or before December 31, 2000 to a Non-U.S. Holder at an address outside the United States, provided Charles River or its paying agent does not have actual knowledge that the payee is a United States Person. Under Treasury Regulations effective for payments made after December 31, 2000, however, a Non-U.S. Holder will be subject to backup withholding unless applicable certification requirements are met.

Under current Treasury Regulations, payments on the sale, exchange or other disposition of a warrant or shares of Holdings common stock made to or through a foreign office of a broker generally will not be subject to backup withholding. However, if such broker is a United States person, a controlled foreign corporation for United States federal income tax purposes, a foreign person 50 percent or more of whose gross income is effectively connected with a United States trade or business for a specified three-year period or (generally in the case of payments made after December 31, 2000) a foreign partnership with particular connections to the United States, then information reporting (but not backup withholding) will be required unless the broker has in its records documentary evidence that the beneficial owner is not a United States person and some other particular conditions are met or the beneficial owner otherwise establishes an exemption. Backup withholding may apply to any payment that such broker is required to report if the broker has actual knowledge that the payee is a United States person. Payments to or through the United States office of a broker will be subject to backup withholding and information reporting unless the holder certifies, under penalties of perjury, that it is not a United States person or otherwise establishes an exemption.

Recently promulgated Treasury Regulations, generally effective for payments after December 31, 2000, provide some presumptions under which a Non-U.S. Holder will be subject to backup withholding and information reporting unless the holder certifies as to its non-U.S. status or otherwise establishes an exemption. In addition, the new Treasury Regulations change some procedural requirements relating to establishing a holder's non-U.S. status.

Non-U.S. Holders of warrants or the shares of Holdings common stock issuable upon the exercise of the warrants should consult their tax advisers regarding the application of information reporting and backup withholding in their particular situations, the availability of an exemption therefrom, and the procedure for obtaining such an exemption, if available. Any amount withheld from a payment to a Non-U.S. Holder under the backup withholding rules is not an additional tax and is allowable as a credit against such holder's United States federal income tax liability, if any, or may entitle such holder to a refund, provided that the required information is furnished to the IRS.

PLAN OF DISTRIBUTION

Holdings will not receive any proceeds from this offering, other than in connection with the exercise of the warrants. The warrants and the common stock of Holdings issued upon the exercise of the warrants offered hereby may be sold by the warrant holders from time to time in transactions in the over-the-counter market, in negotiated transactions, in underwritten offerings, or a combination of such methods of sale, at fixed prices which may be changed, at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. The warrant holders may effect such transactions by selling the warrants and common stock of Holding issued upon the exercise of the warrants to or through broker-dealers, and such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the warrant holders and/or the purchasers of the warrants for whom such broker-dealers may act as agents or to whom they sell as principals, or both (which compensation as to a particular broker-dealer might be in excess of customary commissions).

In order to comply with the securities laws of particular states, if applicable, the warrants and common stock will be sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in particular

states the warrants and the common stock of Holdings may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

The warrant holders and any broker-dealers or agents that participate with the warrant holders in the distribution of the warrants or the common stock of Holdings issued upon the exercise of the warrants may be deemed to be "underwriters" within the meaning of the Securities Act, and any commissions received by them and any profit on the resale of the warrants or the common stock issued upon the exercise of the warrants purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

Each warrant holder will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, which provisions may limit the timing of purchases and sales of shares of the common stock of Holdings by the warrant holders.

The costs of the registration of the warrants will be paid by Holdings, including, without limitation, SEC filing fees and expenses of compliance with state securities or "blue sky" laws; provided, however, that the selling holders will pay all underwriting discounts and selling commissions, if any. The selling holders will be indemnified by Holdings against particular civil liabilities, including some liabilities under the Securities Act, or will be entitled to contribution in connection therewith.

LEGAL MATTERS

The validity of the warrants and shares of common stock of Holdings issuable upon the exercise of the warrants offered hereby will be passed upon for Charles River Laboratories, Inc. and Charles River Laboratories Holdings, Inc. by Davis Polk & Wardwell, New York, New York.

INDEPENDENT ACCOUNTANTS

The consolidated financial statements of Charles River Laboratories, Inc. and the combined financial statements of Charles River Laboratories Holdings, Inc. and Charles River Laboratories, Inc. as of December 27, 1997 and December 26, 1998 and for each of the three years in the period ended December 26, 1998 included in this prospectus have been audited by PricewaterhouseCoopers LLP as stated in their report appearing herein.

WHERE YOU CAN FIND MORE INFORMATION

Holdings has filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to warrants and shares of common stock of Holdings issuable upon the exercise of the warrants. This prospectus does not contain all the information included in the registration statement and the related exhibits and schedules. You will find additional information about us, Holdings and the warrants and shares of common stock of Holdings issuable upon the exercise of the warrants in the registration statement. The registration statement and the related exhibits and schedules may be inspected and copied at the public reference facilities maintained by the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the public reference facilities of the SEC's Regional Offices: New York Regional Office, Seven World Trade Center, Suite 1300, New York, New York 10048; and Chicago Regional Office, Citicorp Center, 500 West Madison Street, Chicago, Illinois 60661. Copies of this material may also be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. You can obtain information on the operation of the public reference facilities by calling 1-800-SEC-0330. The SEC also maintains a site on the World Wide Web (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding registrants, including Charles River and Holdings, that file electronically with the SEC. Statements made in this prospectus about legal documents may not necessarily be complete and you should read the documents which are filed as exhibits or schedules to the registration statement or otherwise filed with the SEC.

We are required under the warrant agreement to furnish the warrant holders with all quarterly and annual financial information that would be required to be contained in a filing with the SEC on forms 10-Q and 10-K if Holdings were required to file such Forms, including, without limitation, (a) "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report thereon by Holdings's certified independent accountants, and (b) all current reports that would be required to be filed with the SEC on Form 8-K if Holdings were required to file such reports, in each case, within the time periods specified in the SEC's rules and regulations.

INDEX TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL DATA

	Page
Introduction to Unaudited Pro Forma Condensed Consolidated Financial Data.....	P-2
Charles River Laboratories, Inc. and Subsidiaries Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 25, 1999.....	P-4
Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 25, 1999.....	P-5
Unaudited Pro Forma Condensed Consolidated Statement of Income for the Year Ended December 26, 1998.....	P-8
Unaudited Pro Forma Condensed Consolidated Statement of Income for the Nine Months Ended September 26, 1998.....	P-9
Unaudited Pro Forma Condensed Consolidated Statement of Income for the Nine Months Ended September 25, 1999.....	P-10
Notes to Unaudited Pro Forma Condensed Consolidated Statements of Income.....	P-11
Charles River Laboratories Holdings, Inc. and Charles River Laboratories, Inc. Unaudited Pro Forma Condensed Combined Balance Sheet as of September 25, 1999.....	P-14
Notes to Unaudited Pro Forma Condensed Combined Balance Sheet as of September 25, 1999.....	P-15
Unaudited Pro Forma Condensed Combined Statement of Income for the Year Ended December 26, 1998.....	P-19
Unaudited Pro Forma Condensed Combined Statement of Income for the Nine Months Ended September 25, 1999.....	P-20
Notes to Unaudited Pro Forma Condensed Combined Statements of Income.....	P-21

INTRODUCTION TO UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED FINANCIAL DATA

On September 29, 1999, Charles River Laboratories, Inc. (the "Company" or "Charles River") consummated a recapitalization transaction in connection with a recapitalization agreement dated July 25, 1999 (the "Recapitalization Agreement") with Bausch & Lomb Incorporated ("B&L"), subsidiaries of B&L (such subsidiaries and B&L are referred to, collectively, as the "Rollover Shareholders"), Endosafe, Inc. (renamed Charles River Laboratories Holdings, Inc., referred to as "Holdings") and CRL Acquisition LLC, a subsidiary of DLJ Merchant Banking Partners II, L.P. ("DLJMB"). Prior to the consummation of the Recapitalization, the Company became a wholly owned subsidiary of Holdings. Holdings has no operations other than those related to Charles River. Holdings was recapitalized in a transaction providing aggregate consideration of \$456.2 million, consisting of \$400.0 million in cash, a subordinated discount note for \$43.0 million to be issued by Holdings to the Rollover Shareholders and equity to be retained by the Rollover Shareholders with a fair market value of \$13.2 million (the "Recapitalization"). The \$400.0 million cash consideration was raised through the following:

- o \$92.4 million cash equity investment in Holdings by DLJMB and of its affiliated funds (collectively, "the DLJMB Funds"), management and other investors
- o \$37.6 million senior discount debentures with warrants issued by Holdings to DLJMB and some of its affiliates and other investors
- o \$162.0 million senior secured credit facilities at the Company
- o a portion of the net proceeds of the Company's units offered hereby

Upon the consummation of the Recapitalization, the DLJMB Funds, management and other investors owned 87.5% of the outstanding capital stock of Holdings and B&L owned 12.5% of the outstanding capital stock of Holdings. The Recapitalization has been accounted for as a leveraged recapitalization, which will have no impact on the historical basis of Holdings' and, accordingly Charles River's, assets and liabilities.

Simultaneously with the Recapitalization, the Company acquired SBI Holdings, Inc. ("Sierra") in connection with a stock purchase agreement (the "Sierra Acquisition") for an initial total purchase price of \$24.0 million, including approximately \$18.0 million in cash paid to former shareholders, and assumed debt of approximately \$6.0 million which we retired immediately. The company funded with available cash, a portion of the net proceeds from the notes offered hereby and a portion of the borrowings under our new credit facility. In addition, the Company has agreed to pay (a) up to \$2.0 million in contingent consideration if specific financial objectives are reached by December 31, 2000, (b) up to \$10.0 million in performance-based bonus payments if specific financial objectives are reached over the next five years, and (c) \$3.0 million in retention and non-competition payments contingent upon the continuing employment of specific key scientific and managerial personnel through June 30, 2001. The Recapitalization and the Sierra Acquisition are collectively referred to as the "Transactions." The Recapitalization and the Sierra Acquisition were consummated concurrently.

The following unaudited pro forma condensed consolidated financial data of (1) Charles River and (2) Charles River and Holdings, combined, is based upon historical consolidated financial statements of the Company and of Holdings as adjusted to give effect to the impact of the Transactions and the application of the related net proceeds therefrom as discussed under the captions "Transactions" and "Use of Proceeds." As Holdings has no operations other than those related to Charles River, the primary distinction between the Charles River and Charles River and Holdings combined, unaudited pro forma condensed financial data is the different capital structure resulting from the additional financial instruments issued by Holdings. The unaudited pro forma condensed consolidated balance sheets as of September 25, 1999 give effect to the Transactions assuming that the Transactions had occurred on September 25, 1999. The unaudited pro forma condensed consolidated statements of income for the year ended December 26, 1998, the nine months ended September 26, 1998, and the nine months ended September 25, 1999, give effect to the Transactions as if they had occurred at the beginning of the period presented. The unaudited pro forma condensed consolidated statements of income for the twelve months ended December 26, 1998 and the nine

months ended September 26, 1998 also give effect to the Tektagen, Therion and ESD Acquisitions (the "1998 Acquisitions") as if they all had occurred at the beginning of the period presented.

The pro forma adjustments are based on estimates, available information and some assumptions and may be revised as additional information becomes available. The unaudited pro forma condensed consolidated financial data do not purport to represent what Charles River's, or Holdings' and Charles River's combined results of operations or financial position would actually have been if the Transactions and other adjustments had occurred on the dates indicated and are not necessarily representative of Charles River or Holdings' and Charles River's combined results of operations for any future period. The unaudited pro forma condensed consolidated balance sheet and consolidated statements of income should be read in conjunction with our consolidated financial statements and the notes thereto, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the other financial information appearing elsewhere in this prospectus.

CHARLES RIVER LABORATORIES, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
As of September 25, 1999
(dollars in thousands)

	Company Historical	Settlement with B&L(a)	Recapitalization Adjustments	Pro Forma for the Recapitalization	Sierra Historical(b)	Acquisition Adjustments	Pro Forma
Assets							
Current assets:							
Cash and cash equivalents ..	\$ 3,457	\$ 2,437	\$ 21,827 (c)	\$ 27,721	\$ 292	\$ (24,335)(d)	\$ 3,678
Trade receivables.....	33,820	--	--	33,820	2,493	--	36,313
Inventories.....	28,577	--	--	28,577	853	131 (d)	29,561
Deferred income taxes	5,432	(5,432)	--	--	--	--	--
Due from affiliates.	966	--	--	966	--	--	966
Other current assets	5,051	--	--	5,051	791	--	5,842
Total current assets	77,303	(2,995)	21,827	96,135	4,429	(24,204)	76,360
Property, plant and equipment, net.....	79,349	--	--	79,349	4,918	280 (d)	84,547
Goodwill and other intangibles, net.....	16,212	--	--	16,212	4,919	16,889 (d)	38,020
Investments in affiliates.....	19,385	--	--	19,385	--	--	19,385
Deferred tax assets.....	5,787	(5,787)	88,060 (e)	88,060	--	--	88,060
Other assets.....	12,335	--	13,237 (c)	25,572	254	--	25,826
Total assets.....	\$ 210,371	\$ (8,782)	\$ 123,124	\$ 324,713	\$ 14,520	(7,035)	\$ 332,198
Liabilities and Shareholder's Equity							
Current Liabilities:							
Current portion of long- term debt.....	\$ 166	\$ --	\$ 1,200 (c)	\$ 1,366	\$ 1,729	\$ (1,729)(d)	\$ 1,366
Current portion of capital lease obligations.....	167	--	--	167	105	--	272
Accounts payable.....	5,992	--	--	5,992	1,134	--	7,126
Accrued compensation.....	11,015	--	--	11,015	569	--	11,584
Accrued ESLIRP.....	5,845	--	--	5,845	--	--	5,845
Accrued restructuring.....	354	--	--	354	--	--	354
Deferred income.....	4,550	--	--	4,550	--	--	4,550
Accrued liabilities.....	12,410	--	--	12,410	852	--	13,262
Accrued income taxes.....	16,208	(16,208)	--	--	--	--	--
Total current liabilities...	56,707	(16,208)	1,200	41,699	4,389	(1,729)	44,359
Long-term debt.....	--	--	308,672 (c)	308,672	4,240	(4,240)(d)	308,672
Long-term capital lease obligations.....	700	--	--	700	118	--	818
Other long-term liabilities...	3,706	--	--	3,706	333	--	4,039
Deferred income tax liability.	--	--	--	--	--	4,374 (d)	4,374
Total liabilities.....	61,113	(16,208)	309,872	354,777	9,080	(1,595)	362,262
Minority interests.....	293	--	--	293	--	--	293
Shareholder's equity							
Common stock.....	1	--	--	1	--	--	1
Capital in excess of par value.....	17,836	--	88,060 (e)	105,896	4,667	(4,667)(d)	105,896
Retained earnings (accumulated deficit)....	142,422	7,426	(273,888)(c)	(124,040)	4,057	(4,057)(d)	(124,040)

	Company Historical	Settlement with B&L(a)	Recapitalization Adjustments	Pro Forma for the Recapitalization	Sierra		Pro Forma
					Historical(b)	Acquisition Adjustments	
Treasury stock, at cost.....	--	--	--	--	(3,284)	3,284 (d)	--
Loans to officers.....			(920)(c)	(920)			(920)
Accumulated other comprehensive income (accumulated deficit).....	(11,294)	--	--	(11,294)	--	--	(11,294)
Total shareholder's equity..	148,965	7,426	(186,748)	(30,357)	5,440	(5,440)	(30,357)
Total liabilities and shareholder's equity.....	\$ 210,371	\$ (8,782)	\$ 123,124	\$ 324,713	\$ 14,520	\$ (7,035)	\$ 332,198

(a) Represents assets and liabilities of Charles River as of September 25, 1999 that, according to the terms of the Recapitalization Agreement, were distributed to or assumed by B&L in conjunction with the closing of the Recapitalization and, accordingly, are not part of the ongoing operations of Charles River. In addition, the adjustment includes a cash settlement paid by B&L to Charles River in accordance with the terms of the Recapitalization Agreement.

(b) Reflects Sierra's historical unaudited consolidated balance sheet at September 25, 1999.

(c) Holdings was recapitalized as described under the caption "Transactions." The Company's portion of the sources and uses of cash required to consummate the Transactions as of September 25, 1999 follow:

Sources:	
Available cash.....	\$ 2,173
New credit facility	
Revolving credit facility.....	2,000
Term loans.....	160,000
Units: Senior subordinated notes	147,872
Warrants(1)	2,128
Total cash sources.....	\$ 314,173
Uses:	
Distribution to Holdings.....	\$ 270,000
Cash consideration for Sierra acquisition.....	24,000
Debt issuance costs.....	13,237
Estimated transaction fees and expenses(2).....	6,016
Loans to officer.....	920
Total cash uses.....	\$ 314,173

(1) The fair value of the related warrants was estimated at \$2,128.

(2) Consists of bridge facility commitment, legal and other professional fees. Does not include fees associated with the Sierra Acquisition (see note (d) below).

The following represents a reconciliation of the amounts presented in the sources and uses table above to the pro forma adjustments included in the unaudited pro forma condensed consolidated balance sheet:

Adjustment to cash and cash equivalents:

Sources: Revolving credit facility.....	\$ 2,000
Term loans.....	160,000
Units.....	150,000
Uses: Distribution to Holdings.....	(270,000)
Debt issuance costs.....	(13,237)

Estimated transaction fees and expenses....	(6,016)
Loans to officers.....	(920)

	\$ 21,827
	=====

Adjustments to other assets:

Debt issuance costs.....	\$ 13,237
	=====

Adjustments to debt:

Revolving credit facility.....	\$ 2,000
Term loans.....	160,000
Senior subordinated notes.....	147,872
	309,872
Less current portion.....	(1,200)

Long-term debt.....	\$ 308,672

Adjustments to retained earnings:

Distribution to Holdings.....	\$ (270,000)
Estimated transaction fees and expenses....	(6,016)
Estimated fair value of warrants.....	2,128

	\$ (273,888)
	=====

Adjustments to loans to officers:

.....	\$ 920
	=====

(d) Reflects the Sierra Acquisition adjustments. The sources and uses of cash which were required to consummate the Sierra Acquisition on September 29, 1999 follow:

Sources:	
Available cash.....	\$ 24,335

Total cash sources.....	\$ 24,335
	=====
Uses:	
Sierra acquisition consideration(1).....	\$ 24,000
Estimated transaction fees and expenses(2).....	335

Total cash uses.....	\$ 24,335
	=====

(1) Approximately \$6,000 will be used to repay Sierra's existing debt.

(2) Consists of legal and other professional fees.

Allocation of purchase price:	
Current assets.....	\$ 4,560
Property, plant and equipment.....	5,198
Other non-current assets.....	254
Intangible assets:	
Customer list.....	11,491

Work force.....	2,941	
Other identifiable intangibles..	1,251	
Goodwill.....	1,751	17,434
	-----	-----
		27,446
Less assumed liabilities.....		3,111

		\$ 24,335
		=====

The lives established for the intangible assets acquired range from 5 to 15 years.

As a result of the Company buying the stock of Sierra, the historical tax basis of Sierra continues with the Company and, as such, a deferred tax liability and offsetting goodwill of \$4,374 has been recorded.

In conjunction with the Sierra Acquisition, the Company has agreed to pay additional consideration of up to \$2,000 if Sierra achieves specified financial targets by December 31, 2000. This additional consideration, if any, will be recorded as additional goodwill at the time the contingency is resolved.

- (e) The adjustment reflects the increase in the deferred tax assets of the Company due to the Section 338(h)(10) election made in conjunction with the Recapitalization. Such election results in a step-up in the tax basis of the underlying assets. The resulting net deferred tax asset of approximately \$88,060 is expected to be realized over 15 years through future tax deductions which are expected to reduce future tax payments. In connection with the establishment of this net deferred tax asset, management has recorded a valuation allowance of \$7,770, primarily related to its realizability with respect to state income taxes. Management has recorded this net deferred tax asset based on its belief that it is more likely than not that it will be realized. This belief is based upon a review of all available evidence, including historical operating results, projections of future taxable income, and tax planning strategies.

CHARLES RIVER LABORATORIES, INC.
 UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
 (dollars in thousands)

For the Year Ended December 26, 1998(a)

	Company Historical	1998 Acqui- sitions(b)	Adjusted Historical	Recapital- ization Adjustments	Pro Forma for the Recapital- ization	Sierra Historical(c)	Adjustments	Pro Forma
Net sales related to products....	\$169,377	\$3,457	\$172,834	\$ --	\$172,834	\$13,135	\$ --	\$185,969
Net sales related to services....	23,924	--	23,924	--	23,924	--	--	23,924
Total net sales.....	193,301	3,457	196,758	--	196,758	13,135	--	209,893
Cost of products sold.....	107,146	2,716	109,862	--	109,862	6,689	--	116,551
Cost of services provided.....	15,401	--	15,401	--	15,401	--	--	15,401
Selling, general and administrative expenses(d).....	34,142	805	34,947	--	34,947	4,105	--	39,052
Amortization of goodwill and other intangibles.....	1,287	116 (e)	1,403	--	1,403	--	1,951 (e)	3,354
Operating income.....	35,325	(180)	35,145	--	35,145	2,341	(1,951)	35,535
Interest income.....	986	--	986	(802) (f)	184	--	--	184
Interest expense.....	(421)	(23)	(444)	(36,536) (g)	(36,980)	(191)	191 (h)	(36,980)
Loss from foreign currency, net..	(58)	--	(58)	--	(58)	--	--	(58)
Income (loss) before income taxes, minority interests and earnings from equity investments.....	35,832	(203)	35,629	(37,338)	(1,709)	2,150	(1,760)	(1,319)
Provision (benefit) for income taxes.....	14,123	150	14,273	(14,698) (i)	(425)	750	(365) (j)	(40)
Income (loss) before minority interests and earnings from equity investments.....	21,709	(353)	21,356	(22,640)	(1,284)	1,400	(1,395)	(1,279)
Minority interests.....	(10)	--	(10)	--	(10)	--	--	(10)
Earnings from equity investments.....	1,679	2	1,681	--	1,681	--	--	1,681
Net income (loss).....	\$23,378	\$ (351)	\$ 23,027	\$(22,640)	\$ 387	\$ 1,400	\$(1,395)	\$ 392

CHARLES RIVER LABORATORIES, INC.
 UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
 (dollars in thousands)

For the Nine Months Ended September 26, 1998(a)

	Company Historical	1998 Acqui- sitions(b)	Adjusted Historical	Pro Forma for the		Sierra		Pro Forma
				Recapital- ization Adjustments	Recapitalization and the 1998 Acquisitions	Historical(c)	Adjustments	
Net sales related to products	\$ 128,478	\$ 2,984	\$ 131,462	\$ --	\$ 131,462	\$ 9,615	\$ --	\$ 141,077
Net sales related to services	17,041	--	17,041	--	17,041	--	--	17,041
Total net sales	145,519	2,984	148,503	--	148,503	9,615	--	158,118
Cost of products sold	80,067	2,436	82,503	--	82,503	4,634	--	87,137
Cost of services provided	10,974	--	10,974	--	10,974	--	--	10,974
Selling, general and administrative expenses(d)	25,202	723	25,925	--	25,925	2,753	--	28,678
Amortization of goodwill and other intangibles	1,036	116(e)	1,152	--	1,152	--	1,439(e)	2,591
Operating income	28,240	(291)	27,949	--	27,949	2,228	(1,439)	28,738
Interest income	659	--	659	(521)(f)	138	--	--	138
Interest expense	(311)	(23)	(334)	(27,402)(g)	(27,736)	(77)	77(h)	(27,736)
Loss from foreign currency, net ..	(127)	--	(127)	--	(127)	--	--	(127)
Income (loss) before income taxes, minority interests and earnings from equity investments	28,461	(314)	28,147	(27,923)	224	2,151	(1,362)	1,013
Provision (benefit) for income taxes	11,280	105	11,385	(11,007)(i)	378	703	(300)(j)	781
Income (loss) before minority interests and earnings from equity investments	17,181	(419)	16,762	(16,916)	(154)	1,448	(1,062)	232
Minority interests	(8)	--	(8)	--	(8)	--	--	(8)
Earnings from equity investments	1,286	2	1,288	--	1,288	--	--	1,288
Net income (loss)	\$ 18,459	\$ (417)	\$ 18,042	\$ (16,916)	\$ 1,126	\$ 1,448	\$ (1,062)	\$ 1,512

CHARLES RIVER LABORATORIES, INC.
 UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
 (dollars in thousands)

For the Nine Months Ended September 25, 1999(a)

	Company Historical	Recapitalization Adjustments	Pro Forma Recapitalization	Sierra Historical(c)	Pro Forma for Recapitalization & Sierra Adjustments Acquisition	Pro Forma for Recapitalization & Sierra Acquisition
Net sales related to products.....	\$139,269	\$ --	\$139,269	\$16,034	\$ --	\$155,303
Net sales related to services.....	21,827	--	21,827	--	--	21,827
Total net sales.....	161,096	--	161,096	16,034	--	177,130
Cost of products sold.....	84,557	--	84,557	9,589	--	94,146
Cost of services provided.....	12,673	--	12,673	--	--	12,673
Selling, general and administrative expenses(d).....	29,414	--	29,414	5,364	--	34,778
Amortization of goodwill and other intangibles.....	1,114	--	1,114	192	1,247(e)	2,553
Operating income.....	33,338	--	33,338	889	(1,247)	32,980
Other income.....	1,441	--	1,441	--	--	1,441
Interest income.....	496	(358)(f)	138	--	--	138
Interest expense.....	(207)	(29,472)(g)	(29,679)	(321)	321(h)	(29,679)
Loss from foreign currency, net.....	(143)	--	(143)	--	--	(143)
Income (loss) before income taxes, minority interests and earnings from equity investments.....	34,925	(29,830)	5,095	568	(926)	4,737
Provision (benefit) for income taxes.....	16,903	(11,925)(i)	4,978	233	(203)(j)	5,008
Income (loss) before minority interests and earnings from equity investments.....	18,022	(17,905)	117	335	(723)	(271)
Minority interests.....	(10)	--	(10)	--	--	(10)
Earnings from equity investments.....	1,940	--	1,940	--	--	1,940
Net income (loss).....	\$19,952	\$(17,905)	\$ 2,047	\$ 335	\$ (723)	\$ 1,659

CHARLES RIVER LABORATORIES, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED STATEMENTS OF INCOME
(dollars in thousands)

- (a) Charles River's fiscal year consists of a twelve month period ending on the Saturday closest to December 31; the Company's nine month periods consist of the nine months ending on the Saturday closest to September 30.
- (b) Represents the financial results for the companies acquired during 1998 for the periods not included in the Company Historical column as follows: Tektagen (from January 1, 1998 until March 31, 1998), Therion (from January 1, 1998 until March 31, 1998) and ESD (from January 1, 1998 until November 30, 1998). The tables below detail these results for the year ended December 26, 1998 and the nine months ended September 26, 1998:

	For the Year Ended December 26, 1998				
	Tektagen	Therion	ESD	Adjustments	Total
Net sales.....	\$917	\$310	\$2,230	\$--	\$3,457
Cost of products sold and services provided.....	977	89	1,650	--	2,716
Selling, general and administrative expenses.....	407	85	313	--	805
Amortization of goodwill and other intangibles.....	--	--	--	116(e)	116(e)
Operating income.....	(467)	136	267	(116)	(180)
Interest income.....	--	--	--	--	--
Interest expense.....	(23)	--	--	--	(23)
(Loss) gain from foreign currency, net.....	--	--	--	--	--
(Loss) income before income taxes, minority interests and earnings from equity investments.....	(490)	136	267	(116)	(203)
Provision (benefit) for income taxes.....	--	43	107	--	150
(Loss) income before minority interests and earnings from equity investments.....	(490)	93	160	(116)	(353)
Minority interests.....	--	--	--	--	--
Earnings from equity investments.....	--	2	--	--	2
Net (loss) income.....	\$(490)	\$ 95	\$160	\$(116)	\$ (351)

	For the Nine Months Ended September 26, 1998				
	Tektagen	Therion	ESD	Adjustments	Total
Net sales.....	\$917	\$310	\$1,757	\$--	\$2,984
Cost of products sold and services provided.....	977	89	1,370	--	2,436
Selling, general and administrative expenses.....	407	85	231	--	723
Amortization of goodwill and other intangibles.....	--	--	--	116(e)	116(e)
Operating income.....	(467)	136	156	(116)	(291)
Interest income.....	--	--	--	--	--
Interest expense.....	(23)	--	--	--	(23)
Loss from foreign currency, net.....	--	--	--	--	--
(Loss) income before income taxes, minority interests and earnings from equity investments.....	(490)	136	156	(116)	(314)

For the Nine Months Ended September 26, 1998

	Tektagen	Therion	ESD	Adjustments	Total
Provision (benefit) for income taxes.....	--	43	62	--	105
(Loss) income before minority interests and earnings from equity investments....	(490)	93	94	(116)	(419)
Earnings from equity investments.....	--	2	--	--	2
Minority interests.....	--	--	--	--	--
Net (loss) income.....	\$(490)	\$ 95	\$ 94	\$(116)	\$(417)

(c) Represents the historical unaudited consolidated financial results of Sierra. The results also reflect related pro forma adjustments to goodwill amortization, interest and tax expense.

As part of the Sierra Acquisition, the Company has agreed to pay up to \$10,000 in performance-based bonus payments if specific financial objectives are reached over the next five years. At the time these contingencies are resolved, the bonuses, if any, will be recorded as compensation expense. As these amounts are not reasonably estimable, the expense related to those bonus payments has not been included in the pro forma financial statements.

Also in conjunction with the Sierra Acquisition, the Company will enter into employment agreements with some Sierra employees that contain retention and non-competition payments totaling \$3,000 to be paid upon their continuing employment with the Company at December 31, 1999 and June 30, 2001. The expense related to these payments has not been included in the pro forma financial statements as they are considered non-recurring. At the time these contingencies are resolved, the payments, if any, will be recorded as compensation expense.

- (d) The Company does not expect the estimated stand alone costs to be significantly different from the historical costs allocated by B&L due to the autonomy with which the Company operates.
- (e) Reflects the incremental expense required to reflect amortization of goodwill generated in the 1998 Acquisitions and the identifiable intangibles and goodwill acquired in connection with the Sierra Acquisition based on estimated useful lives ranging from 5-15 years.
- (f) Reflects the reduction of historical interest income for the respective period based upon the pro forma cash balance resulting from the Transactions and an assumed interest rate of 5%.
- (g) Reflects the adjustment to unaudited pro forma consolidated interest expense as a result of the Transactions:

	Year Ended December 26, 1998	Nine Months Ended September 26, 1998	Nine Months Ended September 25, 1999
Increase in interest expense			
Notes offered hereby(1).....	\$ 20,203	\$ 15,152	\$ 17,222
Term loans(2).....	14,500	10,875	10,875
Revolver(3).....	310	233	233
Amortization of deferred financing costs(4).....	1,523	1,142	1,142
Total(5).....	36,536	27,402	29,472

(1) Interest expense was calculated at an effective interest rate of 13.66%.

(2) Interest expense was calculated at an effective blended interest rate of 9.06%, which is based upon a base rate or LIBOR plus a margin and is reset every six months.

(3) Represents interest expense calculated at 8.50% plus fees on the unused portion of 0.50%.

- (4) Represents annual amortization expense utilizing a weighted average maturity on all borrowings of 8.70 years.
- (5) A 0.125% increase or decrease in the effective weighted average interest rate for the senior credit facilities would change pro forma interest expense by \$203, \$152 and \$152 for the fiscal year ended December 26, 1998 and the nine months ended September 26, 1998 and September 25, 1999, respectively.
- (h) To eliminate Sierra's historical interest expense related to debt that, according to the terms of the Sierra stock purchase agreement, will be repaid.
- (i) Represents the income tax adjustment required to result in a pro forma income tax provision based on: (i) Charles River's historical tax provision using historical amounts and (ii) the direct tax effects of the pro forma adjustments described above.
- (j) Represents the income tax adjustment required to result in a pro forma income tax provision based on: (i) Sierra's historical tax provision using historical amounts and (ii) the direct tax effects of the pro forma adjustments described above.

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
CHARLES RIVER LABORATORIES, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of September 25, 1999
(dollars in thousands)

	Company Historical	Settlement with B&L(a)	Recapitalization Adjustments	Pro Forma for the Recapitalization	Sierra ----- Historical(b) Acquisition Adjustments		Pro Forma -----
Assets							
Current assets:							
Cash and cash equivalents.....	\$3,457	\$2,437	\$21,827 (c)	\$27,721	\$292	\$(24,335)(d)	\$3,678
Trade receivables.....	33,820	--	--	33,820	2,493	--	36,313
Inventories.....	28,577	--	--	28,577	853	131 (d)	29,561
Deferred income taxes.....	5,432	(5,432)	--	--	--	--	--
Due from affiliates.....	966	--	--	966	--	--	966
Other current assets.....	5,051	--	--	5,051	791	--	5,842
	-----	-----	-----	-----	-----	-----	-----
Total current assets	77,303	(2,995)	21,827	96,135	4,429	(24,204)	76,360
Property, plant and equipment, net.....	79,349	--	--	79,349	4,918	280 (d)	84,547
Goodwill and other intangibles, net.....	16,212	--	--	16,212	4,919	16,889 (d)	38,020
Investments in affiliates.....	19,385	--	--	19,385	--	--	19,385
Deferred tax assets.....	5,787	(5,787)	88,060 (e)	88,060	--	--	88,060
Other assets.....	12,335	--	13,237 (c)	25,572	254	--	25,826
	-----	-----	-----	-----	-----	-----	-----
Total assets.....	\$210,371	\$(8,782)	\$123,124	\$324,713	\$14,520	(7,035)	\$332,198
	=====	=====	=====	=====	=====	=====	=====
Liabilities and Shareholder's Equity							
Current Liabilities:							
Current portion of long-term debt.....	\$166	\$--	\$1,200 (c)	\$1,366	\$1,729	\$(1,729)(d)	\$1,366
Current portion of capital lease obligations.....	167	--	--	167	105	--	272
Accounts payable.....	5,992	--	--	5,992	1,134	--	7,126
Accrued compensation.....	11,015	--	--	11,015	569	--	11,584
Accrued ESLIRP.....	5,845	--	--	5,845	--	--	5,845
Accrued restructuring....	354	--	--	354	--	--	354
Deferred income.....	4,550	--	--	4,550	--	--	4,550
Accrued liabilities.....	12,410	--	--	12,410	852	--	13,262
Accrued income taxes.....	16,208	(16,208)	--	--	--	--	--
	-----	-----	-----	-----	-----	-----	-----
Total current liabilities	56,707	(16,208)	1,200	41,699	4,389	(1,729)	44,359
Long-term debt.....	--	--	380,314 (c)	380,314	4,240	(4,240)(d)	380,314
Long-term capital lease obligations.....	700	--	--	700	118	--	818
Other long-term liabilities...	3,706	--	--	3,706	333	--	4,039
Deferred income tax liability.	--	--	--	--	--	4,374 (d)	4,374
	-----	-----	-----	-----	-----	-----	-----
Total liabilities...	61,113	(16,208)	381,514	426,419	9,080	(1,595)	433,904
	-----	-----	-----	-----	-----	-----	-----
Minority interests.....	293	--	--	293	--	--	293
Redeemable common stock.....	--	--	13,198 (f)	13,198	--	--	13,198
Shareholder's equity							
Common stock.....	1	--	--	1	--	--	1
Capital in excess of par value.....	17,836	--	178,348 (e)(c)	196,184	4,667	(4,667)(d)	196,184
Retained earnings (accumulated deficit)....	142,422	7,426	(449,016)(c)	(299,168)	4,057	(4,057)(d)	(299,168)

	Company Historical	Settlement with B&L(a)	Recapitalization Adjustments	Pro Forma for the Recapitalization	Sierra Historical(b)	Sierra Acquisition Adjustments	Pro Forma
Treasury stock, at cost	--	--	--	--	(3,284)	3,284 (d)	--
Loans to officers.....			(920)(c)	(920)			(920)
Accumulated other comprehensive income (accumulated deficit).....	(11,294)	--	--	(11,294)	--	--	(11,294)
Total shareholder's equity	148,965	7,426	(271,588)	(115,197)	5,440	(5,440)	(115,197)
Total liabilities and shareholder's equity.....	\$210,371	\$(8,782)	\$123,124	\$324,713	\$14,520	\$(7,035)	\$332,198

(a) Represents assets and liabilities of Holdings as of September 25, 1999 that, according to the terms of the Recapitalization Agreement, were distributed to or assumed by B&L in conjunction with the closing of the Recapitalization and, accordingly, are not part of the ongoing operations of Holdings. In addition, the adjustment includes a cash settlement paid by B&L to Holdings in accordance with the terms of the Recapitalization Agreement.

(b) Reflects Sierra's historical unaudited consolidated balance sheet at September 25, 1999.

(c) Holdings was recapitalized as described under the caption "Transactions." The sources and uses of cash required to consummate the Transactions as of September 25, 1999 follow:

Sources:	
Available cash.....	\$ 2,173
New credit facility	
Revolving credit facility.....	2,000
Term loans.....	160,000
Units: Senior subordinated notes	147,872
Warrants (1)	2,128
	150,000
Senior discount debentures with warrants(2).....	37,613
Subordinated discount note.....	43,000
Rollover Shareholders' equity.....	13,198
DLJMB Funds, management and other investor equity.....	92,387
Total cash sources.....	\$ 500,371
Uses:	
Recapitalization consideration.....	\$ 443,000
Rollover Shareholders' equity.....	13,198
Cash consideration for Sierra acquisition.....	24,000
Debt issuance costs.....	13,237
Estimated transaction fees and expenses(3).....	6,016
Loans to officer.....	920
Total cash uses.....	\$ 500,371

(1) The fair value of the related warrants was estimated at \$2,128.

(2) The fair value of the related warrants was estimated at \$8,971.

(3) Consists of bridge facility commitment, legal and other professional fees. Does not include fees associated with the Sierra Acquisition (see note (d) below).

The following represents a reconciliation of the amounts presented in the sources and uses table above to the pro forma adjustments included in the unaudited pro forma condensed consolidated balance sheet:

Adjustment to cash and cash equivalents:

Sources:	Revolving credit facility.....	\$	2,000
	Term loans.....		160,000
	Units.....		150,000
Uses:	Distribution to Holdings.....		(270,000)
	Debt issuance costs.....		(13,237)
	Estimated transaction fees and expenses....		(6,016)
	Loans to officers.....		(920)

		\$	21,827
			=====

Adjustments to other assets:

Debt issuance costs.....	\$	13,237
		=====

Adjustments to debt:

Revolving credit facility.....	\$	2,000
Term loans.....		160,000
Senior subordinated notes.....		147,872
Senior discount debentures.....		28,642
Subordinated discount note.....		43,000

		381,514
Less current portion.....		(1,200)

Long-term debt.....	\$	380,314
		=====

Adjustments to capital in excess of par value:

Net deferred tax assets.....	\$	88,060
Fair value of warrants.....		11,099
DLJMB Funds, management and other investor equity.....		92,387

	\$	191,546
		=====
Less: redeemable common stock.....		13,198

	\$	178,348
		=====

Adjustments to retained earnings:

Recapitalization consideration.....	\$	(443,000)
Estimated transaction fees and expenses....		(6,016)

	\$	(449,016)
		=====

Adjustments to loans to officers:

.....	\$	920
		=====

(d) Reflects the Sierra Acquisition adjustments. The sources and uses of cash which were required to consummate the Sierra Acquisition on September 29, 1999 follow:

Sources:	
Available cash.....	\$ 24,335

Total cash sources.....	\$ 24,335
	=====
Uses:	
Sierra acquisition consideration(1).....	\$ 24,000
Estimated transaction fees and expenses(2).....	335

Total cash uses.....	\$ 24,335
	=====

(1) Approximately \$6,000 was used to repay Sierra's existing debt.

(2) Consists of legal and other professional fees.

Allocation of purchase price:	
Current assets.....	\$ 4,560
Property, plant and equipment.....	5,198
Other non-current assets.....	254
Intangible assets:	
Customer list.....	11,491
Work force.....	2,941
Other identifiable intangibles.....	1,251
Goodwill.....	1,751

	17,434

	27,446
Less assumed liabilities.....	3,111

	\$ 24,335
	=====

The lives established for the intangible assets acquired range from 5 to 15 years.

As a result of Holdings buying the stock of Sierra, the historical tax basis of Sierra continues with Holdings and, as such, a deferred tax liability and offsetting goodwill of \$4,374 has been recorded.

In conjunction with the Sierra Acquisition, Holdings has agreed to pay additional consideration of up to \$2,000 if Sierra achieves specific financial targets by December 31, 2000. This additional consideration, if any, will be recorded as additional goodwill at the time the contingency is resolved.

- (e) The adjustment reflects the increase in the deferred tax assets of Holdings due to the Section 338(h)(10) election made in conjunction with the Recapitalization. Such election results in a step-up in the tax basis of the underlying assets. The resulting net deferred tax asset of approximately \$88,060 is expected to be realized over 15 years through future tax deductions which are expected to reduce future tax payments. In connection with the establishment of this net deferred tax asset, management has recorded a valuation allowance of \$7,770, primarily related to its realizability with respect to state income taxes. Management has recorded this net deferred tax asset based on its belief that it is more likely than not that it will be realized. This belief is based upon a review of all available evidence, including historical operating results, projections of future taxable income, and tax planning strategies.
- (f) Amount represents the fair value attributable to the Rollover Shareholders' equity that has been reclassified from additional paid in capital to the mezzanine section of the balance sheet due to the existence of a put option held by the Rollover Shareholder. Such put option is only exercisable during the period, if any, beginning on the earlier of:
 - (i) the date on which all of the consolidated indebtedness of Holdings incurred on or prior to the effective date of the Transactions has been repaid in full, including any refinancings or replacements; or

(ii) the date on which all of the consolidated indebtedness of Holdings has been repaid in full, refinanced or replaced and such refinanced or replacement debt permits the put option to be exercised

and ending on the earlier of:

- (i) the date of an initial public offering;
- (ii) the date on which the DLJ-affiliated entities own less than 50% of the outstanding common stock of Holdings; or
- (iii) twelve years from the effective date of the Transactions.

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
CHARLES RIVER LABORATORIES, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
(dollars in thousands)

For the Year Ended December 26, 1998(a)

	Company			Recapital- ization Adjustments	Pro Forma for the Recapitalization and the 1998		Sierra		Pro Forma
	Historical	1998 Acquisitions(b)	Adjusted Historical		Acquisitions	Historical(c)	Adjustments		
Net sales related to products...	\$169,377	\$3,457	\$172,834	\$ --	\$172,834	\$13,135	\$ --	\$185,969	
Net sales related to services...	23,924	--	23,924	--	23,924	--	--	23,924	
Total net sales.....	193,301	3,457	196,758	--	196,758	13,135	--	209,893	
Cost of products sold.....	107,146	2,716	109,862	--	109,862	6,689	--	116,551	
Cost of services provided.....	15,401	--	15,401	--	15,401	--	--	15,401	
Selling, general and administrative expenses (d)....	34,142	805	34,947	--	34,947	4,105	--	39,052	
Amortization of goodwill and other intangibles.....	1,287	116 (e)	1,403	--	1,403	--	1,951 (e)	3,354	
Operating income.....	35,325	(180)	35,145	--	35,145	2,341	(1,951)	35,535	
Interest income.....	986	--	986	(802)(f)	184	--	--	184	
Interest expense.....	(421)	(23)	(444)	(47,357)(g)	(47,801)	(191)	191 (h)	(47,801)	
Loss from foreign currency, net.	(58)	--	(58)	--	(58)	--	--	(58)	
Income (loss) before income taxes, minority interests and earnings from equity investments.....	35,832	(203)	35,629	(48,159)	(12,530)	2,150	(1,760)	(12,140)	
Provision (benefit) for income taxes.....	14,123	150	14,273	(18,634)(i)	(4,361)	750	(365)(j)	(3,976)	
Income (loss) before minority interests and earnings from equity investments.....	21,709	(353)	21,356	(29,525)	(8,169)	1,400	(1,395)	(8,164)	
Minority interests.....	(10)	--	(10)	--	(10)	--	--	(10)	
Earnings from equity investments.....	1,679	2	1,681	--	1,681	--	--	1,681	
Net income (loss).....	\$23,378	\$(351)	\$23,027	\$(29,525)	\$(6,498)	\$1,400	\$(1,395)	\$(6,493)	
Pro forma loss per common share (k).....									
Basic.....								\$ (0.63)	
Diluted.....								\$ (0.63)	
Pro forma weighted average number of common shares outstanding (k).....									
Basic.....								10,285,715	
Diluted.....								10,285,715	

CHARLES RIVER LABORATORIES HOLDINGS INC. AND
CHARLES RIVER LABORATORIES, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
(dollars in thousands)

For the Nine Months Ended September 25, 1999(a)

	Company Historical	Recapitalization Adjustments	Pro Forma	Sierra		Pro Forma for
			Recapitalization	Historical (c)	Adjustments	Recapitalization & Sierra Acquisition
Net sales related to products.	\$139,269	\$ --	\$139,269	\$16,034	\$ --	\$155,303
Net sales related to services.	21,827	--	21,827	--	--	21,827
Total net sales.....	161,096	--	161,096	16,034	--	177,130
Cost of products sold.....	84,557	--	84,557	9,589	--	94,146
Cost of services provided.....	12,673	--	12,673	--	--	12,673
Selling, general and administrative expenses(d)...	29,414	--	29,414	5,364	--	34,778
Amortization of goodwill and other intangibles.....	1,114	--	1,114	192	1,247 (e)	2,553
Operating income.....	33,338	--	33,338	889	(1,247)	32,980
Other income.....	1,441	--	1,441	--	--	1,441
Interest income.....	496	(358) (f)	138	--	--	138
Interest expense.....	(207)	(38,775) (g)	(38,982)	(321)	321 (h)	(38,982)
Loss from foreign currency, net.....	(143)	--	(143)	--	--	(143)
Income (loss) before income taxes, minority interests and earnings from equity investments.....	34,925	(39,133)	(4,208)	568	(926)	(4,566)
Provision (benefit) for income taxes.....	16,903	(15,102) (i)	1,801	233	(203) (j)	1,831
Income (loss) before minority interests and earnings from equity investments.....	18,022	(24,031)	(6,009)	335	(723)	(6,397)
Minority interests.....	(10)	--	(10)	--	--	(10)
Earnings from equity investments.....	1,940	--	1,940	--	--	1,940
Net income (loss).....	\$19,952	\$(24,031)	\$(4,079)	\$ 335	\$(723)	\$(4,467)
Pro forma loss per common share (k).....						
Basic.....						\$ (0.43)
Diluted.....						(0.43)
Pro forma weighted average number of common shares outstanding (k).....						
Basic.....						10,285,715
Diluted.....						10,285,715

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
CHARLES RIVER LABORATORIES, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED STATEMENTS OF INCOME
(dollars in thousands)

- (a) Holdings' fiscal year consists of a twelve month period ending on the Saturday closest to December 31; the Company's nine month periods consist of the nine months ending on the Saturday closest to September 30.
- (b) Represents the financial results for the companies acquired during 1998 for the periods not included in the Holdings' Historical column as follows: Tektagen (from January 1, 1998 until March 31, 1998), Therion (from January 1, 1998 until March 31, 1998) and ESD (from January 1, 1998 until November 30, 1998). The tables below detail these results for the year ended December 26, 1998:

	For the Year Ended December 26, 1998				
	Tektagen	Therion	ESD	Adjustments	Total
Net sales.....	\$917	\$310	\$2,230	\$ --	\$3,457
Cost of products sold and services provided.....	977	89	1,650	--	2,716
Selling, general and administrative expenses.....	407	85	313	--	805
Amortization of goodwill and other intangibles.....	--	--	--	116 (e)	116 (e)
Operating income.....	(467)	136	267	(116)	(180)
Interest income.....	--	--	--	--	--
Interest expense.....	(23)	--	--	--	(23)
(Loss) gain from foreign currency, net.....	--	--	--	--	--
(Loss) income before income taxes, minority interests and earnings from equity investments.....	(490)	136	267	(116)	(203)
Provision (benefit) for income taxes.....	--	43	107	--	150
(Loss) income before minority interests and earnings from equity investments.....	(490)	93	160	(116)	(353)
Minority interests.....	--	--	--	--	--
Earnings from equity investments.....	--	2	--	--	2
Net (loss) income.....	\$(490)	\$95	\$160	\$(116)	\$(351)

- (c) Represents the historical unaudited consolidated financial results of Sierra. The results also reflect related pro forma adjustments to goodwill amortization, interest and tax expense.

As part of the Sierra Acquisition, Holdings has agreed to pay up to \$10,000 in performance-based bonus payments if specific financial objectives are reached over the next five years. At the time these contingencies are resolved, the bonuses, if any, will be recorded as compensation expense. As these amounts are not reasonably estimable, the expense related to those bonus payments has not been included in the pro forma financial statements.

Also in conjunction with the Sierra Acquisition, Holdings will enter into employment agreements with some Sierra employees that contain retention and non-competition payments totaling \$3,000 to be paid upon their continuing employment with Holdings at December 31, 1999 and June 30, 2001. The expense related to these payments has not been included in the pro forma financial statements as they are considered non-recurring. At the time these contingencies are resolved, the payments, if any, will be recorded as compensation expense.

- (d) Holdings does not expect the estimated stand alone costs to be significantly different from the historical costs allocated by B&L due to the autonomy with which Holdings operates.

- (e) Reflects the incremental expense required to reflect amortization of goodwill generated in the 1998 Acquisitions and the identifiable intangibles and goodwill acquired in connection with the Sierra Acquisition based on estimated useful lives ranging from 5-15 years.
- (f) Reflects the reduction of historical interest income for the respective period based upon the pro forma cash balance resulting from the Transactions and an assumed interest rate of 5%.
- (g) Reflects the adjustment to unaudited pro forma consolidated interest expense as a result of the Transactions:

	Year Ended December 26, 1998	Nine Months Ended September 25, 1999
	-----	-----
Increase in interest expense		
Units(1).....	\$ 20,203	\$ 17,222
Term loans(2).....	14,500	10,875
Senior discount debentures with warrants(3).....	4,962	4,309
Subordinated discount note(4).....	5,859	4,994
Revolver(5).....	310	233
Amortization of deferred financing costs(6).....	1,523	1,142
	-----	-----
Total(7).....	47,357	38,775
	=====	=====

-
- (1) Interest expense was calculated at an effective interest rate of 13.66%.
- (2) Interest expense was calculated at an effective blended interest rate of 9.06%, which is based upon a base rate or LIBOR plus a margin and is reset every six months.
- (3) Interest expense was calculated at an effective interest rate of 16.53%.
- (4) Interest expense was calculated at an effective interest rate of 13.63%.
- (5) Represents interest expense calculated at 8.50% plus fees on the unused portion of 0.50%.
- (6) Represents annual amortization expense utilizing a weighted average maturity on all borrowings of 8.69 years.
- (7) A 0.125% increase or decrease in the effective weighted average interest rate for the senior credit facilities would change pro forma interest expense by \$292 and \$219 for the fiscal year ended December 26, 1998 and the nine months September 25, 1999, respectively.
- (h) To eliminate Sierra's historical interest expense related to debt that, according to the terms of the Sierra stock purchase agreement, will be repaid.
- (i) Represents the income tax adjustment required to result in a pro forma income tax provision based on: (i) Holdings historical tax provision using historical amounts and (ii) the direct effects of the pro forma adjustments described above.
- (j) Represents the income tax adjustment required to result in a pro forma income tax provision based on: (i) Sierra's historical tax provision using historical amounts and (ii) the direct tax effects of the pro forma adjustments described above.
- (k) As a result of the Recapitalization, the DLJMB Funds, management and other investors indirectly own (through CRL Acquisition LLC) 87.5% of the capital stock of Holdings and the Rollover Shareholders own 12.5% of the capital stock of Holdings. Based upon the amounts invested, the total shares of common stock in Holdings outstanding at the date of the Recapitalization was 10,285,715, which equates to the pro forma weighted average number of common shares outstanding. Basic earnings per share was computed by dividing income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive securities of 1,541,606, assuming exercise of the warrants, were excluded from the computation of earnings per share, as they would be anti-dilutive due to the net loss.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page

Charles River Laboratories, Inc.	
Report of Independent Accountants.....	F-2
Consolidated Statements of Income for the years ended December 28, 1996, December 27, 1997 and December 26, 1998.....	F-3
Consolidated Balance Sheets as of December 27, 1997 and December 26, 1998.....	F-4
Consolidated Statement of Cash Flows for the years ended December 28, 1996, December 27, 1997 and December 26, 1998	F-5
Consolidated Statement of Changes in Shareholder's Equity for the years ended December 30, 1995, December 28, 1996, December 27, 1997 and December 26, 1998.....	F-7
Notes to Consolidated Financial Statements.....	F-8
Consolidated Statements of Income for the nine months ended September 26, 1998 and September 25, 1999 (unaudited).....	F-23
Consolidated Balance Sheet as of September 25, 1999 (unaudited).....	F-24
Consolidated Statements of Cash Flows for the nine months ended September 26, 1998 and September 25, 1999 (unaudited).....	F-25
Notes to Interim Consolidated Financial Statements (unaudited).....	F-27
 Charles River Laboratories Holdings, Inc.	
Report of Independent Accountants.....	F-31
Combined Statements of Income for the years ended December 28, 1996, December 27, 1997 and December 26, 1998.....	F-32
Combined Balance Sheets as of December 27, 1997 and December 26, 1998.....	F-33
Combined Statement of Cash Flows for the years ended December 28, 1996, December 27, 1997 and December 26, 1998.....	F-34
Combined Statement of Changes in Shareholder's Equity for the years ended December 30, 1995, December 28, 1996, December 27, 1997 and December 26, 1998.....	F-36
Notes to Combined Financial Statements.....	F-37
Combined Statements of Income for the nine months ended September 26, 1998 and September 25, 1999 (unaudited).....	F-53
Combined Balance Sheet as of September 25, 1999 (unaudited)	F-54
Combined Statements of Cash Flows for the nine months ended September 26, 1998 and September 25, 1999 (unaudited)	F-55
Notes to Interim Combined Financial Statements (unaudited).....	F-57

Report of Independent Accountants

To the Board of Directors of
Charles River Laboratories, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, changes in shareholder's equity and cash flows present fairly, in all material respects, the financial position of Charles River Laboratories, Inc. and its subsidiaries (the "Company") at December 26, 1998 and December 27, 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 26, 1998, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 16(b) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and the financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP
Boston, Massachusetts

June 30, 1999,
except as to Note 2, which is as of September 29, 1999

CHARLES RIVER LABORATORIES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(dollars in thousands)

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26, 1998
Net sales related to products.....	\$ 146,477	\$ 156,800	\$ 169,377
Net sales related to services.....	9,127	13,913	23,924
Total net sales.....	155,604	170,713	193,301
Costs and expenses			
Cost of products sold.....	91,600	102,980	107,146
Cost of services provided.....	6,177	8,480	15,401
Selling, general and administrative.....	28,327	30,451	34,142
Amortization of goodwill and intangibles.....	610	834	1,287
Restructuring charges.....	4,748	5,892	--
Operating income.....	24,142	22,076	35,325
Other income (expense)			
Interest income.....	654	865	986
Interest expense.....	(491)	(501)	(421)
Gain/(loss) from foreign currency, net.....	84	(221)	(58)
Income before income taxes, minority interests and earnings from equity investments.....	24,389	22,219	35,832
Provision for income taxes.....	10,889	8,499	14,123
Income before minority interests and earnings from equity investments...	13,500	13,720	21,709
Minority interests.....	(5)	(10)	(10)
Earnings from equity investment.....	1,750	1,630	1,679
Net income.....	\$ 15,245	\$ 15,340	\$ 23,378

See Notes to Consolidated Financial Statements.

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

	December 27, 1997	December 26, 1998
	-----	-----
Assets		
Current assets		
Cash and cash equivalents.....	\$ 17,915	\$ 24,811
Trade receivables, less allowances of \$688 and \$898, respectively.....	28,280	32,466
Inventories.....	28,904	30,731
Deferred income taxes.....	4,751	5,432
Due from affiliates.....	1,153	982
Other current assets.....	2,320	2,792
	-----	-----
Total current assets.....	83,323	97,214
Property, plant and equipment, net.....	76,889	82,690
Goodwill and other intangibles, less accumulated amortization of \$4,356 and \$5,591 respectively.....	8,621	17,705
Investments in affiliates.....	16,140	18,470
Other assets.....	11,238	17,331
	-----	-----
Total assets.....	\$ 196,211	\$ 233,410
	=====	=====
Liabilities and Shareholder's Equity		
Current liabilities		
Current portion of long-term debt.....	\$ 83	\$ 202
Current portion of capital lease obligations.....	144	188
Accounts payable.....	7,566	11,615
Accrued compensation.....	8,601	9,972
Accrued ESLIRP.....	4,407	5,160
Deferred income.....	1,339	3,419
Accrued restructuring.....	2,732	1,113
Accrued liabilities.....	8,282	13,794
Accrued income taxes.....	8,423	14,329
	-----	-----
Total current liabilities.....	41,577	59,792
Long-term debt.....	170	248
Capital lease obligations.....	966	944
Other long-term liabilities.....	3,844	3,861
	-----	-----
Total liabilities.....	46,557	64,845
	-----	-----
Commitments and contingencies (Note 12)		
Minority interests.....	290	306
Shareholder's equity		
Common stock, par value \$1 per share, 1,000 shares issued.....	1	1
Capital in excess of par value.....	17,836	17,836
Retained earnings.....	140,320	156,776
Accumulated other comprehensive income.....	(8,793)	(6,354)
	-----	-----
Total shareholder's equity.....	149,364	168,259
	-----	-----
Total liabilities and shareholder's equity.....	\$ 196,211	\$ 233,410
	=====	=====

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

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26, 1998
Cash flows relating to operating activities			
Net income.....	\$ 15,245	\$ 15,340	\$ 23,378
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization.....	9,528	9,703	10,895
Provision for doubtful accounts.....	81	166	181
Earnings from equity investments.....	(1,750)	(1,630)	(1,679)
Minority interests.....	5	10	10
Deferred income taxes.....	(5,693)	(1,363)	(3,133)
Stock compensation expense.....	24	84	333
Property, plant and equipment write downs.....	--	822	--
Changes in assets and liabilities			
Trade receivables.....	(1,840)	(2,232)	(1,712)
Inventories.....	(1,552)	(1,917)	(1,250)
Due from affiliates.....	(845)	(462)	538
Other current assets.....	133	165	(241)
Other assets.....	(1,787)	611	(4,990)
Accounts payable.....	(180)	594	2,853
Accrued compensation.....	(347)	674	2,090
Accrued ESLIRP.....	674	499	821
Deferred income.....	(62)	105	1,278
Accrued restructuring.....	--	2,732	(1,619)
Accrued liabilities.....	1,705	431	3,970
Accrued income taxes.....	6,852	(500)	5,605
Other long-term liabilities.....	354	(148)	(629)
Net cash provided by operating activities.....	20,545	23,684	36,699
Cash flows relating to investing activities			
Dividends received from equity investments.....	725	773	681
Capital expenditures.....	(11,572)	(11,872)	(11,909)
Cash paid for acquisition of businesses.....	(831)	(1,207)	(11,121)
Net cash used in investing activities.....	(11,678)	(12,306)	(22,349)
Cash flows relating to financing activities			
Proceeds from long-term debt.....	21	281	199
Payments on long-term debt.....	(3,698)	(119)	(1,247)
Payments on capital lease obligations.....	(194)	(346)	(48)
Net activity with Bausch & Lomb.....	(197)	(12,755)	(6,922)
Net cash used in financing activities.....	(4,068)	(12,939)	(8,018)
Effect of exchange rate changes on cash and cash equivalents.....	(478)	(181)	564
Net change in cash and cash equivalents.....	4,321	(1,742)	6,896
Cash and cash equivalents, beginning of year.....	15,336	19,657	17,915

See Notes to Consolidated Financial Statements.

	Fiscal Year Ended		
	December 28,	December 27,	December 26,
	-----	-----	-----
Cash and cash equivalents, end of year.....	\$ 19,657	\$ 17,915	\$ 24,811
	=====	=====	=====
Supplemental cash flow information			
Cash paid for taxes.....	\$ 4,821	\$ 4,254	\$ 4,681
Cash paid for interest.....	414	287	177

See Notes to Consolidated Financial Statements.

CHARLES RIVER LABORATORIES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(dollars in thousands)

	Total	Retained Earnings	Accumulated Other Comprehensive Income	Common Stock	Capital In Excess of Par
	-----	-----	-----	-----	-----
Balance at December 30, 1995.....	\$ 142,537	\$ 122,687	\$ 2,013	\$ 1	\$ 17,836
Components of comprehensive income:					
Net income.....	15,245	15,245	--	--	--
Foreign currency translation.....	(3,467)	--	(3,467)	--	--
Minimum pension liability adjustment.....	15	--	15	--	--
Total comprehensive income.....	----- 11,793				
Net activity with Bausch & Lomb.....	(197)	(197)	--	--	--
Balance at December 28, 1996.....	\$ 154,133	\$ 137,735	\$ (1,439)	\$ 1	\$ 17,836
Components of comprehensive income:					
Net income.....	15,340	15,340	--	--	--
Foreign currency translation.....	(6,844)	--	(6,844)	--	--
Minimum pension liability adjustment.....	(510)	--	(510)	--	--
Total comprehensive income.....	----- 7,986				
Net activity with Bausch & Lomb.....	(12,755)	(12,755)	--	--	--
Balance at December 27, 1997.....	\$ 149,364	\$ 140,320	\$ (8,793)	\$ 1	\$ 17,836
Components of comprehensive income:					
Net income.....	23,378	23,378	--	--	--
Foreign currency translation.....	2,839	--	2,839	--	--
Minimum pension liability adjustment.....	(400)	--	(400)	--	--
Total comprehensive income.....	----- 25,817				
Net activity with Bausch & Lomb.....	(6,922)	(6,922)	--	--	--
Balance at December 26, 1998.....	\$ 168,259	\$ 156,776	\$ (6,354)	\$ 1	\$ 17,836
	=====	=====	=====	=====	=====

See Notes to Consolidated Financial Statements.

CHARLES RIVER LABORATORIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands)

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

Charles River Laboratories, Inc. (the "Company") is a commercial producer and supplier of animal research models for use in the discovery, development and testing of pharmaceuticals. In addition, the Company is a supplier of biomedical products and services in several specialized niche markets. The Company is a 100% owned subsidiary of Bausch & Lomb Incorporated (Bausch & Lomb). The Company's fiscal year is the twelve month period ending the last Saturday in December.

Basis of Presentation

As of the dates and for the periods presented in these financial statements, the assets, liabilities, operations and cash flows relating to the Company are held by Bausch & Lomb and some affiliated entities. As more fully described in Note 2, effective September 29, 1999, the Company consummated a recapitalization agreement that provides for the contribution of all such assets, liabilities and operations to an existing dormant subsidiary which was subsequently renamed CRL Holdings, Inc. These consolidated financial statements include all such assets, liabilities, operations and cash flows as of and for each of the periods presented.

Principles of Consolidation

The financial statements include all majority-owned U.S. and non-U.S. subsidiaries. Intercompany accounts, transactions and profits are eliminated. Affiliated companies over which the Company does not have the ability to exercise control are accounted for using the equity method (Note 11).

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.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined principally on the average cost method. All inventories have been reduced to their net realizable value. Costs for primates are accumulated in inventory until particular primates are sold or declared breeders.

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. Depreciation is calculated for financial reporting purposes using the straight-line method based on the estimated useful lives of the assets as follows: building, 20 to 40 years; machinery and equipment, 2 to 20 years; and leasehold improvements, shorter of estimated useful life or the lease periods.

CHARLES RIVER LABORATORIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(dollars in thousands)

Intangible Assets

Intangible assets are amortized on a straight-line basis over periods ranging from eight to 20 years. Intangible assets consist primarily of goodwill, patents and non-compete agreements.

Other Assets

Other assets consist primarily of the cash surrender value of life insurance net long-term deferred tax assets and the net value of primate breeders. The value of primate breeders is amortized over 20 years. Total amortization expense for primate breeders was \$378, \$348 and \$323 in 1996, 1997 and 1998 and is included in costs of products sold and services provided.

Impairment of Long-Lived Assets

The Company evaluates long-lived assets and intangibles whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would 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, the carrying value of long-lived assets is reduced to the estimated fair value, as determined using an appraisal or discounted cash flow, as appropriate.

Stock-Based Compensation Plans

As permitted under Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (FAS 123), the Company accounts for its stock-based compensation plans using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25).

Revenue Recognition

Revenues are recognized when products are shipped or as services are performed. Deferred income represents cash received in advance of delivery of primates from customers under contract and is recognized at time of delivery.

Fair Value of Financial Instruments

The carrying amount of the Company's significant financial instruments, which includes accounts receivable and debt, approximate their fair values at December 26, 1998 and December 27, 1997.

Income Taxes

As of December 26, 1998, the Company was not a separate taxable entity for federal, state or local income tax purposes and its results of operations were included in the consolidated Bausch & Lomb tax returns. The Company accounts for income taxes under the separate return method in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (FAS 109).

Foreign Operations

The financial statements of all non-U.S. 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 shareholder's equity at historical exchange rates. The resulting translation adjustment is recorded as a component of accumulated other comprehensive income on the accompanying balance sheet.

CHARLES RIVER LABORATORIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(dollars in thousands)

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of trade receivables from customers within the pharmaceutical and biomedical industries. As these industries have experienced significant growth and its customers are predominantly well-established and viable, the Company believes its exposure to credit risk to be minimal.

Comprehensive Income

The Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," (FAS 130) at the beginning of 1998. As it relates to the Company, comprehensive income is defined as net income plus the sum of currency translation adjustments and the change in minimum pension liability (collectively, other comprehensive income), and is presented in the Consolidated Statement of Changes in Shareholder's Equity.

Segment Reporting

During 1998, the Company adopted Statement of Financial Accounting Standards No. 131, "Disclosures About Segments of an Enterprise and Related Information" (FAS 131), which requires financial and descriptive information about an enterprise's reportable operating segments. Operating segments are components of an enterprise about which separate financial information is available and regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company operates in two business segments, research models and biomedical products and services.

Reclassifications

Some amounts in prior year financial statements and related notes have been changed to conform with current year presentation.

2. Subsequent Events

On September 29, 1999 CRL Acquisition LLC, an affiliate of DLJ Merchant Banking Partners II, L.P., consummated a transaction in which it acquired 87.5% of the common stock of Charles River Laboratories, Inc. from Bausch & Lomb for approximately \$443 million. This transaction was effected through Charles River Laboratories Holdings, Inc. ("Holdings"), a holding company with no operations or assets other than its ownership of 100% of the Company's outstanding stock. This transaction will be accounted for as a leveraged recapitalization, which will have no impact on the historical basis of the Company's assets and liabilities. In addition, concurrent with the transaction, the Company purchased all of the outstanding shares of common stock of SBI Holdings, Inc. ("Sierra"), a pre-clinical biomedical services company, for \$24.0 million. This acquisition will be accounted for as a purchase business combination with the operating results of Sierra being included in the Company's consolidated operating results beginning on the effective date of the acquisition. These transactions are hereafter referred to as the "Acquisitions".

The Acquisitions and related transaction fees and expenses were funded as follows:

- o issuance of 150,000 units, each consisting of a \$1,000 principal amount of 13.5% senior subordinated note (the Series A Note Offering) and one warrant to purchase 3.942 shares of common stock of Holdings;
- o borrowings by the Company of \$162.0 million under a new senior secured credit facility;

CHARLES RIVER LABORATORIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(dollars in thousands)

- o an equity investment of \$92.4 million in Holdings;
- o senior discount debentures with warrants issued by Holdings for \$37.6 million; and
- o subordinated discount note issued by Holdings to Bausch & Lomb for \$43.0 million.

The Series A Note Offering (the "Notes") will mature on October 1, 2009. The Notes will not be redeemable at the issuers' option prior to October 1, 2004. Thereafter, the Notes will be subject to redemption at any time at the option of the issuer at redemption prices set forth in the Notes. Interest on the Notes will accrue at the rate of 13.5% per annum and will be payable semi-annually in arrears on October 1 and April 1 of each year, commencing on April 1, 2000. The payment of principal and interest on the Notes will be subordinated in right to the prior payment of all Senior Debt, as defined. The senior secured credit facility includes a \$40 million term loan A facility, a \$120 million term loan B facility and a \$30 million revolving credit facility. The term loan A facility will mature on October 1, 2005, the term loan B facility will mature on October 1, 2007 and the revolving credit facility will mature on October 1, 2005. Interest on the term loan A, term loan B and revolving credit facility will accrue at either a base rate plus 1.75% or LIBOR plus 3.0%, at the Company's option (8.5%, 9.25% and 8.5%, respectively, at September 29, 1999) per annum and will be paid quarterly in arrears commencing on December 30, 1999. A commitment fee in an amount equal to 0.50% per annum on the daily average unused portion of the revolving credit facility will be paid quarterly in arrears. Upon the occurrence of a change in control, as defined, the issuer will be obligated to make an offer to each holder of the Notes to repurchase all or any part of such holders' Notes at an offer price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest. Restrictions under the Notes include some sales of assets, some payments of dividends and incurrence of debt, and limitations on some mergers and transactions with affiliates. With respect to the Notes and the senior secured credit facility, the Company will be required to maintain some financial ratios and covenants.

3. Restructuring Charges and Asset Impairments

In June 1996 and April 1997, the Bausch & Lomb board of directors approved plans to restructure portions of the Company. As a result, pre-tax restructuring charges of \$4,748 and \$5,892 were recorded in 1996 and 1997, respectively. The major components of the plans are summarized in the table below:

	1996	1997
	-----	-----
Employee separations.....	\$ 2,283	\$ 3,200
Asset writedowns.....	1,631	2,157
Other.....	834	535
	-----	-----
	\$ 4,748	\$ 5,892
	=====	=====

The overall purpose of the restructuring charges was to reduce costs and improve profitability by closing excess capacity and eliminating associated personnel, reducing excess corporate, administrative and professional personnel, and exiting several small unprofitable product-lines. The restructuring actions affected both the research model and biomedical products and services segments. In total over 70 individuals were terminated in connection with these actions.

These restructuring efforts have reduced the Company's fixed cost structure and realigned the business to meet its strategic objectives through the closure, relocation and combining of breeding, distribution, sales and administrative operations, and workforce reductions. Some severance costs are being paid over periods greater than one year. Further, the Company is under a court order issued in June 1997 to relocate its primate operations from two islands located in the Florida Keys to Miami, Florida. Also, the Company is required to refoliate the islands due to damage caused by the primates. Due to complications arising within the plan to relocate the primates, the relocation has taken longer than anticipated to complete, as the primates needed to be moved in a controlled manner in order to minimize mortality and

CHARLES RIVER LABORATORIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(dollars in thousands)

breeding disruption. Asset writedowns relate primarily to the closing of facilities and losses resulting from equipment dispositions. Other charges included miscellaneous costs and other commitments.

The following table sets forth the activity in the restructuring reserves through December 26, 1998:

	Restructuring Programs		
	1996	1997	Total
Restructuring provision.....	\$ 4,748	--	\$ 4,748
Cash payments.....	(3,117)	--	(3,117)
Asset write-downs.....	(1,631)	--	(1,631)
Balance, December 28, 1996.....	--	--	--
Restructuring provision.....	--	5,892	5,892
Cash payments.....	--	(1,725)	(1,725)
Asset write-downs.....	--	(1,435)	(1,435)
Balance, December 27, 1997.....	--	2,732	2,732
Cash payments.....	--	(897)	(897)
Asset write-downs.....	--	(722)	(722)
Balance, December 26, 1998.....	\$ --	\$ 1,113	\$ 1,113
	=====	=====	=====

Reserves remaining at December 26, 1998 primarily represent liabilities for continuing severance payments and relocation and refoliation costs. The remaining balance of \$1,113 is expected to be fully utilized by the end of 1999.

4. Supplemental Balance Sheet Information

The composition of inventories is as follows:

	December 27, 1997	December 26, 1998
Raw materials and supplies.....	\$ 5,222	\$ 4,932
Work in process.....	379	1,088
Finished products.....	23,303	24,711
Inventories.....	\$ 28,904	\$ 30,731
	=====	=====

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

	December 27, 1997	December 26, 1998
Land.....	\$ 7,473	\$ 7,783
Buildings.....	82,963	90,919
Machinery and equipment.....	63,192	74,876
Leasehold improvements.....	1,033	3,063
Furniture and fixtures.....	1,383	1,532
Vehicles.....	2,864	3,006
Construction in progress.....	8,483	6,176
	167,391	187,355
Less accumulated depreciation.....	(90,502)	(104,665)
	-----	-----

CHARLES RIVER LABORATORIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(dollars in thousands)

	December 27, 1997	December 26, 1998
	-----	-----
Net property, plant and equipment.....	\$ 76,889	\$ 82,690
	=====	=====

5. Long-Term Debt

The Company has various debt instruments outstanding at its international subsidiaries aggregating \$253 and \$450 at December 27, 1997 and December 26, 1998, respectively, with interest rates ranging from 3% to 15.2% and maturities ranging from September 1999 through June 2003.

6. Leases

Capital Leases

The Company has one capital lease for a building and three capital leases for equipment. These leases are capitalized using interest rates considered appropriate at the inception of each lease. Following is an analysis of assets under capital lease:

	December 27, 1997	December 26, 1998
	-----	-----
Building.....	\$ 2,001	\$ 2,001
Equipment.....	179	179
Accumulated depreciation.....	(1,213)	(1,457)
	-----	-----
	\$ 967	\$ 723
	=====	=====

Capital lease obligations amounted to \$1,110 and \$1,132 at December 27, 1997 and December 26, 1998, respectively, with maturities through 2003 at interest rates ranging from 8.6% to 9.3%. Future minimum lease payments under capital lease obligations at December 26, 1998 are as follows:

1999.....	\$ 282
2000.....	282
2001.....	282
2002.....	282
2003.....	534

Total minimum lease payments.....	1,662
Less amount representing interest.....	(530)

Present value of net minimum lease payments.....	\$ 1,132
	=====

Operating Leases

The Company has various operating leases for machinery and equipment, automobiles, office equipment, land and office space. Rent expense for all operating leases was \$2,944 in 1996, \$3,111 in 1997 and \$3,273 in 1998. 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 26, 1998:

1999.....	\$ 3,182
2000.....	2,932
2001.....	1,994

CHARLES RIVER LABORATORIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(dollars in thousands)

2002.....	1,088
2003.....	488
Thereafter.....	1,690

	\$ 11,374
	=====

7. Income Taxes

An analysis of the components of income before income taxes and minority interests and the related provision for income taxes is presented below:

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26, 1998
	-----	-----	-----
Income before equity in earnings of foreign subsidiaries, income taxes and minority interests			
U.S.....	\$ 15,422	\$ 13,497	\$ 22,364
Non-U.S.....	8,967	8,722	13,468
	-----	-----	-----
	\$ 24,389	\$ 22,219	\$ 35,832
	=====	=====	=====
Income tax provision			
Current:			
Federal.....	\$ 5,506	\$ 6,202	\$ 7,730
Foreign.....	4,217	2,528	6,171
State and local.....	1,406	1,397	1,833
	-----	-----	-----
Total current.....	11,129	10,127	15,734
	-----	-----	-----
Deferred:			
Federal.....	(496)	(1,867)	(597)
Foreign.....	376	498	(887)
State.....	(120)	(259)	(127)
	-----	-----	-----
Total deferred.....	(240)	(1,628)	(1,611)
	-----	-----	-----
	\$ 10,889	\$ 8,499	\$ 14,123
	=====	=====	=====

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. Realization of benefit for net operating losses and foreign tax credit carryforwards, which expire between 2002 and 2011, is contingent on future taxable earnings. A valuation allowance has been recorded for foreign tax credits, which may not be realized.

	December 27, 1997		December 26, 1998	
	Assets	Liabilities	Assets	Liabilities
	-----	-----	-----	-----
Current:				
Inventories.....	\$ 588	--	\$ 827	--
Restructuring accruals.....	1,584	--	1,006	--
Employee benefits and compensation.....	2,023	--	3,077	--
Other accruals.....	556	--	522	--
	-----	-----	-----	-----
	4,751	--	5,432	--
	-----	-----	-----	-----

CHARLES RIVER LABORATORIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(dollars in thousands)

	December 27, 1997		December 26, 1998	
	Assets	Liabilities	Assets	Liabilities
Non-current:				
Net operating loss and credit carryforwards.....	1,776	--	2,960	--
Depreciation and amortization.....	3,326	1,723	3,672	836
Valuation allowance on foreign tax credits.....	(1,776)	--	(1,766)	--
Other.....	654	--	921	--
	3,980	1,723	5,787	836
	\$ 8,731	\$ 1,723	\$ 11,219	\$ 836

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

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26, 1998
Tax at statutory U.S. tax rate.....	35.0%	35.0%	35.0%
Foreign tax rate differences.....	6.0	(0.1)	1.6
Non-deductible goodwill amortization.....	0.3	0.4	0.6
State income taxes, net of federal tax benefit..	3.4	3.3	3.1
Other.....	(0.6)	(0.4)	(0.8)
	44.1%	38.2%	39.5%
	====	====	====

The Company's foreign subsidiaries have undistributed earnings at December 26, 1998. Those earnings are considered to be indefinitely reinvested and, accordingly, no provision for U.S. federal and state 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. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to the various foreign countries. Determination of the amount of unrecognized deferred U.S. income tax liability is not practicable because of the complexities associated with its hypothetical calculation.

8. Employee Benefits

The Company sponsors one defined contribution plan and two defined benefit plans. The Company's defined contribution plan ("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 the Company matches two percent of employee contributions up to four percent. The costs associated with the defined contribution plan totaled \$395, \$416 and \$498 in 1996, 1997, and 1998, respectively.

One of the Company-sponsored defined benefit plans (Charles River Laboratories, Inc. Pension Plan) is a qualified, non-contributory plan that also covers substantially all 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.

Under another defined benefit plan, the Company provides some executives with supplemental retirement benefits. This plan (Executive Supplemental Life Insurance Retirement Plan or ESLIRP) is generally unfunded and non-qualified under the provisions of the Employee Retirement Income Securities Act of 1974.

The following table provides reconciliations of the changes in benefit obligations, fair value of plan assets and funded status of the two defined benefit plans.

CHARLES RIVER LABORATORIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(dollars in thousands)

Pension Benefit Plan		
	1997	1998
Reconciliation of benefit obligation		
Benefit/obligation at beginning of year.....	\$ 17,570	\$ 20,531
Service cost.....	804	795
Interest cost.....	1,413	1,588
Benefit payments.....	(710)	(742)
Actuarial loss.....	1,454	2,940
	\$ 20,531	\$ 25,112
	=====	=====
Reconciliation of fair value of plan assets		
Fair value of plan assets at beginning of year....	\$ 17,394	\$ 19,237
Actual return on plan assets.....	2,328	7,773
Employer contributions.....	225	225
Benefit payments.....	(710)	(742)
	\$ 19,237	\$ 26,493
	=====	=====
Funded status		
Funded status at beginning of year.....	\$ (1,294)	\$ 1,380
Unrecognized transition obligation.....	705	564
Unrecognized prior-service cost.....	(31)	(27)
Unrecognized gain.....	(4,331)	(7,178)
	\$ (4,951)	\$ (5,261)
	=====	=====
Amounts recognized in the consolidated balance sheet		
Accrued benefit cost.....	\$ (6,945)	\$ (7,849)
Intangible asset.....	358	286
Accumulated other comprehensive income.....	982	1,381
	\$ (5,605)	\$ (6,182)
	=====	=====

Key weighted-average assumptions used in the measurement of the Company's benefit obligations are shown in the following table:

	Fiscal Year End		
	December 28, 1996	December 27, 1997	December 26, 1998
Discount rate.....	7.75%	7.5%	7%
Expected return on plan assets.....	10%	10%	10%
Rate of compensation increase.....	5.0%	4.75%	4.75%

The following table provides the components of net periodic benefit cost for the two defined benefit plans for 1996, 1997 and 1998:

	Defined Benefit Plans		
	1996	1997	1998
Components of net periodic benefit cost			
Service cost.....	\$ 690	\$ 804	\$ 795
Interest cost.....	1,236	1,413	1,588
Expected return on plan assets.....	(1,463)	(1,717)	(1,901)

CHARLES RIVER LABORATORIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(dollars in thousands)

Pension Benefit Plans			
	1996	1997	1998
Amortization of transition obligation..	141	141	141
Amortization of prior-service cost.....	(3)	(3)	(3)
Amortization of net gain.....	(189)	(172)	(85)
Net periodic benefit cost.....	\$ 412	\$ 466	\$ 535
	=====	=====	=====

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plan with accumulated benefit obligations in excess of plan assets were \$6,752, \$6,409 and \$0, respectively, as of December 27, 1997, and \$8,205, \$7,745 and \$0, respectively, as of December 26, 1998.

The Company had an adjusted minimum pension liability of \$1,636 (\$982, net of tax) and \$2,302 (\$1,381, net of tax) as of December 27, 1997 and December 26, 1998, which represented the excess of the minimum accumulated net benefit obligation over previously recorded pension liabilities.

9. Stock Compensation Plans

Stock Options

Bausch & Lomb sponsors several stock-based compensation plans in which the Company's employees participate. Stock options vest ratably over three years and expire ten years from the grant date. The exercise price on all options issued has been equal to the fair market value of the underlying security on the date of the grant. Vesting is contingent upon continued employment with Bausch & Lomb. The total number of shares available for grant in each calendar year for all plans combined excluding incentive stock options shall be no greater than three percent of the total number of outstanding shares of common stock as of the first day of each such year. No more than six million shares are available for granting purposes as incentive stock options under Bausch & Lomb's current plan. As of December 26, 1998, 2.5 million shares remain available for such grants.

All of Bausch & Lomb's stock-based compensation plans are accounted for under the provisions of APB 25. Under APB 25, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized.

Pro forma information regarding net income is required by FAS 123, which also requires that the information be determined as if the Company has accounted for its employee stock options granted subsequent to December 31, 1994 under the fair value method of that Statement.

For purposes of this disclosure, the fair value of each fixed option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants outstanding in 1996, 1997 and 1998:

	1996	1997	1998
Risk-free interest rate.....	6.11%	5.66%	4.69%
Dividend yield.....	2.42%	2.54%	2.48%
Volatility factor.....	24.87%	25.17%	25.67%
Weighted average expected life (years).....	5	5	4

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because Bausch & Lomb's employee stock

CHARLES RIVER LABORATORIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(dollars in thousands)

options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

Had compensation expense for the Company's portion of fixed options been determined consistent with FAS 123, the Company's net income would have been reduced to the pro forma amounts indicated below:

	Net Income	
	As Reported	Pro Forma
1998.....	\$ 23,378	\$ 22,859
1997.....	15,340	15,021
1996.....	15,245	15,042

A summary of the status of the Company's portion of fixed stock option plans at year end 1996, 1997 and 1998 is presented below:

	1996		1997		1998	
	Shares	Weighted Average Exercise Price (Per Share)	Shares	Weighted Average Exercise Price (Per Share)	Share	Weighted Average Exercise Price (Per Share)
Outstanding at beginning of year.....	225,584	\$ 40.84	294,162	\$ 39.90	326,722	\$ 41.00
Granted.....	71,643	35.86	77,154	42.32	73,280	50.64
Exercised.....	(80)	27.40	(13,350)	30.34	(73,481)	39.45
Forfeited.....	(2,985)	43.60	(31,244)	41.99	(1,370)	41.48
Outstanding at end of year.....	294,162	39.90	326,722	41.00	325,151	43.98
Options exercisable at year end.....	177,155		193,097		176,096	43.98
Weighted-average fair value of options granted during the year...	\$ 9.34		\$ 10.59		\$ 10.93	43.98

The following presents additional information about the Company's fixed stock options outstanding at December 26, 1998:

Range of Exercise Prices Per Share	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (Per Share)	Number Exercisable	Weighted Average Exercise Price (Per Share)
\$26 to \$35.....	52,990	6.3	\$34.78	39,726	\$ 34.60
\$36 to \$45.....	131,413	7.3	41.35	81,577	40.88
\$46 to \$55.....	140,748	7.5	49.90	54,793	48.26
\$26 to \$55.....	325,151	7.2	43.98	176,096	41.76

CHARLES RIVER LABORATORIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(dollars in thousands)

Stock Awards

Bausch & Lomb issued restricted stock awards to directors, officers and other key personnel. These awards have vesting periods up to three years with vesting criteria based upon the attainment of particular Economic-Value-Added (EVA) metrics and continued employment until applicable vesting dates. EVA is a measure of capital utilization. It is not, nor is it intended to be, a measure of operating performance in accordance with generally accepted accounting principles. Compensation expense is recorded based on the applicable vesting criteria and, for those awards with performance goals, as such goals are met. In 1996, 1997 and 1998, 2,484, 1,400 and 1,200 such awards were granted to Company employees at weighted average market values of \$35.92, \$42.25 and \$51.63 per share, respectively. The compensation expense relating to stock awards in 1996, 1997 and 1998 was \$24, \$84 and \$333, respectively.

10. Business Acquisitions

The Company acquired several businesses during the three-year period ended December 26, 1998. All acquisitions have been accounted for under the purchase method of accounting. The results of operations of the acquired business are included in the consolidated financial statements from the date of acquisition.

Significant acquisitions include the following:

On March 30, 1998, the Company acquired 100% of the outstanding stock of Tektagen, Inc. ("Tektagen") for \$8,000 and assumed debt equal to approximately \$850. Tektagen provides quality control testing and consulting services to the biotechnology and pharmaceutical industries. The purchase price exceeded the fair value of the net assets acquired by approximately \$6,600, which is being amortized on a straight line basis over 15 years. In addition, during 1998 the Company acquired an additional biomedical service business and one research model business; the impact of each is considered immaterial to the Company's financial statements taken as a whole.

On July 31, 1996, the Company reacquired the assets of two businesses it previously owned for approximately \$1,100 in cash plus the forgiveness of approximately \$5,800 in debt. These businesses represent substantially all of the Company's primate operations. The purchase price was allocated to the fair value of net assets acquired.

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 pagan adjustments for the amortization of goodwill and related income tax effects. 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 period. No effect has been given for synergies, if any, that may have been realized through the acquisitions.

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26, 1998
Net sales.....	\$ 161,708	\$ 179,513	\$ 196,973
Operating income.....	25,497	21,830	35,154
Net income.....	15,966	15,018	22,913

In addition, during 1997 and 1998 the Company made contingent payments of \$640 and \$681, respectively, to the former owner of an acquired business in connection with an additional purchase price commitment.

CHARLES RIVER LABORATORIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(dollars in thousands)

11. Joint Ventures

The Company holds investments in several joint ventures. These joint ventures are separate legal entities whose purpose is consistent with the overall operations of the Company and represent geographical expansions of existing Company markets. The financial results of two of the joint ventures are consolidated into the Company's results as the Company has the ability to exercise control over these entities. The interests of the outside joint venture partners in these two joint ventures has been recorded as minority interests totaling \$290 at December 27, 1997 and \$306 at December 26, 1998.

The Company also has investments in two other joint ventures that are accounted for on the equity method as the Company does not have the ability to exercise control over the operations. Charles River Japan is a 50 /50 joint venture with Ajinomoto Co., Inc. and is an extension of the Company's research model business in Japan. Dividends received from Charles River Japan amounted to \$725 in 1996, \$773 in 1997, and \$681 in 1998. Charles River Mexico, a joint venture which is an extension of the Company's avian (or bird) business in Mexico, is not significant to the Company's operations.

Summarized financial statement information for the unconsolidated joint ventures is as follows:

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26, 1998
<i>(Amounts unaudited)</i>			
Condensed Combined Statements of Income			
Net sales.....	\$ 43,978	\$ 44,744	\$ 39,798
Operating income.....	7,712	7,484	6,756
Net income.....	3,500	3,337	3,445
Condensed Combined Balance Sheets			
Current assets.....	\$ 18,466	\$ 19,388	
Non-current assets.....	34,774	36,376	
	\$ 53,240	\$ 55,764	
Current liabilities.....	\$ 17,105	\$ 13,501	
Non-current liabilities.....	5,237	6,617	
Shareholders' equity.....	30,898	35,646	
	\$ 53,240	\$ 55,764	

12. Commitments and Contingencies

Insurance

The Company maintains insurance for workers' compensation, auto liability and general liability. The per claim loss limits are \$250, with annual aggregate loss limits of \$1,500. Related accruals were \$849 and \$2,363 on December 27, 1997 and December 26, 1998, respectively. Separately, the Company has provided three letters of credit in favor of the insurance carriers in the amount of \$825.

CHARLES RIVER LABORATORIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(dollars in thousands)

Litigation

Various lawsuits, claims and proceedings of a nature considered normal to its business are pending against Holdings. In the opinion of management, the outcome of such proceedings and litigation currently pending will not materially affect the Company's consolidated financial statements. The most potentially significant claim is described below.

As discussed in Note 3, the Company is currently under a court order issued in June 1997 to remove its primate operations from two islands located in the Florida Keys. The mandate asserts that the Company's operations have contributed to the defoliation of some protected plant life. Reserves of \$500 are included in the restructuring reserve recorded in the accompanying consolidated financial statements to provide for relocation costs and any exposures in connection with the refoiliation.

13. Related Party Transactions

The Company historically has operated autonomously from Bausch & Lomb. However, some costs and expenses including insurance, information technology and other miscellaneous expenses were charged to the Company on a direct basis. Management believes these charges are based upon assumptions that are reasonable under the circumstances. However, these charges and estimates are not necessarily indicative of the costs and expenses which would have resulted had the Company incurred these costs as a separate entity. Charges of approximately \$460, \$470 and \$250 for these items are included in costs of products sold and services rendered and selling, general and administrative expense in the accompanying consolidated statements of income for the years ended 1996, 1997 and 1998, respectively. The Company does not expect the estimated stand alone costs to be significantly different from the historical costs allocated by B&L due to the autonomy with which the Company operates.

The accompanying financial statements include a line item "net activity with Bausch and Lomb" which comprises the above referenced intercompany allocations and the net distributions made by the Company to B&L.

14. Geographic and Business Segment Information

The Company is organized into geographic regions for management reporting with operating income being the primary measure of regional profitability. Some general and administrative expenses, including some centralized services provided by regional offices, are allocated based on business segment sales. The accounting policies used to generate geographic results are the same as the Company's overall accounting policies.

The following table presents sales and other financial information by geography for the years 1996, 1997 and 1998. Included in the other non-U.S. category below are the Company's operations located in Canada, China, Germany, Italy, Netherlands, United Kingdom, Australia, Belgium, Czech Republic, Hungary, Spain and Sweden. 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 and intangibles, other investments and other assets.

	U.S.	France	Other Non U.S.	Consolidated
	-----	-----	-----	-----
1996				
Sales to unaffiliated customers....	\$ 83,520	\$ 28,892	\$ 43,192	\$ 155,604
Long-lived assets.....	65,594	12,790	18,952	96,336
1997				
Sales to unaffiliated customers....	\$ 100,314	\$ 25,680	\$ 44,719	\$ 170,713
Long-lived assets.....	62,236	10,146	22,108	94,490
1998				

CHARLES RIVER LABORATORIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(dollars in thousands)

	U.S.	France	Other Non U.S.	Consolidated
Sales to unaffiliated customers.....	\$ 115,639	\$ 26,177	\$ 51,485	\$ 193,301
Long-lived assets.....	76,289	12,751	23,745	112,785

The Company's product line segments are research models and biomedical products and services. The following table presents sales and other financial information by product line segment for the fiscal years 1996, 1997 and 1998. Sales to unaffiliated customers represent net sales originating in entities primarily engaged in either provision of research models or biomedical products and services. Long-lived assets include property, plant and equipment, goodwill and intangibles; other investments; and other assets.

	1996	1997	1998
Research models			
Net sales.....	\$ 121,262	\$ 125,214	\$ 134,590
Operating income.....	24,080	19,583	30,517
Total assets	162,201	157,915	180,139
Depreciation and amortization	5,351	5,297	5,534
Capital expenditures	6,119	6,178	8,127
Biomedical products and services			
Net sales	\$ 34,342	\$ 45,499	\$ 58,711
Operating income	3,264	6,496	11,117
Total assets	34,780	38,296	53,271
Depreciation and amortization	4,177	4,406	5,361
Capital expenditures	5,453	5,694	3,782

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

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26, 1998
Total segment operating income.....	\$ 27,344	\$ 26,079	\$ 41,634
Unallocated corporate overhead.....	(3,202)	(4,003)	(6,309)
Consolidated operating income.....	\$ 24,142	\$ 22,076	\$ 35,325

A summary of identifiable long-lived assets of each business segment at year end is as follows:

	December 27, 1997	December 26, 1998
Research Models.....	\$ 65,144	\$ 73,190
Biomedical Products and Services.....	29,346	39,595
	\$ 94,490	\$ 112,785

CHARLES RIVER LABORATORIES, INC.
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(dollars in thousands)

	Nine Months Ended	
	September 26, 1998	September 25, 1999
Net sales related to products.....	\$ 128,478	\$ 139,269
Net sales related to services.....	17,041	21,827
Total net sales.....	145,519	161,096
Costs and expenses		
Cost of products sold.....	80,067	84,557
Cost of services provided.....	10,974	12,673
Selling, general and administrative.....	25,202	29,414
Amortization of goodwill and intangibles.....	1,036	1,114
Operating income.....	28,240	33,338
Other income (expense)		
Other income.....	--	1,441
Interest income.....	659	496
Interest expense.....	(311)	(207)
Loss from foreign currency, net.....	(127)	(143)
Income before income taxes, minority interests and earnings from equity investments.....	28,461	34,925
Provision for income taxes.....	11,280	16,903
Income before minority interests and earnings from equity investments.....	17,181	18,022
Minority interests.....	(8)	(10)
Earnings from equity investments.....	1,286	1,940
Net income.....	\$ 18,459	\$ 19,952

See Notes to Consolidated Financial Statements.

CHARLES RIVER LABORATORIES, INC.
CONSOLIDATED BALANCE SHEET (UNAUDITED)
(dollars in thousands)

	September 25, 1999

Assets	
Current assets	
Cash and cash equivalents.....	\$ 3,457
Trade receivables, less allowances of \$854.....	33,820
Inventories.....	28,577
Deferred income taxes.....	5,432
Due from affiliates.....	966
Other current assets.....	5,051

Total current assets.....	77,303
Property, plant and equipment, net.....	79,349
Goodwill and other intangibles, less accumulated amortization of \$6,960.....	16,212
Investments in affiliates.....	19,385
Other assets.....	18,122

Total assets.....	\$ 210,371
=====	
Liabilities and shareholder's equity	
Current liabilities	
Current portion of long-term debt.....	\$ 166
Current portion of capital lease obligations.....	167
Accounts payable.....	5,992
Accrued compensation.....	11,015
Accrued ESLIRP.....	5,845
Deferred income.....	4,550
Accrued restructuring.....	354
Accrued liabilities.....	12,410
Accrued income taxes.....	16,208

Total current liabilities.....	56,707
Long-term debt.....	--
Capital lease obligations.....	700
Other long-term liabilities.....	3,706

Total liabilities.....	61,113

Commitments and contingencies (Note 3)	
Minority interests.....	293
Shareholder's equity	
Common stock, par value \$1 per share, 1,000 shares issued....	1
Capital in excess of par value.....	17,836
Retained earnings.....	142,422
Accumulated other comprehensive income.....	(11,294)

Total shareholder's equity.....	148,965

Total liabilities and shareholder's equity.....	\$ 210,371
=====	

See Notes to Consolidated Financial Statements.

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

	Nine Months Ended	
	September 26, 1998	September 25, 1999
<hr/>		
Cash flows relating to operating activities		
Net income.....	\$ 18,459	\$ 19,952
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	7,932	8,701
Provision for doubtful accounts.....	248	13
Gain from sale of facilities.....		(1,441)
Earnings from equity investments.....	(1,286)	(1,940)
Minority interests.....	8	10
Deferred income taxes.....	(634)	--
Stock compensation expense.....	159	124
Property, plant, and equipment write downs....	--	324
Change in assets and liabilities		
Trade receivables.....	(3,298)	(3,022)
Inventories.....	(683)	1,232
Due from affiliates.....	153	(264)
Other current assets.....	(1,255)	(2,115)
CVS of life insurance.....	(3,585)	(439)
Other assets.....	(464)	(510)
Accounts payable.....	910	(4,767)
Accrued compensation.....	1,640	(605)
Accrued ESLIRP.....	519	688
Deferred income.....	671	1,130
Accrued restructuring.....	(1,425)	(759)
Accrued liabilities.....	1,687	1,079
Accrued income taxes.....	4,259	2,211
Other long-term liabilities.....	(529)	(50)
	<hr/>	<hr/>
Net cash provided by operating activities...	23,486	19,552
Cash flows relating to investing activities		
Dividends received from equity investments.....	681	815
Proceeds from sale of facilities	--	1,860
Capital expenditures.....	(5,834)	(7,426)
Cash paid for acquisition of businesses.....	(9,114)	0
	<hr/>	<hr/>
Net cash used in investing activities.....	(14,267)	(4,751)
Cash flows relating to financing activities		
Proceeds from long-term debt.....	171	--
Payments on long-term debt.....	(1,120)	(312)
Payments on capital lease obligations.....	(94)	(90)
Net activity with Bausch & Lomb.....	(1,369)	(34,152)
	<hr/>	<hr/>
Net cash used in financing activities.....	(2,412)	(34,554)
Effect of exchange rate changes on cash and cash equivalents.....		
	462	(1,601)
	<hr/>	<hr/>
Net change in cash and cash equivalents.....	7,269	(21,354)
	<hr/>	<hr/>

See Notes to Consolidated Financial Statements.

	Nine Months Ended	
	September 26, 1998	September 25, 1999
Cash and cash equivalents, beginning of year.....	17,915	24,811
Cash and cash equivalents, end of year.....	\$ 25,184	\$ 3,457
Supplemental cash flow information		
Cash paid for taxes.....	\$ 2,202	\$ 3,316
Cash paid for interest.....	161	207

See Notes to Consolidated Financial Statements.

CHARLES RIVER LABORATORIES, INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS -- (UNAUDITED)
(dollars in thousands)

1. Basis of Presentation

The consolidated balance sheet at September 25, 1999 and the consolidated statements of income and of cash flows for the nine months ended September 26, 1998 and September 25, 1999 are unaudited, and some information and footnote disclosure related thereto normally included in financial statements prepared in accordance with generally accepted accounting principles, have been omitted. In the opinion of management, the accompanying unaudited consolidated financial statements were prepared following the same policies and procedures used in the preparation of the audited financial statements and reflect all adjustments (consisting of normal recurring adjustments) considered necessary to present fairly the financial position of the Company. The results of operations for the interim periods are not necessarily indicative of the results for the entire fiscal year.

2. Supplemental Balance Sheet Information

The composition of inventories is as follows:

	September 25, 1999
Raw materials and supplies.....	\$ 4,228
Work in process.....	988
Finished products.....	23,361

Net inventories.....	\$ 28,577
	=====

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

	September 25, 1999
Land.....	\$ 7,329
Buildings.....	89,014
Machinery and equipment.....	76,648
Leasehold improvements.....	3,746
Furniture and fixtures.....	1,595
Vehicles.....	2,843
Construction in progress.....	6,434

	187,609

Less accumulated depreciation.....	(108,260)

Net property, plant and equipment.....	\$ 79,349
	=====

3. Commitments and Contingencies

Litigation

Various lawsuits, claims and proceedings of a nature considered normal to its business are pending against the Company. In the opinion of management, the outcome of such proceedings and litigation currently pending will not materially affect the Company's consolidated financial statements. The most potentially significant claim is described below.

CHARLES RIVER LABORATORIES, INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS -- (UNAUDITED)
(dollars in thousands)
(continued)

3. Commitments and Contingencies (continued)

The Company is currently under a court order issued June 1997 to remove its primate operations from two islands located in the Florida Keys. The mandate asserts that the Company's operations have contributed to the defoliation of some protected plant life. Reserves of \$218 are included in the restructuring reserve recorded in the accompanying consolidated financial statements to provide for any exposures in connection with the relocation and refoliation.

4. Business Segment Information

The following table presents sales and other financial information by product line segment for the nine months ended September 26, 1998 and September 25, 1999. Sales to unaffiliated customers represent net sales originating in entities primarily engaged in either provision of research models or biomedical products and services.

	1998	1999
	-----	-----
Research models		
Net sales.....	\$ 103,205	\$ 109,177
Operating income.....	26,281	27,977
Total assets.....	182,761	157,284
Depreciation and amortization.....	5,738	6,044
Capital expenditures.....	4,112	4,282
Biomedical products and services		
Net sales.....	\$ 42,314	\$ 51,919
Operating income.....	7,347	11,553
Total assets.....	39,331	53,087
Depreciation and amortization.....	2,194	2,657
Capital expenditures.....	1,722	3,144

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

	1998	1999
	-----	-----
Total segment operating income.....	\$ 33,628	\$ 39,530
Unallocated corporate overhead.....	(5,388)	(6,192)
Consolidated operating income.....	\$ 28,240	\$ 33,338
	=====	=====

5. Comprehensive Income

The components of comprehensive income for the nine-month periods ended September 26, 1998 and September 25, 1999 are set forth below:

	1998	1999
	-----	-----
Net income	\$ 18,459	\$ 19,952
Foreign currency translation	20	(4,940)
Comprehensive income	\$ 18,479	\$ 15,012
	=====	=====

CHARLES RIVER LABORATORIES, INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS -- (UNAUDITED)
(dollars in thousands)
(continued)

6. Other Income

During the nine months ended September 25, 1999, the Company recorded a gain of \$1.4 million on the sale of some facilities located in Florida and The Netherlands.

7. Restructuring Reserve

During the nine months ended September 25, 1999, the Company charged approximately \$759 against the restructuring reserve for costs previously reserved for. As of September 25, 1999, the remaining restructuring reserve amounted to \$354, comprised primarily of scheduled severance payments and relocation and refoliation costs. Such payments will be substantially complete by the end of the year.

8. Subsequent Events

On September 29, 1999 CRL Acquisition LLC, an affiliate of DLJ Merchant Banking Partners II, L.P., consummated a transaction in which it acquired 87.5% of the common stock of Charles River Laboratories, Inc. from Bausch & Lomb for approximately \$443 million. This transaction was effected through Charles River Laboratories Holdings, Inc. ("Holdings"), a holding company with no operations or assets other than its ownership of 100% of the Company's outstanding stock. This transaction will be accounted for as a leveraged recapitalization, which will have no impact on the historical basis of the Company's assets and liabilities. In addition, concurrent with the transaction, the Company purchased all of the outstanding shares of common stock of SBI Holdings, Inc. ("Sierra"), a pre-clinical biomedical services company, for \$24.0 million. This acquisition will be accounted for as a purchase business combination with the operating results of Sierra being included in the Company's consolidated operating results beginning on the effective date of the acquisition. These transactions are hereafter referred to as the "Acquisitions".

The Acquisitions and related transaction fees and expenses were funded as follows:

- o issuance of 150,000 units, each consisting of a \$1,000 principal amount of 13.5% senior subordinated note (the Series A Note Offering) and one warrant to purchase 3.942 shares of common stock of Holdings;
- o borrowings by the Company of \$162.0 million under a new senior secured credit facility;
- o an equity investment of \$92.4 million in Holdings;
- o senior discount debentures with warrants issued by Holdings for \$37.6 million; and
- o subordinated discount note issued by Holdings to Bausch & Lomb for \$43.0 million.

The Series A Note Offering (the "Notes") will mature on October 1, 2009. The Notes will not be redeemable at the issuers' option prior to October 1, 2004. Thereafter, the Notes will be subject to redemption at any time at the option of the issuer at redemption prices set forth in the Notes. Interest on the Notes will accrue at the rate of 13.5% per annum and will be payable semi-annually in arrears on October 1 and April 1 of each year, commencing on April 1, 2000. The payment of principal and interest on the Notes will be subordinated in right to the prior payment of all Senior Debt, as defined. The senior secured credit facility includes a \$40 million term loan A facility, a \$120 million term loan B facility and a \$30 million revolving credit facility. The term loan A facility will mature on October 1, 2005, the term loan B facility will mature on October 1, 2007 and the revolving credit facility will mature on October 1, 2005. Interest on the term loan A, term loan B and revolving credit facility will accrue at either a base rate plus 1.75% or LIBOR plus 3.0%, at the Company's option (8.5%, 9.25% and 8.5%, respectively, at September 29, 1999) per annum and will be paid quarterly in arrears commencing on December 30, 1999. A commitment fee in an amount equal to 0.50% per annum on the daily average unused portion of the revolving credit facility will be paid quarterly in arrears. Upon the occurrence of a change in control, as defined, the issuer will be obligated to make an offer to each holder of the Notes to repurchase all or any part

of such holders' Notes at an offer price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest. Restrictions under the Notes include some sales of assets, some payments of dividends and incurrence of debt, and limitations on some mergers and transactions with affiliates. With respect to the Notes and the senior secured credit facility, the Company will be required to maintain some financial ratios and covenants.

9. Dividends from Foreign Subsidiaries

During the nine months ended September 25, 1999, cash dividends totaling \$20,662 were remitted to the Company from several of its foreign subsidiaries. Under the terms of the transaction more fully described in Note 8, such dividends were, in turn, remitted by the Company to B&L. As the related amounts had previously been considered permanently reinvested in the foreign jurisdictions, the Company was required to provide additional taxes upon their repatriation to the United States. In addition, during the nine months ended September 25, 1999, an election was made by B&L to treat some foreign entities as branches for United States income tax purposes. As a result, all previously untaxed accumulated earnings of such entities became immediately subject to tax in the United States. The receipt of the cash dividends from the foreign subsidiaries and the foreign tax elections made resulted in incremental United States taxes of \$1,974, net of foreign tax credits, during the nine months ended September 25, 1999.

Report of Independent Accountants

To the Board of Directors of
Charles River Laboratories Holdings, Inc. and
Charles River Laboratories, Inc.

In our opinion, the accompanying combined balance sheets and the related combined statements of income, changes in shareholder's equity and cash flows present fairly, in all material respects, the financial position of Charles River Laboratories Holdings, Inc. ("Holdings") and Charles River Laboratories, Inc. and its subsidiaries ("collectively, "Holdings") at December 26, 1998 and December 27, 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 26, 1998, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 16(b) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related combined financial statements. These financial statements and the financial statement schedule are the responsibility of Holdings' management; our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP
Boston, Massachusetts

June 30, 1999,
except as to Note 2, which is as of September 29, 1999

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
CHARLES RIVER LABORATORIES, INC.
COMBINED STATEMENTS OF INCOME
(dollars in thousands)

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26 1998
Net sales related to products.....	\$ 146,477	\$ 156,800	\$ 169,377
Net sales related to services.....	9,127	13,913	23,924
	-----	-----	-----
Total net sales.....	155,604	170,713	193,301
Costs and expenses			
Cost of products sold.....	91,600	102,980	107,146
Cost of services provided.....	6,177	8,480	15,401
Selling, general and administrative.....	28,327	30,451	34,142
Amortization of goodwill and intangibles.....	610	834	1,287
Restructuring charges.....	4,748	5,892	--
	-----	-----	-----
Operating income.....	24,142	22,076	35,325
Other income (expense)			
Interest income.....	654	865	986
Interest expense.....	(491)	(501)	(421)
Gain/(loss) from foreign currency, net.....	84	(221)	
Income before income taxes, minority interests and earnings from equity investments.....	24,389	22,219	35,832
Provision for income taxes.....	10,889	8,499	14,123
	-----	-----	-----
Income before minority interests and earnings from equity investments...	13,500	13,720	21,709
Minority interests.....	(5)	(10)	(10)
Earnings from equity investment.....	1,750	1,630	1,67
	-----	-----	-----
Net income.....	\$ 15,245	\$ 15,340	\$ 23,378
	=====	=====	=====

See Notes to Combined Financial Statements.

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
CHARLES RIVER LABORATORIES, INC.
COMBINED BALANCE SHEETS
(dollars in thousands)

	December 27, 1997	December 26, 1998
	-----	-----
Assets		
Current assets		
Cash and cash equivalents.....	\$ 17,915	\$ 24,811
Trade receivables, less allowances of \$688 and \$898, respectively.....	28,280	32,466
Inventories.....	28,904	30,731
Deferred income taxes.....	4,751	5,432
Due from affiliates.....	1,153	982
Other current assets.....	2,320	2,792
	-----	-----
Total current assets.....	83,323	97,214
Property, plant and equipment, net.....	76,889	82,690
Goodwill and other intangibles, less accumulated amortization of \$4,356 and \$5,591 respectively.....	8,621	17,705
Investments in affiliates.....	16,140	18,470
Other assets.....	11,238	17,331
	-----	-----
Total assets.....	\$ 196,211	\$ 233,410
	=====	=====
Liabilities and Shareholder's Equity		
Current liabilities		
Current portion of long-term debt.....	\$ 83	\$ 202
Current portion of capital lease obligations.....	144	188
Accounts payable.....	7,566	11,615
Accrued compensation.....	8,601	9,972
Accrued ESLIRP.....	4,407	5,160
Deferred income.....	1,339	3,419
Accrued restructuring.....	2,732	1,113
Accrued liabilities.....	8,282	13,794
Accrued income taxes.....	8,423	14,329
	-----	-----
Total current liabilities.....	41,577	59,792
Long-term debt.....	170	248
Capital lease obligations.....	966	944
Other long-term liabilities.....	3,844	3,861
	-----	-----
Total liabilities.....	46,557	64,845
	-----	-----
Commitments and contingencies (Note 12)		
Minority interests.....	290	306
Shareholder's equity		
Common stock, par value \$1 per share, 1,000 shares issued.....	1	1
Capital in excess of par value.....	17,836	17,836
Retained earnings.....	140,320	156,776
Accumulated other comprehensive income.....	(8,793)	(6,354)
	-----	-----
Total shareholder's equity.....	149,364	168,259
	-----	-----
Total liabilities and shareholder's equity.....	\$ 196,211	\$ 233,410
	=====	=====

See Notes to Combined Financial Statements.

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
CHARLES RIVER LABORATORIES, INC.
COMBINED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26, 1998
Cash flows relating to operating activities			
Net income.....	\$ 15,245	\$ 15,340	\$ 23,378
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization.....	9,528	9,703	10,895
Provision for doubtful accounts.....	81	166	181
Earnings from equity investments.....	(1,750)	(1,630)	(1,679)
Minority interests.....	5	10	10
Deferred income taxes.....	(5,693)	(1,363)	(3,133)
Stock compensation expense.....	24	84	333
Property, plant and equipment write downs.....	--	822	--
Changes in assets and liabilities			
Trade receivables.....	(1,840)	(2,232)	(1,712)
Inventories.....	(1,552)	(1,917)	(1,250)
Due from affiliates.....	(845)	(462)	538
Other current assets.....	133	165	(241)
Other assets.....	(1,787)	611	(4,990)
Accounts payable.....	(180)	594	2,853
Accrued compensation.....	(347)	674	2,090
Accrued ESLIRP.....	674	499	821
Deferred income.....	(62)	105	1,278
Accrued restructuring.....	--	2,732	(1,619)
Accrued liabilities.....	1,705	431	3,970
Accrued income taxes.....	6,852	(500)	5,605
Other long-term liabilities.....	354	(148)	(629)
Net cash provided by operating activities.....	20,545	23,684	36,699
Cash flows relating to investing activities			
Dividends received from equity investments.....	725	773	681
Capital expenditures.....	(11,572)	(11,872)	(11,909)
Cash paid for acquisition of businesses.....	98310	(1,207)	(11,121)
Net cash used in investing activities.....	(11,678)	(12,306)	(22,349)
Cash flows relating to financing activities			
Proceeds from long-term debt.....	21	281	199
Payments on long-term debt.....	(3,698)	(119)	(1,247)
Payments on capital lease obligations.....	(194)	(346)	(48)
Net activity with Bausch & Lomb.....	(197)	(12,755)	(6,922)
Net cash used in financing activities.....	(4,068)	(12,939)	(8,018)
Effect of exchange rate changes on cash and cash equivalents.....	(478)	(181)	564
Net change in cash and cash equivalents.....	4,321	(1,742)	6,896
Cash and cash equivalents, beginning of year.....	15,336	19,657	17,915

See Notes to Combined Financial Statements.

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26, 1998
Cash and cash equivalents, end of year.....	\$ 19,657	\$ 17,915	\$ 24,811
	=====	=====	=====
Supplemental cash flow information			
Cash paid for taxes.....	\$ 4,821	\$ 4,254	\$ 4,681
Cash paid for interest.....	414	287	177

See Notes to Combined Financial Statements.

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
CHARLES RIVER LABORATORIES, INC.
COMBINED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(dollars in thousands)

	Total	Retained Earnings	Accumulated Other Comprehensive Income	Common Stock	Capital In Excess of par
	-----	-----	-----	-----	-----
Balance at December 30, 1995.....	\$ 142,537	\$ 122,687	\$ 2,013	\$ 1	\$ 17,836
Components of comprehensive income:					
Net income.....	15,245	15,245	--	--	--
Foreign currency translation.....	(3,467)	--	(3,467)	--	--
Minimum pension liability adjustment.....	15	--	15	--	--
Total comprehensive income.....	11,793				
Net activity with Bausch & Lomb.....	(197)	(197)		--	--
Balance at December 28, 1996.....	\$ 154,133	\$ 137,735	\$ (1,439)	\$ 1	\$ 17,836
Components of comprehensive income:					
Net income.....	15,340	15,340	--	--	--
Foreign currency translation.....	(6,844)	--	(6,844)	--	--
Minimum pension liability adjustment.....	(510)	--	(510)	--	--
Total comprehensive income.....	7,986				
Net activity with Bausch & Lomb.....	(12,755)	(12,755)	--	--	--
Balance at December 27, 1997.....	\$ 149,364	\$ 140,320	\$ (8,793)	\$ 1	\$ 17,836
Components of comprehensive income:					
Net income.....	23,378	23,378	--	--	--
Foreign currency translation.....	2,839	--	2,839	--	--
Minimum pension liability adjustment.....	(400)	--	(400)	--	--
Total comprehensive income.....	25,817				
Net activity with Bausch & Lomb.....	(6,922)	(6,922)	--	--	--
Balance at December 26, 1998.....	\$ 168,259	\$ 156,776	\$ (6,354)	\$ 1	\$ 17,836
	=====	=====	=====	=====	=====

See Notes to Combined Financial Statements.

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
CHARLES RIVER LABORATORIES, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(dollars in thousands)

1. Basis of Presentation, Description of Business and Summary of Significant Accounting Policies

Basis of Presentation and Description of Business

These combined financial statements include the accounts of Charles River Laboratories Holdings, Inc. ("Holdings"), B&L CRL, Inc. and its subsidiaries, the assets, liabilities, operations and cash flows of which are held by Bausch & Lomb, Inc. and affiliated entities as of and for the periods presented in these financial statements. Holdings is an indirect wholly owned subsidiary of Bausch & Lomb, Inc. As more fully described in Note 2, on September 29, 1999, B&L CRL, Inc. consummated a recapitalization transaction that provided for the contribution of all of its assets, liabilities, results of operations and cash flows to a subsidiary named Charles River Laboratories, Inc. (the "Company"). Under the recapitalization, the Company became a wholly-owned subsidiary of Holdings.

Based on the ongoing structure described above and the common ownership and management of Holdings and the Company as of and during the periods presented in these financial statements, these financial statements are presented on a combined basis and include all such assets, liabilities, results of operations and cash flows of the combined entities. As of the dates and for the periods presented in these combined financial statements, Holdings has no assets, liabilities, results of operations or cash flows. Hereafter, Holdings and the Company are referred to collectively as "Holdings". Prior to August 31, 1999, Holdings was named Endosafe, Inc.

Holdings is a commercial producer and supplier of animal research models for use in the discovery, development and testing of pharmaceuticals. In addition, Holdings is a supplier of biomedical products and services in several specialized niche markets. Holdings fiscal year is the twelve month period ending the last Saturday in December.

Principles of Consolidation

The financial statements include all majority-owned U.S. and non-U.S. subsidiaries. Intercompany accounts, transactions and profits are eliminated. Affiliated companies over which the Company does not have the ability to exercise control are accounted for using the equity method (Note 11).

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.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined principally on the average cost method. All inventories have been reduced to their net realizable value. Costs for primates are accumulated in inventory until particular primates are sold or declared breeders.

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
CHARLES RIVER LABORATORIES, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS (continued)
(dollars in thousands)

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. Depreciation is calculated for financial reporting purposes using the straight-line method based on the estimated useful lives of the assets as follows: building, 20 to 40 years; machinery and equipment, 2 to 20 years; and leasehold improvements, shorter of estimated useful life or the lease periods.

Intangible Assets

Intangible assets are amortized on a straight-line basis over periods ranging from eight to 20 years. Intangible assets consist primarily of goodwill, patents and non-compete agreements.

Other Assets

Other assets consist primarily of the cash surrender value of life insurance net long-term deferred tax assets and the net value of primate breeders. The value of primate breeders is amortized over 20 years. Total amortization expense for primate breeders was \$378, \$348 and \$323 in 1996, 1997 and 1998 and is included in costs of products sold and services provided.

Impairment of Long-Lived Assets

Holdings evaluates long-lived assets and intangibles whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would 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, the carrying value of long-lived assets is reduced to the estimated fair value, as determined using an appraisal or discounted cash flow, as appropriate.

Stock-Based Compensation Plans

As permitted under Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (FAS 123), Holdings accounts for its stock-based compensation plans using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25).

Revenue Recognition

Revenues are recognized when products are shipped or as services are performed. Deferred income represents cash received in advance of delivery of primates from customers under contract and is recognized at time of delivery.

Fair Value of Financial Instruments

The carrying amount of Holdings' significant financial instruments, which includes accounts receivable and debt, approximate their fair values at December 26, 1998 and December 27, 1997.

Income Taxes

As of December 26, 1998, Holdings was not a separate taxable entity for federal, state or local income tax purposes and its results of operations were included in the consolidated Bausch & Lomb tax returns. Holdings accounts for income

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
CHARLES RIVER LABORATORIES, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS (continued)
(dollars in thousands)

taxes under the separate return method in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (FAS 109).

Foreign Operations

The financial statements of all non-U.S. 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 shareholder's equity at historical exchange rates. The resulting translation adjustment is recorded as a component of accumulated other comprehensive income on the accompanying balance sheet.

Concentrations of Credit Risk

Financial instruments that potentially subject Holdings to concentrations of credit risk consist primarily of trade receivables from customers within the pharmaceutical and biomedical industries. As these industries have experienced significant growth and its customers are predominantly well-established and viable, Holdings believes its exposure to credit risk to be minimal.

Comprehensive Income

Holdings adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," (FAS 130) at the beginning of 1998. As it relates to Holdings, comprehensive income is defined as net income plus the sum of currency translation adjustments and the change in minimum pension liability (collectively, other comprehensive income), and is presented in the Consolidated Statement of Changes in Shareholder's Equity.

Segment Reporting

During 1998, Holdings adopted Statement of Financial Accounting Standards No. 131, "Disclosures About Segments of an Enterprise and Related Information" (FAS 131), which requires financial and descriptive information about an enterprise's reportable operating segments. Operating segments are components of an enterprise about which separate financial information is available and regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Holdings operates in two business segments, research models and biomedical products and services.

Earnings per Share

As more fully described under the Basis of Presentation and Description of Business section of Note 1, the accompanying combined financial statements include the combined capital structure of Holdings and the Company which is significantly different than the capital structure of Holdings immediately after the Recapitalization Transaction. Further, the combined financial statements include operations of certain Bausch & Lomb, Inc. entities that were contributed to the Company as part of the recapitalization which were not historically supported by the combined capital structure referred to above. As a result, the presentation of historical earnings per share data for Holdings would not be meaningful and has not been presented herein.

Reclassifications

Some amounts in prior year financial statements and related notes have been changed to conform with current year presentation.

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
CHARLES RIVER LABORATORIES, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS (continued)
(dollars in thousands)

2. Subsequent Events

On September 29, 1999 CRL Acquisition LLC, an affiliate of DLJ Merchant Banking Partners II, L.P., consummated a transaction in which it acquired 87.5% of the common stock of Charles River Laboratories, Inc. (the "Company") from Bausch & Lomb for approximately \$443 million. This transaction was effected through Charles River Laboratories Holdings, Inc. ("Holdings"), a holding company with no operations or assets other than its ownership of 100% of the Company's outstanding stock. This transaction will be accounted for as a leveraged recapitalization, which will have no impact on the historical basis of Holdings' assets and liabilities. In addition, concurrent with the transaction, Holdings purchased all of the outstanding shares of common stock of SBI Holdings, Inc. ("Sierra"), a pre-clinical biomedical services company, for \$24.0 million. This acquisition will be accounted for as a purchase business combination with the operating results of Sierra being included in Holdings' consolidated operating results beginning on the effective date of the acquisition. These transactions are hereafter referred to as the "Acquisitions".

The Acquisitions and related transaction fees and expenses were funded as follows:

- o issuance of 150,000 units, each consisting of a \$1,000 principal amount of 13.5% senior subordinated note (the Series A Note Offering) and one warrant to purchase 3.942 shares of common stock of Holdings;
- o borrowings by the Company of \$162.0 million under a new senior secured credit facility;
- o an equity investment of \$92.4 million in Holdings;
- o senior discount debentures with warrants issued by Holdings for \$37.6 million; and
- o subordinated discount note issued by Holdings to Bausch & Lomb for \$43.0 million.

The Series A Note Offering (the "Notes") will mature on October 1, 2009. The Notes will not be redeemable at the issuers' option prior to October 1, 2004. Thereafter, the Notes will be subject to redemption at any time at the option of the issuer at redemption prices set forth in the Notes. Interest on the Notes will accrue at the rate of 13.5% per annum and will be payable semi-annually in arrears on October 1 and April 1 of each year, commencing on April 1, 2000. The payment of principal and interest on the Notes will be subordinated in right to the prior payment of all Senior Debt, as defined. The senior secured credit facility includes a \$40 million term loan A facility, a \$120 million term loan B facility and a \$30 million revolving credit facility. The term loan A facility will mature on October 1, 2005, the term loan B facility will mature on October 1, 2007 and the revolving credit facility will mature on October 1, 2005. Interest on the term loan A, term loan B and revolving credit facility will accrue at either a base rate plus 1.75% or LIBOR plus 3.0%, at the Company's option (8.5%, 9.25% and 8.5%, respectively, at September 29, 1999) per annum and will be paid quarterly in arrears commencing on December 30, 1999. A commitment fee in an amount equal to 0.50% per annum on the daily average unused portion of the revolving credit facility will be paid quarterly in arrears. Upon the occurrence of a change in control, as defined, the issuer will be obligated to make an offer to each holder of the Notes to repurchase all or any part of such holders' Notes at an offer price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest. Restrictions under the Notes include some sales of assets, some payments of dividends and incurrence of debt, and limitations on some mergers and transactions with affiliates. With respect to the Notes and the senior secured credit facility, the Company will be required to maintain some financial ratios and covenants. The senior discount debentures with warrants bear interest at 15.5% and mature on October 1, 2010. The subordinated discount note bears interest at 12.0% in years one through five and at 15% in years six through eleven, and mature on September 29, 2010.

Each warrant will entitle the holder, subject to some conditions, to purchase 3.942 shares of common stock of Holdings at an exercise price of \$10.00 per share of common stock of Holdings, subject to adjustment under some circumstances. Upon exercise, the holders of warrants would be entitled, in the aggregate, to purchase common stock of

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
 CHARLES RIVER LABORATORIES, INC.
 NOTES TO COMBINED FINANCIAL STATEMENTS (continued)
 (dollars in thousands)

Holdings representing approximately 5.0% of the common stock of Holdings on a fully diluted basis on the closing date (assuming exercise of all outstanding warrants). The warrants will be exercisable on or after October 1, 2001 and will expire on October 1, 2009.

3. Restructuring Charges and Asset Impairments

In June 1996 and April 1997, the Bausch & Lomb board of directors approved plans to restructure portions of Holdings. As a result, pre-tax restructuring charges of \$4,748 and \$5,892 were recorded in 1996 and 1997, respectively. The major components of the plans are summarized in the table below:

	1996	1997
Employee separations.....	\$ 2,283	\$ 3,200
Asset writedowns.....	1,631	2,157
Other.....	834	535
	\$ 4,748	\$ 5,892
	=====	=====

The overall purpose of the restructuring charges was to reduce costs and improve profitability by closing excess capacity and eliminating associated personnel, reducing excess corporate, administrative and professional personnel, and exiting several small unprofitable product-lines. The restructuring actions affected both the research model and biomedical products and services segments. In total over 70 individuals were terminated in connection with these actions.

These restructuring efforts have reduced Holdings' fixed cost structure and realigned the business to meet its strategic objectives through the closure, relocation and combining of breeding, distribution, sales and administrative operations, and workforce reductions. Some severance costs are being paid over periods greater than one year. Further, Holdings is under a court order issued in June 1997 to relocate its primate operations from two islands located in the Florida Keys to Miami, Florida. Also, Holdings is required to refoliate the islands due to damage caused by the primates. Due to complications arising within the plan to relocate the primates, the relocation has taken longer than anticipated to complete, as the primates needed to be moved in a controlled manner in order to minimize mortality and breeding disruption. Asset writedowns relate primarily to the closing of facilities and losses resulting from equipment dispositions. Other charges included miscellaneous costs and other commitments.

The following table sets forth the activity in the restructuring reserves through December 26, 1998:

	Restructuring Programs		
	1996	1997	Total
Restructuring provision.....	\$ 4,748	--	\$ 4,748
Cash payments.....	(3,117)	--	(3,117)
Asset write-downs.....	(1,631)	--	(1,631)
Balance, December 28, 1996.....	--	--	--
Restructuring provision.....	--	5,892	5,892
Cash payments.....	--	(1,725)	(1,725)
Asset write-downs.....	--	(1,435)	(1,435)
Balance, December 27, 1997.....	--	2,732	2,732
Cash payments.....	--	(897)	(897)
Asset write-downs.....	--	(722)	(722)
Balance, December 26, 1998.....	\$ --	\$ 1,113	\$ 1,113
	=====	=====	=====

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
 CHARLES RIVER LABORATORIES, INC.
 NOTES TO COMBINED FINANCIAL STATEMENTS (continued)
 (dollars in thousands)

Reserves remaining at December 26, 1998 primarily represent liabilities for continuing severance payments and relocation and refoiliation costs. The remaining balance of \$1,113 is expected to be fully utilized by the end of 1999.

4. Supplemental Balance Sheet Information

The composition of inventories is as follows:

	December 27, 1997	December 26, 1998
Raw materials and supplies.....	\$ 5,222	\$ 4,932
Work in process.....	379	1,088
Finished products.....	23,303	24,711
Inventories.....	\$ 28,904	\$ 30,731

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

	December 27, 1997	December 26, 1998
Land.....	\$ 7,473	\$ 7,783
Buildings.....	82,963	90,919
Machinery and equipment.....	63,192	74,876
Leasehold improvements.....	1,033	3,063
Furniture and fixtures.....	1,383	1,532
Vehicles.....	2,864	3,006
Construction in progress.....	8,483	6,176
	167,391	187,355
Less accumulated depreciation.....	(90,502)	(104,665)
Net property, plant and equipment.....	\$ 76,889	\$ 82,690

5. Long-Term Debt

The Company has various debt instruments outstanding at its international subsidiaries aggregating \$253 and \$450 at December 27, 1997 and December 26, 1998, respectively, with interest rates ranging from 3% to 15.2% and maturities ranging from September 1999 through June 2003.

6. Leases

Capital Leases

The Company has one capital lease for a building and three capital leases for equipment. These leases are capitalized using interest rates considered appropriate at the inception of each lease. Following is an analysis of assets under capital lease:

	December 27, 1997	December 26, 1998
Building.....	\$ 2,001	\$ 2,001
Equipment.....	179	179

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
 CHARLES RIVER LABORATORIES, INC.
 NOTES TO COMBINED FINANCIAL STATEMENTS (continued)
 (dollars in thousands)

	December 27, 1997	December 26, 1998
Accumulated depreciation.....	(1,213)	(1,457)
	\$ 967	\$ 723
	=====	=====

Capital lease obligations amounted to \$1,110 and \$1,132 at December 27, 1997 and December 26, 1998, respectively, with maturities through 2003 at interest rates ranging from 8.6% to 9.3%. Future minimum lease payments under capital lease obligations at December 26, 1998 are as follows:

1999.....	\$ 282
2000.....	282
2001.....	282
2002.....	282
2003.....	534

Total minimum lease payments.....	1,662
Less amount representing interest.....	(530)

Present value of net minimum lease payments.....	\$ 1,132
	=====

Operating Leases

The Company has various operating leases for machinery and equipment, automobiles, office equipment, land and office space. Rent expense for all operating leases was \$2,944 in 1996, \$3,111 in 1997 and \$3,273 in 1998. 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 26, 1998:

1999.....	\$ 3,182
2000.....	2,932
2001.....	1,994
2002.....	1,088
2003.....	488
Thereafter.....	1,690

	\$ 11,374
	=====

7. Income Taxes

An analysis of the components of income before income taxes and minority interests and the related provision for income taxes is presented below:

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26, 1998
Income before equity in earnings of foreign subsidiaries, income taxes and minority interests			
U.S.....	\$ 15,422	\$ 13,497	\$ 22,364
Non-U.S.....	8,967	8,722	13,468
	-----	-----	-----

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
 CHARLES RIVER LABORATORIES, INC.
 NOTES TO COMBINED FINANCIAL STATEMENTS (continued)
 (dollars in thousands)

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26, 1998
Income tax provision	\$ 24,389	\$ 22,219	\$ 35,832
Current:			
Federal.....	\$ 5,506	\$ 6,202	\$ 7,730
Foreign.....	4,217	2,528	6,171
State and local.....	1,406	1,397	1,833
Total current.....	11,129	10,127	15,734
Deferred:			
Federal.....	(496)	(1,867)	(597)
Foreign.....	376	498	(887)
State.....	(120)	(259)	(127)
Total deferred.....	(240)	(1,628)	(1,611)
	\$ 10,889	\$ 8,499	\$ 14,123

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. Realization of benefit for net operating losses and foreign tax credit carryforwards, which expire between 2002 and 2011, is contingent on future taxable earnings. A valuation allowance has been recorded for foreign tax credits, which may not be realized.

	December 27, 1997		December 26, 1998	
	Assets	Liabilities	Assets	Liabilities
Current:				
Inventories.....	\$ 588	--	\$ 827	--
Restructuring accruals.....	1,584	--	1,006	--
Employee benefits and compensation.....	2,023	--	3,077	--
Other accruals.....	556	--	522	--
	4,751	--	5,432	--
Non-current:				
Net operating loss and credit carryforwards.....	1,776	--	2,960	--
Depreciation and amortization.....	3,326	1,723	3,672	836
Valuation allowance on foreign tax credits.....	(1,776)	--	(1,766)	--
Other.....	654	--	921	--
	3,980	1,723	5,787	836
	\$ 8,731	\$ 1,723	\$ 11,219	\$ 836

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

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26, 1998
Tax at statutory U.S. tax rate.....	35.0%	35.0%	35.0%

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
 CHARLES RIVER LABORATORIES, INC.
 NOTES TO COMBINED FINANCIAL STATEMENTS (continued)
 (dollars in thousands)

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26, 1998
Foreign tax rate differences.....	6.0	(0.1)	1.6
Non-deductible goodwill amortization.....	0.3	0.4	0.6
State income taxes, net of federal tax benefit.....	3.4	3.3	3.1
Other.....	(0.6)	(0.4)	(0.8)
	44.1%	38.2%	39.5%
	====	====	====

Holdings' foreign subsidiaries have undistributed earnings at December 26, 1998. Those earnings are considered to be indefinitely reinvested and, accordingly, no provision for U.S. federal and state income taxes has been provided thereon. Upon distribution of those earnings in the form of dividends or otherwise, Holdings would be subject to both U.S. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to the various foreign countries. Determination of the amount of unrecognized deferred U.S. income tax liability is not practicable because of the complexities associated with its hypothetical calculation.

8. Employee Benefits

Holdings sponsors one defined contribution plan and two defined benefit plans. Holdings' defined contribution plan ("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 Holdings matches two percent of employee contributions up to four percent. The costs associated with the defined contribution plan totaled \$395, \$416 and \$498 in 1996, 1997, and 1998, respectively.

One of the Company-sponsored defined benefit plans (Charles River Laboratories, Inc. Pension Plan) is a qualified, non-contributory plan that also covers substantially all 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.

Under another defined benefit plan, Holdings provides some executives with supplemental retirement benefits. This plan (Executive Supplemental Life Insurance Retirement Plan or ESLIRP) is generally unfunded and non-qualified under the provisions of the Employee Retirement Income Securities Act of 1974.

The following table provides reconciliations of the changes in benefit obligations, fair value of plan assets and funded status of the two defined benefit plans.

	Pension Benefit Plans	
	1997	1998
Reconciliation of benefit obligation		
Benefit/obligation at beginning of year.....	\$ 17,570	\$ 20,531
Service cost.....	804	795
Interest cost.....	1,413	1,588
Benefit payments.....	(710)	(742)
Actuarial loss.....	1,454	2,940
Benefit/obligation at end of year.....	\$ 20,531	\$ 25,112
Reconciliation of fair value of plan assets		
Fair value of plan assets at beginning of year...\$	17,394	\$ 19,237
Actual return on plan assets.....	2,328	7,773

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
 CHARLES RIVER LABORATORIES, INC.
 NOTES TO COMBINED FINANCIAL STATEMENTS (continued)
 (dollars in thousands)

Pension Benefit Plans		
	1997	1998
Employer contributions.....	225	225
Benefit payments.....	(710)	(742)
Fair value of plan assets at end of year.....	\$ 19,237	\$ 26,493
Funded status		
Funded status at beginning of year.....	\$ (1,294)	\$ 1,380
Unrecognized transition obligation.....	705	564
Unrecognized prior-service cost.....	(31)	(27)
Unrecognized gain.....	(4,331)	(7,178)
Accrued benefit (cost).....	\$ (4,951)	\$ (5,261)
Amounts recognized in the consolidated balance sheet		
Accrued benefit cost.....	\$ (6,945)	\$ (7,849)
Intangible asset.....	358	286
Accumulated other comprehensive income.....	982	1,381
Net amount recognized.....	\$ (5,605)	\$ (6,182)

Key weighted-average assumptions used in the measurement of Holdings' benefit obligations are shown in the following table:

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26, 1998
Discount rate.....	7.75%	7.5%	7%
Expected return on plan assets.....	10%	10%	10%
Rate of compensation increase.....	5.0%	4.75%	4.75%

The following table provides the components of net periodic benefit cost for the two defined benefit plans for 1996, 1997 and 1998:

Defined benefit Plans			
	1996	1997	1998
Components of net periodic benefit cost			
Service cost.....	\$ 690	\$ 804	\$ 795
Interest cost.....	1,236	1,413	1,588
Expected return on plan assets.....	(1,463)	(1,717)	(1,901)
Amortization of transition obligation.....	141	141	141
Amortization of prior-service cost.....	(3)	(3)	(3)
Amortization of net gain.....	(189)	(172)	(85)
Net periodic benefit cost.....	\$ 412	\$ 466	\$ 535

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plan with accumulated benefit obligations in excess of plan assets were \$6,752, \$6,409 and \$0, respectively, as of December 27, 1997, and \$8,205, \$7,745 and \$0, respectively, as of December 26, 1998.

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
 CHARLES RIVER LABORATORIES, INC.
 NOTES TO COMBINED FINANCIAL STATEMENTS (continued)
 (dollars in thousands)

Holdings had an adjusted minimum pension liability of \$1,636 (\$982, net of tax) and \$2,302 (\$1,381, net of tax) as of December 27, 1997 and December 26, 1998, which represented the excess of the minimum accumulated net benefit obligation over previously recorded pension liabilities.

9. Stock Compensation Plans

Stock Options

Bausch & Lomb sponsors several stock-based compensation plans in which Holdings employees participate. Stock options vest ratably over three years and expire ten years from the grant date. The exercise price on all options issued has been equal to the fair market value of the underlying security on the date of the grant. Vesting is contingent upon continued employment with Bausch & Lomb. The total number of shares available for grant in each calendar year for all plans combined excluding incentive stock options shall be no greater than three percent of the total number of outstanding shares of common stock as of the first day of each such year. No more than six million shares are available for granting purposes as incentive stock options under Bausch & Lomb's current plan. As of December 26, 1998, 2.5 million shares remain available for such grants.

All of Bausch & Lomb's stock-based compensation plans are accounted for under the provisions of APB 25. Under APB 25, because the exercise price of Holdings' employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized.

Pro forma information regarding net income is required by FAS 123, which also requires that the information be determined as if Holdings has accounted for its employee stock options granted subsequent to December 31, 1994 under the fair value method of that Statement.

For purposes of this disclosure, the fair value of each fixed option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants outstanding in 1996, 1997 and 1998:

	1996	1997	1998
	-----	-----	-----
Risk-free interest rate.....	6.11%	5.66%	4.69%
Dividend yield.....	2.42%	2.54%	2.48%
Volatility factor.....	24.87%	25.17%	25.67%
Weighted average expected life (years).....	5	5	4

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because Bausch & Lomb's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

Had compensation expense for Holdings' portion of fixed options been determined consistent with FAS 123, the Company's net income would have been reduced to the pro forma amounts indicated below:

	Net Income	
	-----	-----
	As Reported	Pro Forma
	-----	-----
1998.....	\$ 23,378	\$ 22,859

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
 CHARLES RIVER LABORATORIES, INC.
 NOTES TO COMBINED FINANCIAL STATEMENTS (continued)
 (dollars in thousands)

	Net Income	
	As Reported	Pro Forma
1997.....	15,340	15,021
1996.....	15,245	15,042

A summary of the status of Holdings' portion of fixed stock option plans at year end 1996, 1997 and 1998 is presented below:

	1996		1997		1998	
	Shares	Weighted Average Exercise Price (Per Share)	Shares	Weighted Average Exercise Price (Per Share)	Share	Weighted Average Exercise Price (Per Share)
Outstanding at beginning of year.....	225,584	\$ 40.84	294,162	\$ 39.90	326,722	\$ 41.00
Granted.....	71,643	35.86	77,154	42.32	73,280	50.64
Exercised.....	(80)	27.40	(13,350)	30.34	(73,481)	39.45
Forfeited.....	(2,985)	43.60	(31,244)	41.99	(1,370)	41.48
Outstanding at end of year.....	294,162	39.90	326,722	41.00	325,151	43.98
Options exercisable at year end.....	177,155		193,097		176,096	43.98
Weighted-average fair value of options granted during the year...	\$ 9.34		\$ 10.59		\$ 10.93	43.98

The following presents additional information about Holdings' fixed stock options outstanding at December 26, 1998:

Range of Exercise Price Per Share	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (Per Share)	Number Exercisable	Weighted Average Exercise Price (Per Share)
\$26 to \$35.....	52,990	6.3	\$34.78	39,726	\$ 34.60
\$36 to \$45.....	131,413	7.3	41.35	81,577	40.88
\$46 to \$55.....	140,748	7.5	49.90	54,793	48.26
\$26 to \$55.....	325,151	7.2	43.98	176,096	41.76

Stock Awards

Bausch & Lomb issued restricted stock awards to directors, officers and other key personnel. These awards have vesting periods up to three years with vesting criteria based upon the attainment of particular Economic-Value-Added (EVA) metrics and continued employment until applicable vesting dates. EVA is a measure of capital utilization. It is not, nor is it intended to be, a measure of operating performance in accordance with generally accepted accounting principles. Compensation expense is recorded based on the applicable vesting criteria and, for those awards with performance goals, as such goals are met. In 1996, 1997 and 1998, 2,484, 1,400 and 1,200 such awards were granted to Holdings employees

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
 CHARLES RIVER LABORATORIES, INC.
 NOTES TO COMBINED FINANCIAL STATEMENTS (continued)
 (dollars in thousands)

at weighted average market values of \$35.92, \$42.25 and \$51.63 per share, respectively. The compensation expense relating to stock awards in 1996, 1997 and 1998 was \$24, \$84 and \$333, respectively.

10. Business Acquisitions

Holdings acquired several businesses during the three-year period ended December 26, 1998. All acquisitions have been accounted for under the purchase method of accounting. The results of operations of the acquired business are included in the consolidated financial statements from the date of acquisition.

Significant acquisitions include the following:

On March 30, 1998, Holdings acquired 100% of the outstanding stock of Tektagen, Inc. ("Tektagen") for \$8,000 and assumed debt equal to approximately \$850. Tektagen provides quality control testing and consulting services to the biotechnology and pharmaceutical industries. The purchase price exceeded the fair value of the net assets acquired by approximately \$6,600, which is being amortized on a straight line basis over 15 years. In addition, during 1998 Holdings acquired an additional biomedical service business and one research model business; the impact of each is considered immaterial to Holdings' financial statements taken as a whole.

On July 31, 1996, Holdings reacquired the assets of two businesses it previously owned for approximately \$1,100 in cash plus the forgiveness of approximately \$5,800 in debt. These businesses represent substantially all of the Company's primate operations. The purchase price was allocated to the fair value of net assets acquired.

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 some adjustments for the amortization of goodwill and related income tax effects. 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 period. No effect has been given for synergies, if any, that may have been realized through the acquisitions.

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26, 1998
Net sales.....	\$ 161,708	\$ 179,513	\$ 196,973
Operating income.....	25,497	21,830	35,154
Net income.....	15,966	15,018	22,913

In addition, during 1997 and 1998 Holdings made contingent payments of \$640 and \$681, respectively, to the former owner of an acquired business in connection with an additional purchase price commitment.

11. Joint Ventures

Holdings holds investments in several joint ventures. These joint ventures are separate legal entities whose purpose is consistent with the overall operations of Holdings and represent geographical expansions of existing Holdings markets. The financial results of two of the joint ventures are consolidated into Holdings' results as Holdings has the ability to exercise control over these entities. The interests of the outside joint venture partners in these two joint ventures has been recorded as minority interests totaling \$290 at December 27, 1997 and \$306 at December 26, 1998.

Holdings also has investments in two other joint ventures that are accounted for on the equity method as Holdings does not have the ability to exercise control over the operations. Charles River Japan is a 50 /50 joint venture with Ajinomoto Co., Inc. and is an extension of Holdings' research model business in Japan. Dividends received from Charles

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
 CHARLES RIVER LABORATORIES, INC.
 NOTES TO COMBINED FINANCIAL STATEMENTS (continued)
 (dollars in thousands)

River Japan amounted to \$725 in 1996, \$773 in 1997, and \$681 in 1998. Charles River Mexico, a joint venture which is an extension of Holdings' avian business in Mexico, is not significant to the Company's operations.

Summarized financial statement information for the unconsolidated joint ventures is as follows:

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26, 1998
(Amounts unaudited)			
Condensed Combined Statements of Income			
Net sales.....	\$ 43,978	\$ 44,744	\$ 39,798
Operating income.....	7,712	7,484	6,756
Net income.....	3,500	3,337	3,445
	December 27, 1997	December 26, 1998	
Condensed Combined Balance Sheets			
Current assets.....	\$ 18,466	\$ 19,388	
Non-current assets.....	34,774	36,376	
	\$ 53,240	\$ 55,764	
	=====	=====	
Current liabilities.....	\$ 17,105	\$ 13,501	
Non-current liabilities.....	5,237	6,617	
Shareholders' equity.....	30,898	35,646	
	\$ 53,240	\$ 55,764	
	=====	=====	

12. Commitments and Contingencies

Insurance

Holdings maintains insurance for workers' compensation, auto liability and general liability. The per claim loss limits are \$250, with annual aggregate loss limits of \$1,500. Related accruals were \$849 and \$2,363 on December 27, 1997 and December 26, 1998, respectively. Separately, Holdings has provided three letters of credit in favor of the insurance carriers in the amount of \$825.

Litigation

Various lawsuits, claims and proceedings of a nature considered normal to its business are pending against Holdings. In the opinion of management, the outcome of such proceedings and litigation currently pending will not materially affect Holdings' consolidated financial statements. The most potentially significant claim is described below.

As discussed in Note 3, Holdings is currently under a court order issued in June 1997 to remove its primate operations from two islands located in the Florida Keys. The mandate asserts that Holdings' operations have contributed to the defoliation of some protected plant life. Reserves of \$500 are included in the restructuring reserve recorded in the accompanying consolidated financial statements to provide for relocation costs and any exposures in connection with the refoiliation.

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
 CHARLES RIVER LABORATORIES, INC.
 NOTES TO COMBINED FINANCIAL STATEMENTS (continued)
 (dollars in thousands)

13. Related Party Transactions

Holdings historically has operated autonomously from Bausch & Lomb. However, some costs and expenses including insurance, information technology and other miscellaneous expenses were charged to the Company on a direct basis. Management believes these charges are based upon assumptions that are reasonable under the circumstances. However, these charges and estimates are not necessarily indicative of the costs and expenses which would have resulted had Holdings incurred these costs as a separate entity. Charges of approximately \$460, \$470 and \$250 for these items are included in costs of products sold and services rendered and selling, general and administrative expense in the accompanying consolidated statements of income for the years ended 1996, 1997 and 1998, respectively. Holdings does not expect the estimated stand alone costs to be significantly different from the historical costs allocated by B&L due to the autonomy with which Holdings operates.

The accompanying financial statements include a line item "net activity with Bausch and Lomb" which comprises the above referenced intercompany allocations and the net distributions made by Holdings to B&L.

14. Geographic and Business Segment Information

Holdings is organized into geographic regions for management reporting with operating income being the primary measure of regional profitability. Some general and administrative expenses, including some centralized services provided by regional offices, are allocated based on business segment sales. The accounting policies used to generate geographic results are the same as Holdings' overall accounting policies.

The following table presents sales and other financial information by geography for the years 1996, 1997 and 1998. Included in the other non-U.S. category below are Holding's operations located in Canada, China, Germany, Italy, Netherlands, United Kingdom, Australia, Belgium, Czech Republic, Hungary, Spain and Sweden. 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 and intangibles, other investments and other assets.

	U.S.	France	Other Non U.S.	Consolidated
	-----	-----	-----	-----
1996				
Sales to unaffiliated customers....	\$ 83,520	\$ 28,892	\$ 43,192	\$ 155,604
Long-lived assets.....	65,594	12,790	18,952	96,336
1997				
Sales to unaffiliated customers....	\$ 100,314	\$ 25,680	\$ 44,719	\$ 170,713
Long-lived assets.....	62,236	10,146	22,108	94,490
1998				
Sales to unaffiliated customers....	\$ 115,639	\$ 26,177	\$ 51,485	\$ 193,301
Long-lived assets.....	76,289	12,751	23,745	112,785

Holdings' product line segments are research models and biomedical products and services. The following table presents sales and other financial information by product line segment for the fiscal years 1996, 1997 and 1998. Sales to unaffiliated customers represent net sales originating in entities primarily engaged in either provision of research models or biomedical products and services. Long-lived assets include property, plant and equipment, goodwill and intangibles; other investments; and other assets.

	1996	1997	1998
	-----	-----	-----
Research models			
Net sales.....	\$ 121,262	\$ 125,214	\$ 134,590

	1996	1997	1998
Operating income.....	24,080	19,583	30,517
Total assets	162,201	157,915	180,139
Depreciation and amortization	5,351	5,297	5,534
Capital expenditures	6,119	6,178	8,127
Biomedical products and services			
Net sales	\$ 34,342	\$ 45,499	\$ 58,711
Operating income	3,264	6,496	11,117
Total assets	34,780	38,296	53,271
Depreciation and amortization	4,177	4,406	5,361
Capital expenditures	5,453	5,694	3,782

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

	Fiscal Year Ended		
	December 28, 1996	December 27, 1997	December 26, 1998
Total segment operating income.....	\$ 27,344	\$ 26,079	\$ 41,634
Unallocated corporate overhead.....	(3,202)	(4,003)	(6,309)
Consolidated operating income.....	\$ 24,142	\$ 22,076	\$ 35,325
	=====	=====	=====

A summary of identifiable long-lived assets of each business segment at year end is as follows:

	December 27, 1997	December 26, 1998
Research Models.....	\$ 65,144	\$ 73,190
Biomedical Products and Services.....	29,346	39,595
	\$ 94,490	\$ 112,785
	=====	=====

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
CHARLES RIVER LABORATORIES, INC.
COMBINED STATEMENTS OF INCOME (UNAUDITED)
(dollars in thousands)

	Nine Months Ended	
	September 26, 1998	September 25, 1999
Net sales related to products.....	\$ 128,478	\$ 139,269
Net sales related to services.....	17,041	21,827
<hr/>		
Total net sales.....	145,519	161,096
Costs and expenses		
Cost of products sold.....	80,067	84,557
Cost of services provided.....	10,974	12,673
Selling, general and administrative.....	25,202	29,414
Amortization of goodwill and intangibles.....	1,036	1,114
<hr/>		
Operating income.....	28,240	33,338
Other income (expense)		
Other income.....	--	1,441
Interest income.....	659	496
Interest expense.....	(311)	(207)
Loss from foreign currency, net.....	(127)	(143)
<hr/>		
Income before income taxes, minority interests and earnings from equity investments.....	28,461	34,925
Provision for income taxes.....	11,280	16,903
<hr/>		
Income before minority interests and earnings from equity investments.....	17,181	18,022
Minority interests.....	(8)	(10)
Earnings from equity investments.....	1,286	1,940
<hr/>		
Net income.....	\$ 18,459	\$ 19,952
	=====	=====

See Notes to Combined Financial Statements.

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
CHARLES RIVER LABORATORIES, INC.
COMBINED BALANCE SHEET (UNAUDITED)
(dollars in thousands)

September 25,
1999

Assets	
Current assets	
Cash and cash equivalents.....	\$ 3,457
Trade receivables, less allowances of \$854.....	33,820
Inventories.....	28,577
Deferred income taxes.....	5,432
Due from affiliates.....	966
Other current assets.....	5,051

Total current assets.....	77,303
Property, plant and equipment, net.....	79,349
Goodwill and other intangibles, less accumulated amortization of \$6,960.....	16,212
Investments in affiliates.....	19,385
Other assets.....	18,122

Total assets.....	\$ 210,371
	=====
Liabilities and shareholder's equity	
Current liabilities	
Current portion of long-term debt.....	\$ 166
Current portion of capital lease obligations.....	167
Accounts payable.....	5,992
Accrued compensation.....	11,015
Accrued ESLIRP.....	5,845
Deferred income.....	4,550
Accrued restructuring.....	354
Accrued liabilities.....	12,410
Accrued income taxes.....	16,208
Total current liabilities.....	56,707
Long-term debt.....	--
Capital lease obligations.....	700
Other long-term liabilities.....	3,706
Total liabilities.....	61,113
Commitments and contingencies (Note 3)	
Minority interests.....	293
Shareholder's equity	
Common stock, par value \$1 per share, 1,000 shares issued.....	1
Capital in excess of par value.....	17,836
Retained earnings.....	142,422
Accumulated other comprehensive income.....	(11,294)

Total shareholder's equity.....	148,965

Total liabilities and shareholder's equity.....	\$ 210,371
	=====

See Notes to Combined Financial Statements.

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
CHARLES RIVER LABORATORIES, INC.
COMBINED STATEMENTS OF CASH FLOWS (UNAUDITED)
(dollars in thousands)

	Nine Months Ended	
	September 26, 1998	September 25, 1999
Cash flows relating to operating activities		
Net income.....	\$ 18,459	\$ 19,952
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	7,932	8,701
Provision for doubtful accounts.....	248	13
Gain from sale of facilities.....		(1,441)
Earnings from equity investments.....	(1,286)	(1,940)
Minority interests.....	8	10
Deferred income taxes.....	(634)	--
Stock compensation expense.....	159	124
Property, plant, and equipment write downs.....	--	324
Change in assets and liabilities		
Trade receivables.....	(3,298)	(3,022)
Inventories.....	(683)	1,232
Due from affiliates.....	153	(264)
Other current assets.....	(1,255)	(2,115)
CVS of life insurance.....	(3,585)	(439)
Other assets.....	(464)	(510)
Accounts payable.....	910	(4,767)
Accrued compensation.....	1,640	(605)
Accrued ESLIRP.....	519	688
Deferred income.....	671	1,130
Accrued restructuring.....	(1,425)	(759)
Accrued liabilities.....	1,687	1,079
Accrued income taxes.....	4,259	2,211
Other long-term liabilities.....	(529)	(50)
Net cash provided by operating activities.....	23,486	19,552
Cash flows relating to investing activities		
Dividends received from equity investments.....	681	815
Proceeds from sale of facilities	--	1,860
Capital expenditures.....	(5,834)	(7,426)
Cash paid for acquisition of businesses.....	(9,114)	0
Net cash used in investing activities.....	(14,267)	(4,751)
Cash flows relating to financing activities		
Proceeds from long-term debt.....	171	--
Payments on long-term debt.....	(1,120)	(312)
Payments on capital lease obligations.....	(94)	(90)
Net activity with Bausch & Lomb.....	(1,369)	(34,152)
Net cash used in financing activities.....	(2,412)	(34,554)
Effect of exchange rate changes on cash and cash equivalents.....	462	(1,601)
Net change in cash and cash equivalents.....	7,269	(21,354)

See Notes to Combined Financial Statements.

Cash and cash equivalents, beginning of year.....	17,915	24,811
	-----	-----
Cash and cash equivalents, end of year.....	\$ 25,184	\$ 3,457
	=====	=====
Supplemental cash flow information		
Cash paid for taxes.....	\$ 2,202	\$ 3,316
Cash paid for interest.....	161	207

See Notes to Combined Financial Statements.

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
 CHARLES RIVER LABORATORIES, INC.
 NOTES TO INTERIM COMBINED FINANCIAL STATEMENTS - (UNAUDITED)
 (dollars in thousands)

1. Basis of Presentation

The combined balance sheet at September 25, 1999 and the combined statements of income and of cash flows for the nine months ended September 26, 1998 and September 25, 1999 are unaudited, and some information and footnote disclosure related thereto normally included in financial statements prepared in accordance with generally accepted accounting principles, have been omitted. In the opinion of management, the accompanying unaudited consolidated financial statements were prepared following the same policies and procedures used in the preparation of the audited financial statements and reflect all adjustments (consisting of normal recurring adjustments) considered necessary to present fairly the financial position of Holdings. The results of operations for the interim periods are not necessarily indicative of the results for the entire fiscal year.

2. Supplemental Balance Sheet Information

The composition of inventories is as follows:

	September 25, 1999
Raw materials and supplies.....	\$ 4,228
Work in process.....	988
Finished products.....	23,361
Net inventories.....	\$ 28,577

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

	September 25, 1999
Land.....	\$ 7,329
Buildings.....	89,014
Machinery and equipment.....	76,648
Leasehold improvements.....	3,746
Furniture and fixtures.....	1,595
Vehicles.....	2,843
Construction in progress.....	6,434
	187,609
Less accumulated depreciation.....	(108,260)
Net property, plant and equipment.....	\$ 79,349

3. Commitments and Contingencies

Litigation

Various lawsuits, claims and proceedings of a nature considered normal to its business are pending against the Company. In the opinion of management, the outcome of such proceedings and litigation currently pending will not materially affect the Company's consolidated financial statements. The most potentially significant claim is described below.

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
 CHARLES RIVER LABORATORIES, INC.
 NOTES TO INTERIM COMBINED FINANCIAL STATEMENTS - (UNAUDITED)
 (dollars in thousands)
 (continued)

Holdings is currently under a court order issued June 1997 to remove its primate operations from two islands located in the Florida Keys. The mandate asserts that Holdings' operations have contributed to the defoliation of some protected plant life. Reserves of \$218 are included in the restructuring reserve recorded in the accompanying consolidated financial statements to provide for any exposures in connection with the relocation and refoliation.

4. Business Segment Information

The following table presents sales and other financial information by product line segment for the nine months ended September 26, 1998 and September 25, 1999. Sales to unaffiliated customers represent net sales originating in entities primarily engaged in either provision of research models or biomedical products and services.

	1998	1999
	-----	-----
Research models		
Net sales.....	\$ 103,205	\$ 109,177
Operating income.....	26,281	27,977
Total assets.....	182,761	157,284
Depreciation and amortization.....	5,738	6,044
Capital expenditures.....	4,112	4,282
Biomedical products and services		
Net sales.....	\$ 42,314	\$ 51,919
Operating income.....	7,347	11,553
Total assets.....	39,331	53,087
Depreciation and amortization.....	2,194	2,657
Capital expenditures.....	1,722	3,144

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

	1998	1999
	-----	-----
Total segment operating income.....	\$ 33,628	\$ 39,530
Unallocated corporate overhead.....	(5,388)	(6,192)
Consolidated operating income.....	\$ 28,240	\$ 33,338
	=====	=====

5. Comprehensive Income

The components of comprehensive income for the nine-month periods ended September 26, 1998 and September 25, 1999 are set forth below:

	1998	1999
	-----	-----
Net income	\$ 18,459	\$ 19,952
Foreign currency translation	20	(4,940)
Comprehensive income	\$ 18,479	\$ 15,012
	=====	=====

CHARLES RIVER LABORATORIES HOLDINGS, INC. AND
CHARLES RIVER LABORATORIES, INC.
NOTES TO INTERIM COMBINED FINANCIAL STATEMENTS - (UNAUDITED)
(dollars in thousands)
(continued)

6. Other Income

During the nine months ended September 25, 1999, Holdings recorded a gain of \$1.4 million on the sale of some facilities located in Florida and The Netherlands.

7. Restructuring Reserve

During the nine months ended September 25, 1999, Holdings charged approximately \$759 against the restructuring reserve for costs previously reserved for. As of September 25, 1999, the remaining restructuring reserve amounted to \$354, comprised primarily of scheduled severance payments and relocation and refoliation costs. Such payments will be substantially complete by the end of the year.

8. Subsequent Events

On September 29, 1999 CRL Acquisition LLC, an affiliate of DLJ Merchant Banking Partners II, L.P., consummated a transaction in which it acquired 87.5% of the common stock of Charles River Laboratories, Inc. from Bausch & Lomb for approximately \$443 million. This transaction was effected through Charles River Laboratories Holdings, Inc. ("Holdings"), a holding company with no operations or assets other than its ownership of 100% of the Company's outstanding stock. This transaction will be accounted for as a leveraged recapitalization, which will have no impact on the historical basis of the Company's assets and liabilities. In addition, concurrent with the transaction, the Company purchased all of the outstanding shares of common stock of SBI Holdings, Inc. ("Sierra"), a pre-clinical biomedical services company, for \$24.0 million. This acquisition will be accounted for as a purchase business combination with the operating results of Sierra being included in the Company's consolidated operating results beginning on the effective date of the acquisition. These transactions are hereafter referred to as the "Acquisitions".

The Acquisitions and related transaction fees and expenses were funded as follows:

- o issuance of 150,000 units, each consisting of a \$1,000 principal amount of 13.5% senior subordinated note (the Series A Note Offering) and one warrant to purchase 3.942 shares of common stock of Holdings;
- o borrowings by the Company of \$162.0 million under a new senior secured credit facility;
- o an equity investment of \$92.4 million in Holdings;
- o senior discount debentures with warrants issued by Holdings for \$37.6 million; and
- o subordinated discount note issued by Holdings to Bausch & Lomb for \$43.0 million.

The Series A Note Offering (the "Notes") will mature on October 1, 2009. The Notes will not be redeemable at the issuers' option prior to October 1, 2004. Thereafter, the Notes will be subject to redemption at any time at the option of the issuer at redemption prices set forth in the Notes. Interest on the Notes will accrue at the rate of 13.5% per annum and will be payable semi-annually in arrears on October 1 and April 1 of each year, commencing on April 1, 2000. The payment of principal and interest on the Notes will be subordinated in right to the prior payment of all Senior Debt, as defined. The senior secured credit facility includes a \$40 million term loan A facility, a \$120 million term loan B facility and a \$30 million revolving credit facility. The term loan A facility will mature on October 1, 2005, the term loan B facility will mature on October 1, 2007 and the revolving credit facility will mature on October 1, 2005. Interest on the term loan A, term loan B and revolving credit facility will accrue at either a base rate plus 1.75% or LIBOR plus 3.0%, at the Company's option (8.5%, 9.25% and 8.5%, respectively, at September 29, 1999) per annum and will be paid quarterly

in arrears commencing on December 30, 1999. A commitment fee in an amount equal to 0.50% per annum on the daily average unused portion of the revolving credit facility will be paid quarterly in arrears. Upon the occurrence of a change in control, as defined, the issuer will be obligated to make an offer to each holder of the Notes to repurchase all or any part of such holders' Notes at an offer price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest. Restrictions under the Notes include some sales of assets, some payments of dividends and incurrence of debt, and limitations on some mergers and transactions with affiliates. With respect to the Notes and the senior secured credit facility, the Company will be required to maintain some financial ratios and covenants. The senior discount debentures with warrants bear interest at 15.5% and mature on October 1, 2010. The subordinated discount note bears interest at 12.0% in years one through five and at 15% in years six through eleven, and mature on September 29, 2010.

Each warrant will entitle the holder, subject to some conditions, to purchase 3.942 shares of common stock of Holdings at an exercise price of \$10.00 per share of common stock of Holdings, subject to adjustment under some circumstances. Upon exercise, the holders of warrants would be entitled, in the aggregate, to purchase common stock of Holdings representing approximately 5.0% of the common stock of Holdings on a fully diluted basis on the closing date (assuming exercise of all outstanding warrants). The warrants will be exercisable on or after October 1, 2001 and will expire on October 1, 2009.

9. Dividends from Foreign Subsidiaries

During the nine months ended September 25, 1999, cash dividends totaling \$20,662 were remitted to Holdings from several of its foreign subsidiaries. Under the terms of the transaction more fully described in Note 8, such dividends were, in turn, remitted by Holdings to B&L. As the related amounts had previously been considered permanently reinvested in the foreign jurisdictions, Holdings was required to provide additional taxes upon their repatriation to the United States. In addition, during the nine months ended September 25, 1999, an election was made by B&L to treat some foreign entities as branches for United States income tax purposes. As a result, all previously untaxed accumulated earnings of such entities became immediately subject to tax in the United States. The receipt of the cash dividends from the foreign subsidiaries and the foreign tax elections made resulted in incremental United States taxes of \$1,974, net of foreign tax credits, during the nine months ended September 25, 1999.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following is an itemization of all estimated expenses incurred or expected to be incurred by the Registrant in connection with the issuance and distribution of the securities being registered hereby, other than underwriting discounts and commissions.

Item -----	Amount -----
SEC Registration Fee.....	\$ 791.00
Printing and Engraving Costs.....	100,000.00
Legal Fees and Expenses.....	100,000.00
Accounting Fees and Expenses.....	50,000.00
Miscellaneous.....	50,000,000

Total.....	\$ 300,000,000 =====

ITEM 14. INDEMNIFICATION OF OFFICERS AND DIRECTORS.

The certificate of incorporation of Holdings contains a provision eliminating or limiting director liability to the company and its stockholders for monetary damages arising from acts or omissions in the director's capacity as a director. This provision may not, however, eliminate or limit the personal liability of a director:

- o for any breach of such director's duty of loyalty to the company or its stockholders;
- o for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- o under the Delaware statutory provision making directors personally liable, under a negligence standard, for unlawful dividends or unlawful stock purchases or redemptions; or
- o for any transaction from which the director derived an improper personal benefit.

As a result of this provision, the ability of the company, or a stockholder thereof, to successfully prosecute an action against a director for breach of his duty of care is limited. However, the provision does not affect the availability of equitable remedies such as an injunction or rescission based upon a director's breach of his duty of care. The SEC has taken the position that the provision will have no effect on claims arising under the federal securities laws.

In addition, the certificate of incorporation of Holdings provides for mandatory indemnification rights, subject to limited exceptions, to any director or executive officer of the company who (because of the fact that he or she is a director or officer) is involved in a legal proceeding of any nature. Such indemnification rights include reimbursement for expenses incurred by such director or officer in advance of the final disposition of such proceeding in accordance with the applicable corporate law.

Charles River provides insurance from commercial carriers against some liabilities incurred by the directors and officers of Holdings.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

On September 29, 1999, Charles River Laboratories, Inc. sold 150,000 units consisting of 13 1/2% notes due 2009 and warrants to purchase 591,366 shares of common stock of Charles River Laboratories Holdings, Inc. for an aggregate principal amount of \$150,000,000 to Donaldson, Lufkin & Jenrette Securities Corporation in a private placement in reliance on Section 4(2) under the Securities Act, at an offering price of \$1,000 per unit. On the same day, the Registrant sold senior discount

debentures with other warrants to DLJ Merchant Banking Partners II, L.P. and other investors for \$37.6 million and a subordinated discount note to subsidiaries of Bausch & Lomb Incorporated for \$43 million, each in a private placement in reliance on Section 4(2) under the Securities Act.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits.

Exhibit
Index

2.1*	Recapitalization Agreement, dated as of July 25, 1999, among Charles River Laboratories, Inc., Charles River Laboratories Holding, Inc. (formerly known as Endosafe, Inc.), Bausch & Lomb Incorporated, and other parties listed therein.
2.2*	Amendment No. 1 to Recapitalization Agreement, dated as of September 29, 1999 by Bausch & Lomb Incorporated and CRL Acquisition LLC.
3.1.1*	Certificate of Incorporation of Charles River Laboratories Holdings, Inc.
3.1.2*	By-laws of Charles River Laboratories Holdings, Inc.
4.1*	Warrant Agreement dated as of September 29, 1999 between Charles River Laboratories Holdings, Inc. and State Street Bank and Trust Company, as warrant agent.
4.2*	Investors' Agreement, dated as of September 29, 1999, among Charles River Laboratories Holdings, Inc. and the shareholders named therein.
5.1*	Opinion of Davis Polk & Wardwell with respect to the validity of the securities.
10.3*	Credit Agreement, dated as of September 29, 1999, among Charles River Laboratories, Inc., the various financial institutions that are or may become parties as lenders thereto, DLJ Capital Funding, Inc., as lead arranger, sole book runner and syndication agent for the lenders, Union Bank of California, N.A., as administrative agent for the lenders, and National City Bank, as documentation agent for the lenders.
10.4*	Indenture, dated as of September 29, 1999 between Charles River Laboratories, Inc. and the Trustee.
10.5*	Purchase Agreement between Charles River Laboratories, Inc. and Donaldson, Lufkin & Jenrette Securities Corporation as Initial Purchaser.
10.6**	Joint Venture Agreement between Ajinomoto Co., Inc. and Charles River Breeding Laboratories, Inc. dated June 24, 1981, and ancillary agreements, amendments and addendums. June 15, 1987 Amendment Agreement, Amending the Joint Venture Agreement. January 17, 1994 Letter Amendment of Joint Venture Agreement. August 30, 1996 Addendum to the Joint Venture Agreement. License and Technical Assistance Agreement CRL Breeding Labs and Ajinomoto Co., Inc. Amendment Agreement, dated March 24, 1978.
10.7*	Merck Primate Supply Agreement between Merck & Co., Inc. and Charles River Laboratories, Inc. dated September 30, 1994.
10.8*	Amended and Restated Stock Purchase Agreement among Charles River Laboratories, Inc. and SBI Holdings, Inc. and its stockholders dated September 4, 1999.
10.9**	Ground Lease between HIC Associates (Lessor) and Charles River Laboratories, Inc. (Lessee) dated June 5, 1992; Real Estate Lease between Charles River Laboratories, Inc. (Landlord) and Charles River Partners L.P. (Tenant) dated December 22, 1993.
10.10*	Amended and Restated Distribution Agreement between Charles River BRF, Inc., Charles River Laboratories, Inc., Bioculture Mauritius Ltd. and Mary Ann and Owen Griffiths, dated December 23, 1997.
10.11*	Supply Agreement for non-human primates among Sierra Biomedical, Inc. and Scientific Resources International, Ltd., dated March 18, 1997.
12.1**	Computation of Ratio of Earnings to Fixed Charges
12.2**	Computation of Ratio of Total Debt to Adjusted EBITDA
12.3**	Computation of Ratio of Adjusted EBITDA to Cash Interest Expense
21.1*	Subsidiaries of Charles River Laboratories Holdings, Inc.
23.1*	Consent of Davis Polk & Wardwell (contained in their opinion filed as Exhibit 5.1).

- 23.2.1** Consent of PricewaterhouseCoopers LLP for Charles River Laboratories, Inc.
- 23.2.2** Consent of Pricewaterhouse Coopers LLP for Charles River Laboratories Holdings, Inc
- 24.1* Power of Attorney (Included in Part II of this Registration Statement under the caption "Signatures").
- 27.1* Financial Data Schedule for Charles River Laboratories Holdings, Inc.

* Previously filed.

** Filed herewith.

(b) Financial Statement Schedules.

Schedule II Valuation and Qualifying Accounts

Other schedules are omitted because they are not applicable.

ITEM 17. UNDERTAKINGS.

The undersigned Registrant hereby undertakes:

(a) (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

- (x) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;
 - (y) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement.
 - (z) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;
- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant under the provisions described in Item 510 of Regulation S-K, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Wilmington, State of Massachusetts, on January 28, 2000.

CHARLES RIVER LABORATORIES HOLDINGS, INC.

By: /s/ Thomas F. Ackerman

 Thomas F. Ackerman
 Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1933, this amendment has been signed below by the following persons in the capacities and on the dates indicated.

Signature -----	Title -----	Date -----
* ----- James C. Foster	President, Chief Executive Officer (Principal Executive Officer) and Director	January 28, 2000
/s/ Thomas F. Ackerman ----- Thomas F. Ackerman	Chief Financial Officer (Principal Financial Officer) and Vice President, Finance and Administration (Principal Accounting Officer)	January 28, 2000
* ----- Reid S. Perper	Director	January 28, 2000
* ----- Thompson Dean	Director	January 28, 2000
* ----- Robert Cawthorn	Director	January 28, 2000
* ----- Douglas E. Rogers	Director	January 28, 2000

*By: /s/ Thomas F. Ackerman

 Thomas F. Ackerman
 Attorney-in-fact

Schedule II - Valuation and Qualifying Accounts
Charles River Laboratories, Inc.

Allowance for Doubtful Accounts

	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Description	Deductions	Descriptions	Balance at end of period

(dollars in thousands)							

For the year ended December 26, 1998 Allowance for Doubtful Accounts.....	\$688	\$265		Provision	\$(55)	Recoveries/ Write-offs	\$898

For the year ended December 27, 1997 Allowance for Doubtful Accounts.....	\$568	\$192		Provision	\$(72)	Recoveries/ Write-offs	\$688

For the year ended December 28, 1996 Allowance for Doubtful Accounts.....	\$490	\$101		Provision	\$(23)	Recoveries/ Write-offs	\$568

Schedule II - Valuation and Qualifying Accounts
 Charles River Laboratories Holdings, Inc. and
 Charles River Laboratories, Inc.

Allowance for Doubtful Accounts

	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Description	Deductions	Recoveries/ Write-offs	Balance at end of period
----- (dollars in thousands) -----							
For the year ended- December 26, 1998 Allowance for Doubtful Accounts.....	\$688	\$265		Provision	\$(55)	Recoveries/ Write-offs	\$898
For the year ended December 27, 1997 Allowance for Doubtful Accounts.....	\$568	\$192		Provision	\$(72)	Recoveries/ Write-offs	\$688
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INDEX TO EXHIBITS

Exhibit
Index

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- 2.1* Recapitalization Agreement, dated as of July 25, 1999, among Charles River Laboratories, Inc., Charles River Laboratories Holding, Inc. (formerly known as Endosafe, Inc.), Bausch & Lomb Incorporated, and other parties listed therein.
 - 2.2* Amendment No. 1 to Recapitalization Agreement, dated as of September 29, 1999 by Bausch & Lomb Incorporated and CRL Acquisition LLC.
 - 3.1.1* Certificate of Incorporation of Charles River Laboratories Holdings, Inc.
 - 3.1.2* By-laws of Charles River Laboratories Holdings, Inc.
 - 4.1* Warrant Agreement dated as of September 29, 1999 between Charles River Laboratories Holdings, Inc. and State Street Bank and Trust Company, as warrant agent.
 - 4.2* Investors' Agreement, dated as of September 29, 1999, among Charles River Laboratories Holdings, Inc. and the shareholders named therein.
 - 5.1* Opinion of Davis Polk & Wardwell with respect to the validity of the securities.
 - 10.3* Credit Agreement, dated as of September 29, 1999, among Charles River Laboratories, Inc., the various financial institutions that are or may become parties as lenders thereto, DLJ Capital Funding, Inc., as lead arranger, sole book runner and syndication agent for the lenders, Union Bank of California, N.A., as administrative agent for the lenders, and National City Bank, as documentation agent for the lenders.
 - 10.4* Indenture, dated as of September 29, 1999 between Charles River Laboratories, Inc. and the Trustee.
 - 10.5* Purchase Agreement between Charles River Laboratories, Inc. and Donaldson, Lufkin & Jenrette Securities Corporation as Initial Purchaser.
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 - 24.1* Power of Attorney (Included in Part II of this Registration Statement under the caption "Signatures").
 - 27.1* Financial Data Schedule for Charles River Laboratories Holdings, Inc.

- - - - -
* Previously filed.

** Filed herewith.

JOINT VENTURE AGREEMENT

JOINT VENTURE AGREEMENT

THIS AGREEMENT, entered into this 24th day of June, 1981, between:

AJINOMOTO CO., INC., a Japanese corporation having its principal place of business at 5-8, Kyobashi 1-chome, Chuo-ku, Tokyo, Japan (hereinafter referred to as "AJI")

and

THE CHARLES RIVER BREEDING LABORATORIES, INC., a Delaware corporation having its principal place of business at 251 Ballardvale Street, Wilmington, Massachusetts, U.S.A. (hereinafter referred to as "CRBL").

W I T N E S S E T H

WHEREAS, CRBL has purchased from AJI four hundred thousand (400,000) shares of Common Stock of CHARLES RIVER JAPAN, INC. (hereinafter referred to as "CRJ") which shares represent fifty percent (50%) of the total outstanding shares of CRJ; and

WHEREAS, AJI and CRBL now each own fifty percent (50%,) of the outstanding shares of CRJ and AJI and CRBL each wish to continue to own fifty percent (50%) of such shares; and

WHEREAS, AJI and CRBL wish to outline the terms of their joint management of CRJ;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and premises hereinafter set forth, the parties hereto agree as follows:

ARTICLE I

The term "TERRITORY" shall mean any and all the countries listed in Schedule A attached hereto and made a part hereof.

ARTICLE II
DIRECTORS AND MANAGEMENT

(1) CRJ has a Board of Directors consisting of ten directors. The parties hereto agree that they will cast their votes as shareholders of CRJ in such manner that the Board of Directors shall consist of an equal number of persons designated by AJI and CRBL.

(2) No remuneration shall be paid to directors of CRJ except those who devote all their activities to the benefit of CRJ. Remuneration to be paid to the full-time directors shall be fixed by agreement of both parties.

(3) The parties hereto agree that they will cause their representatives on the Board of Directors of CRJ to appoint a President who shall be designated by AJI and accepted by CRBL. The President shall be a Registered Representative Director.

(4) The parties hereto agree that, at the request of CRBL, they will cause their representatives on the Board of Directors of CRJ to appoint a Senior Managing Director who shall be designated by CRBL and accepted by AJI; that AJI and CRBL shall determine after mutual consultation the level of compensation CRJ shall accord such person; provided, however, that CRBL may accord such person an annual bonus in such amount as it shall determine from time to time; and that, in addition to the President, the Senior Managing Director shall be a Registered Representative Director. In the event CRBL does not request the appointment of such a Senior Managing Director and CRJ is therefore not required to compensate such a person, CRJ shall bear all reasonable expenses associated with CRBL sending a director from its offices in the United States to attend meetings of the Board of Directors in Japan, including without limitation travel, meals and lodging expenses.

(5) The parties hereto agree that they will vote their shares of CRJ in such manner that at all times during the effective period of this Agreement there shall be two statutory auditors (Kansayaku) of CRJ; one to be a person designated by AJI and the other to be a person designated by CRBL.

(6) The parties hereto agree that Arthur Andersen & Co. and Tetsuzo Ota Co. shall be the independent public accountants of CRJ and together shall examine and audit its

accounting books and records annually at the end of its fiscal year and shall at the expense of CRJ prepare audit reports in English and Japanese and shall furnish them to the parties hereto. In addition, CRBL may at its own expense designate Arthur Andersen & Co., or such other independent auditor as it may from time to time designate, to audit the books and records of CRJ or perform such lesser procedure as may be required for the period ending October 31 each year in order to provide the information necessary or appropriate for the independent accountants of CRBL to express an opinion on the financial statements of CRBL, and at such time CRJ shall cooperate fully with such auditors of CRBL.

CRJ shall keep complete books of account and records in accordance with sound accounting practices employing standards, procedures and forms conforming to international practice as approved by Arthur Andersen & Co. and T. Ota & Co.

(7) Minutes of all meetings of shareholders and of all meetings of the Board of Directors shall be kept in both Japanese and English. At any meeting of shareholders or of the Board of Directors at which a non-Japanese speaking person is expected to be present, CRJ shall, at its own expense, provide an official interpreter or interpreters.

(8) In addition to such an interpreter or interpreters as set forth in Paragraph (7) above, any shareholder and director shall have the right to use its own interpreter at

its own expense at any meeting of shareholders and of the Board of Directors.

(9) All regular and special reports relating to the financial and technical operating results of CRJ, either submitted to the Board of Directors or listed in Schedule B attached hereto and made a part hereof, shall be prepared in both Japanese and English.

ARTICLE III
ACTIONS BY THE BOARD OF DIRECTORS

(1) The Board of Directors of CRJ has responsibility for and control over the operation of CRJ as well as the establishment of the general plans of operation in accordance with the Articles of Incorporation of CRJ. One more than half of the total number of directors shall constitute a quorum for the transaction of business and the affirmative vote of one more than half of the total number of directors shall be the act of the Board of Directors at a meeting at which a quorum is present.

(2) The following matters require specific action by the Board of Directors and the actions of any individual officer or director, including a Registered Representative Director, shall not bind CRJ with respect to these matters:

- decide capital and operating budgets;
- make loans, guarantee obligations, or borrow funds in an amount in excess of twenty million yen;

- sell, lease, encumber or otherwise dispose of all or substantially all assets;
- terminate a line of products or business or undertake a new line of products or business;
- make any investment or capital expenditure, or series of related investments or capital expenditures on any single project, for amounts not included in the capital or operating budget in excess of twenty million yen;
- issue or redeem stock;
- submit a proposal for distribution of dividends to the shareholders;
- take any action that may adversely affect the financial condition of the company;
- matters not in the ordinary course of business; and
- any other matters which the Board of Directors may determine require action by the Board of Directors.

ARTICLE IV
PRE-EMPTIVE RIGHTS

Upon recapitalization of CRJ or the issuance of newly authorized capital stock of CRJ in excess of the initial authorized capital or the issuance of any of the unissued authorized capital stock, AJI and CRBL shall have pre-emptive rights to acquire such number of newly issued shares as shall be consistent with their respective proportionate ownership of the capital stock of CRJ.

ARTICLE V
SALE OR TRANSFER OR SHARES

So long as both CRBL and AJI own any shares of CRJ, each shall have the right of first refusal with respect to the shares owned by the other and each shall be obligated as follows. Such right of first refusal shall be exercised in accordance with the following procedures:

(1) A shareholder desiring to sell or transfer any or all of its shares of CRJ (the Offering Shareholder) shall first give written notice to the other shareholder of its desire to sell or transfer the shares of CRJ, stating the name of the proposed transferee, the number of shares to be sold or transferred and the price, terms and conditions of the proposed sale or transfer.

(2) The other shareholder shall then have the option, to be exercised within ninety (90) days from the receipt of notice from the Offering Shareholder, to purchase all of the

offered shares at the price and on the terms and conditions specified in the notice given by the Offering Shareholder.

(3) If the offered shares are not purchased by the other shareholder, these shares may be sold or transferred by the Offering Shareholder at any time within one hundred eighty (180) days from the date of the notice referred to in paragraph (1) above to the transferee specified in such notice at a price which is no lower, and on terms and conditions no more favorable, than the price and terms and conditions specified therein.

(4) It is understood and agreed that notwithstanding the foregoing provisions of this Article V, either CRBL or AJI may sell or transfer all of its shares of CRJ (but not in part) to a corporation in which such party holds all of the total outstanding voting shares without the consent of the other party or without taking the procedures set forth above, provided that the transferee agrees to be bound by all of the provisions of this Agreement as if it had been the original party hereto, and that the transferor shall remain responsible for the performance of any of the obligations hereunder.

ARTICLE VI
FINANCIAL RESPONSIBILITIES

(1) Either of the parties hereto shall assume financial responsibility to CRJ in proportion to its stockholding which shall include direct loans to CRJ and guarantees in respect of CRJ borrowings, unless otherwise determined by the Board of Directors, but which shall not include reduction of royalties payable by CRJ under the License and Technical Assistance Agreement and the Tradename and Trademark License Agreement dated March 24, 1978 among CRBL, CRJ and AJI barring the case of specific agreement in writing which may otherwise be made among the parties.

(2) AJI agrees with CRBL that during and with respect to the two (2) fiscal years commencing with the 1981 fiscal year, the burden of wage cost of CRJ's employees dispatched from AJI (such wage cost is hereinafter referred to as the "Wage Cost") shall be divided between CRJ and AJI as follows:

	CRJ	AJI
1981 Fiscal Year (Commencing on April 1, 1981 and ending on March 31, 1982)	70%	30%
1982 Fiscal Year (Commencing on April 1, 1982 and ending on March 31, 1983)	75%	25%

AJI further agrees that with respect to 1983 and any subsequent fiscal year, it shall continue to give to CRJ

financial assistance by means of assuming twenty-five percent (25%) of the Wage Cost, provided that if CRJ's pretax profit as determined in accordance with generally accepted accounting principles applied consistently and as reflected in audited financial statements of CRJ (calculated on the basis of CRJ's burden of the Wage Cost in that fiscal year) attains ten percent (10%) of gross sales in the 1982 fiscal year or in any subsequent fiscal year, then AJI's burden of the Wage Cost during that fiscal year which follows any fiscal year in which ten percent (10%) pretax profit is attained shall be reduced by five percent (5%) of the total Wage Cost from the percentage applied in the immediately preceding year; such financial assistance by AJI at a percentage reduced from time to time by each occurrence of attainment of ten percent (10%) pretax profit by CRJ to continue until AJI's burden of the Wage Cost becomes zero by recurrence of attainment of ten percent (10%) pretax profit by CRJ and consequential reductions of AJI's burden of the Wage Cost as provided above.

ARTICLE VII
NONCOMPETITION

In order to foster and promote the attainment of the mutual aims and objectives of AJI and CRBL with respect to CRJ, AJI and CRBL agree that during the term of this Agreement and for a period of two (2) years after this Agreement is terminated in accordance with Article X hereof or after either party acquires all of the shares of CRJ, AJI and CRBL shall not, directly or indirectly (through a firm, joint venture, company or business owned or controlled by it or otherwise), except through CRJ, engage in the business in the TERRITORY, as defined in Schedule A attached, to produce laboratory animals and, or feed for laboratory animals which are reasonably competitive with products sold by CRJ and shall not acquire in the TERRITORY an interest in any firm, company or business organization producing, selling, promoting or dealing in, laboratory animals and/or feed for laboratory animals which are reasonably competitive with products sold by CRJ. Notwithstanding the foregoing, if this Agreement shall be terminated pursuant to Paragraph (2) of Article X, the terminating party shall not be subject to any restriction provided above after the termination.

ARTICLE VIII
ASSIGNABILITY

Except as otherwise expressly provided in this Agreement, neither this Agreement nor any rights under this Agreement shall be assignable or transferable by AJI or CRBL without the prior written consent of the other; provided, however, that in the case of any transfer of rights or obligations under this Agreement pursuant to a merger or consolidation of AJI or CRBL, the other party shall not unreasonably withhold its consent to such transfer if the beneficial ownership and management of the proposed transferee and proposed transferor are and will be substantially the same. Any assignment or transfer under this Article shall become effective only after necessary authorization by the Government of Japan shall have been obtained.

ARTICLE IX
ARBITRATION

(1) All disputes, controversies, or differences which may arise between the parties, out of or in relation to or in connection with this Agreement, or for the breach thereof, shall be finally settled by arbitration pursuant to the Japan-American Trade Arbitration Agreement, of September 16, 1952, by which each party hereto is bound.

(2) Such arbitration shall be held in the City of Boston, Massachusetts if the demand for arbitration is

received by CRBL and in Tokyo if the demand is received by AJI.

(3) Nothing herein contained shall be construed as preventing either party hereto from instituting legal action against the other for a temporary injunction, pending final settlement of any dispute, difference or question by arbitration.

(4) Notwithstanding Paragraph (1) of this Article, in the event that CRJ should become deadlocked in the management of the corporate affairs for any reason whatsoever, or that the managing or disposing of CRJ property should be grossly improper and the existence of CRJ should be thereby in danger, the parties hereto shall not be precluded from instituting a lawsuit for dissolution of CRJ in the competent court in Japan in accordance with Paragraph 1 of Article 406-2 of the Commercial Code of Japan.

ARTICLE X
TERMINATION

(1) Either party hereto shall have the right to terminate this Agreement forthwith by giving the other written notice to that effect upon the occurrence of any of the following events to CRJ:

- (a) Termination of business by unanimous decision of the shareholders;
- (b) Dissolution or liquidation;
- (c) Adjudication of bankruptcy;

- (d) The appointment of any trustee, receiver or liquidator for substantially all of the assets of the business of CRJ;
- (e) The attachment, sequestration, execution or seizure of substantially all of the assets of CRJ, which attachment, sequestration, execution or seizure is not released within thirty (30) days from the institution thereof.

(2) Upon default by either party in the performance of any obligation hereunder to be performed by such party, the other party may give notice in writing to the party in default specifying the thing or matter in default. Upon receipt of such notice, the receiving party may elect either to cure the default within one (1) month or sooner if practicable following the giving of such notice or may notify the other party of its intention to seek arbitration pursuant to Article IX of this Agreement with respect to the alleged default. In the event the arbitration proceedings conclude that such party is in default, that party has one month to cure the default. At the conclusion of either one-month period, if the default has not been cured, the party first giving notice may give further written notice to such other party terminating this Agreement, in which event this Agreement shall terminate on the date specified in such further notice. Such termination right shall be in addition to and not in substitution for any other remedies that may

be available to the party serving such notice against the party in default, and any termination in the exercise of such right shall not relieve either party from any obligations accrued to the date of such termination or relieve the party in default from liability in damages to the other for breach of this Agreement. Waiver by either party of a single default or a succession of defaults shall not deprive such party of any right to terminate this Agreement, or to have recourse to arbitration, arising by reason of any subsequent default.

(3) Any delays or failure by either party hereto in the performance hereunder shall be excused if and to the extent caused by occurrences beyond such party's control, including, but not limited to, acts of God, strikes or other labor disturbances, war, sabotage, and any other cause or causes, whether similar or dissimilar to those herein specified which cannot be controlled by such party.

(4) In the event that further lawful performance of this Agreement or any part hereof shall be rendered impossible by the entry of a final judgment or final order in an antitrust or trade regulation case by any court, commission or agency having jurisdiction over either party, or a parent company of either party, whether or not the entry of such judgment shall be consented to by such party or by such parent company, the parties covenant and agree, that forthwith upon the entry of such final judgment or

final order, they will exert their best efforts to agree on an amendment or amendments to this Agreement or on modifications of their practices hereunder in such manner as will fully comply with said final judgment or final order. In the event that either party shall receive a formal charge, indictment, or complaint which might lead to the entry of such a final judgment or final order, such party shall promptly notify the other party of such fact and afford an opportunity to such other party for consultation regarding the matter. In the event that the parties are unable, within a period of six (6) months after written notice by either party to the other of such impossibility of lawful performance, to reach such agreement, either party may terminate this Agreement by written notice to the other party effective as of the expiration of such six (6) month period. All rights or obligations of either party under this Agreement or the portion thereof adjudged invalid by such final judgment or final order shall be suspended upon the entry thereof pending negotiations between the parties as herein provided to remedy such invalidity.

(5) Upon termination of this Agreement pursuant to Paragraph (1) or (4) of this Article, CRJ shall, unless the parties hereto otherwise agree in writing, be dissolved and liquidated and the net proceeds thereof divided and distributed among its shareholders as promptly and reasonably as possible in accordance with respective stock

interests in CRJ. Nothing herein, however, shall be deemed to require the dissolution and/or liquidation of CRJ in the event that either party should acquire all of the shares of CRJ.

(6) Upon termination of this Agreement pursuant to Paragraph (2) of this Article, the party terminating this Agreement shall have the option either

- (a) to demand dissolution and liquidation of CRJ; or
- (b) to purchase all of the shares of CRJ then held by the other party at the price per share equal to the then book value per share of CRJ.

The parties agree that upon the exercise of either option, all obligations of the parties under this Agreement, other than those arising from the ordinary course of business dealings among CRJ, AJI and CRBL, shall terminate.

ARTICLE XI TAXES

(1) All income taxes required by the laws of Japan to be withheld from any payment to be made to CRBL pursuant to this Agreement shall be for the account of CRBL.

(2) AJI agrees to furnish or to cause CRJ to furnish to CRBL official tax receipts or other evidence issued by the Japanese tax authorities together with English translation thereof sufficient to enable CRBL to establish payment of the taxes described in Paragraph (1) above.

ARTICLE XII
EXPENSES

Except as otherwise provided in this Agreement, each party hereto shall bear its own expenses relating to this Agreement and the performance thereof.

ARTICLE XIII
DISCLAIMER

Neither of the parties hereto, nor CRJ shall be deemed to represent the other party or to have the authority to represent the other party or its subsidiaries in any way whatsoever except as specifically agreed to by such other party in writing. This Agreement shall not constitute either of the parties hereto or CRJ to be the agent or representative of the party in any way whatsoever.

ARTICLE XIV
ARTICLE TITLES

The headings to the articles of this Agreement have been inserted only to facilitate reference and shall not be taken as being of any significance whatsoever in the construction or interpretation of this Agreement.

ARTICLE XV
SEVERABILITY

Subject to the provisions of Paragraph (4) of Article X, if any term or provision of this Agreement shall hereafter be finally determined to be not enforceable or void as

against public policy or otherwise legally unenforceable, the same shall be severable from and eliminated from the balance of this Agreement and the balance of this Agreement shall continue in force as the Agreement of the parties notwithstanding that determination, unless such unenforceable terms or provisions shall be so significant as to materially affect the parties' expectations regarding this Agreement.

ARTICLE XVI
MULTIPLE ORIGINALS

This Agreement shall be executed in four counterparts, two being in the English language and two being in the Japanese language, each of which counterparts shall be deemed an original. In the event of any discrepancy or difference between the English and Japanese versions, the English version shall prevail in all respects.

ARTICLE XVII
NOTICES

(1) All notices, requests, demands and other communications under this Agreement or in connection herewith shall be given to or made upon the respective parties as follows:

TO: AJINOMOTO CO., INC.
President
5-8, Kyobashi, 1-chome
Chuo-ku, Tokyo
Japan

TO: THE CHARLES RIVER BREEDING LABORATORIES, INC.
President
251 Ballardvale Street
Wilmington, Massachusetts 01887
U.S.A.

(2) All notices, requests, demands and other communications given or made in accordance with the provisions of this Agreement shall be in writing, and shall be telexed and later confirmed by registered airmail. The communication shall be deemed to be given or made when telex is received or when mail is deposited in the United States or Japanese mail, as the case may be, postage prepaid.

(3) Any party may alter its address above set forth by notice in writing to the other party hereto, and such notice shall be considered to have been given ten (10) days after the airmailing thereof.

ARTICLE XVIII
GOVERNING LAW

This Agreement shall be governed by and interpreted in accordance with the laws of Japan.

ARTICLE XIX
MODIFICATION OF AGREEMENT

No oral explanation or oral information by either party hereto shall alter the meaning or interpretation of this Agreement. No modification or amendment of the terms of this Agreement or any Exhibit attached hereto, and no waiver of any of the terms or conditions hereof or thereof shall be

valid unless made in writing duly executed by the parties hereto or thereto, and further unless made after obtaining validation or approval of the Japanese Government if such validation or approval is required by Japanese law for such writing at the time the parties execute it.

ARTICLE XX
ENTIRE AGREEMENT

This Agreement (together with the Schedules annexed hereto which are hereby incorporated by reference) constitutes the entire agreement of the parties and supersedes any prior agreements or understandings with the exception of the License and Technical Assistance Agreement and Tradename and Trademark License Agreement among CRBL, CRJ and AJI dated March 24, 1978.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives on the day and year first set forth above.

AJINOMOTO CO., INC.

By

THE CHARLES RIVER BREEDING
LABORATORIES, INC.

By

SCHEDULE A
TERRITORY

Afghanistan, Bangladesh, Burma, Cambodia, Sri Lanka, People's Republic of China and Republic of China, Hong Kong, Indonesia, Japan, Republic of Korea, Democratic People's Republic of Korea, Laos, Malaysia, People's Republic of Mongolia, Pakistan, Republic of Philippines, Singapore, Thailand and The Socialist Republic of Viet-Nam.

SCHEDULE B
REPORTS

- 1) Weekly sales and production results.
- 2) Monthly sales results, report on number of animals produced and shipped, estimate of net income.
- 3) Quarterly sales results, P&L statement, report on number of animals produced and shipped, balance sheet, key expense summary, analysis of general production expense, analysis of general and administrative expenses, analysis of delivery expense/(income), report on capital expenditures (only during periods of expansion).
- 4) Annual average manpower analysis by job classification and analysis of employee payroll rates.

AMENDMENT AGREEMENT

THIS AGREEMENT, made and entered this 2nd day of December 1982 by and among THE CHARLES RIVER BREEDING LABORATORIES, INC., CHARLES RIVER JAPAN, INC. and AJINOMOTO CO., INC.

WITNESSETH:

WHEREAS, the parties hereto entered into License and Technical Assistance Agreement and Tradename and Trademark License Agreement dated March 24, 1978 which was amended by Amendment Agreement dated the 19th day of October, 1978 (as so amended, hereinafter called "the License Agreement"),

WHEREAS, the parties hereto have agreed to make certain changes to Paragraph (1) of Article XI CONSIDERATION, of the License Agreement,

NOW, THEREFORE, in consideration of the premises and of the mutual agreement hereinafter contained, the parties hereto agree as follows:

1. Paragraph (1) of Article XI CONSIDERATION, of the License Agreement is hereby amended to read as follows.

(1) In consideration for the rights granted to it pursuant to Article II, III, V and VI of this Agreement, CRJ shall pay to CRBL the following royalties and/or fees:

- A. Three percent (3%) of the net sales price of rats and mice of the PRODUCTS sold by CRJ and its sublicensees. Provided, however, that if the annual pre-tax net profit on sales of such rats and mice of CRJ is ten percent (10%) or more in the fiscal year ending on March 31, 1986, the royalty shall continue at three percent (3%) for the succeeding fiscal year; if such annual pre-tax net profit on sales of CRJ is less than ten percent (10%) in the fiscal year ending on March 31, 1986 the royalty shall be two percent (2%) for the succeeding fiscal year; after the close of each fiscal year thereafter until the expiration of the license with respect to LABORATORY ANIMALS which are rats and mice a similar review shall occur and the royalty rate shall be established for the succeeding fiscal year at either three percent (3%) or two percent (2%).
- B. Three percent (3%) of the net sales price of each species of LABORATORY ANIMALS other than rats and mice sold by CRJ

and its sublicensees from the date of the initial sale in commercial quantities of each such species bred by CRJ or its sublicensees until the expiration of a period consisting of ten (10) full fiscal years of CRJ, which period commences on the first day of the corporate fiscal year which falls on or immediately follows the date of such initial sale; provided, however, that the same annual review as for rats and mice shall be performed with respect to each separate species to determine the royalty rate (be it two percent (2%) or three percent (3%) for the eleventh (11th) and subsequent fiscal years.

- C. Three percent (3%) of the net sales price of FEED FOR LABORATORY ANIMALS and EQUIPMENT manufactured and sold by CRJ and its sublicensees under TECHNICAL INFORMATION heretofore supplied and/or future TECHNICAL INFORMATION to be supplied on or before June 30, 1982, provided that such royalty shall cease to be payable after June 30, 1982 with respect to the Products referred to above. Provided further that if any new TECHNICAL INFORMATION with respect to FEED FOR LABORATORY ANIMALS and EQUIPMENT is supplied after June 30, 1982, the royalty applicable to FEED FOR LABORATORY ANIMALS and EQUIPMENT manufactured thereafter using such new TECHNICAL INFORMATION shall be agreed upon between CRBL and CRJ on a case by case basis.
- D. Three percent (3%) of all engineering or professional fees which CRJ and its sublicensees receive with respect to the sublicense, rendering of services or other authorized dissemination of TECHNICAL INFORMATION in connection with EQUIPMENT not resulting in the sale of the PRODUCTS or which are not measured by sale of the PRODUCTS.

2. The amendment set forth above shall be subject to the necessary authorization by the Japanese Government under the Foreign Exchange and Foreign Trade Control Law and shall become effective when such authorization is granted.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives on the day and year first above written.

THE CHARLES RIVER BREEDING
LABORATORIES, INC.

By -----
Henry L. Foster, President

AJINOMOTO CO., INC.

By -----
Katsuhiko Utada, President

CHARLES RIVER JAPAN, INC.

By -----
Tamio Itoh, President

AMENDMENT AGREEMENT

THIS AGREEMENT, made this 19 day of October 1978 by and between THE CHARLES RIVER BREEDING LABORATORIES, INC.(hereinafter called "CRBL"), CHARLES RIVER JAPAN, INC.(hereinafter called "CRJ") and AJINOMOTO CO., INC.(hereinafter called "AJINOMOTO")

WITNESSETH:

WHEREAS, CRBL, CRJ, and AJINOMOTO entered into the License and Technical Assistance Agreement and Tradename and Trademark License Agreement dated March 24,1978 (hereinafter called the "License Agreement");

WHEREAS, thereafter the Japanese Fair Trade Commission indicated that certain provisions of the License Agreement are in violation of the Japanese Law relating to Prohibition of Private Monopoly and Methods of Preserving Fair Trade, and requested that such provisions be either deleted or amended so as to be in accord with the said Law; and

WHEREAS, CRBL, CRJ, and AJINOMOTO are willing to amend such provisions of the License Agreement as hereinafter provided.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Paragraph (1) of Article IV of the License Agreement is hereby amended by deleting the words "and for two (2) years thereafter" in line 4 thereof so that said Paragraph (1) will read as follows:

"(1) CRBL hereby covenants that it shall not utilize or license others to utilize the TECHNICAL INFORMATION for the purpose of breeding, use or sale of the PRODUCTS in the TERRITORY during the term of this Agreement, provided that the term of this Agreement with respect to TECHNICAL INFORMATION concerning a particular species shall be that period during which royalties are paid with respect to such species; if royalties never become payable with respect to a particular species, CRBL's covenant against utilization and licensing of such species shall cease at the time any such species is no longer subject to the licensing provisions of this Agreement."

2. Paragraph (2) of Article X of the License Agreement is hereby amended by deleting the word "perpetual" in line 3 thereof and inserting an additional proviso at the end thereof so that said Paragraph (2) will read as follows:

"(2) Solely in consideration for the covenants and rights granted to it by CRBL in Paragraph (1) of this Article X, CRJ hereby grants CRBL the worldwide, nonexclusive right to use all improvements, discoveries, inventions and modifications made or developed by CRJ or its sublicensees or any person manufacturing the PRODUCTS for or on behalf of CRJ relating to the TECHNICAL INFORMATION and PRODUCTS; provided that during the exclusive period provided for in Paragraph (1) of Article II, CRBL agrees not to use within the TERRITORY any such improvements, discoveries, inventions and modifications; provided, further, that if this Agreement is terminated pursuant to the provisions of Paragraphs (2) (where breach is that of CRJ) or (5) of Article XVI hereof, CRBL shall continue to have the non-exclusive right to use such improvements, discoveries, inventions and modifications after the termination."

3. Paragraph (1) of Article XVIII of the License Agreement is hereby amended by replacing the words "(where breach is that of CRBL), (4) or (5) of Article XVI hereof" in line 6 thereof with the words "(where CRBL fails to fulfill its material obligation under this Agreement with the intention to terminate this Agreement) of Article XVI hereof" so that said Paragraph (1) will read as follows:

"(1) In order to foster and promote the attainment of the aims and objectives of CRJ, CRBL agrees that during the term of this Agreement and for a period of two years after this Agreement or any license of TECHNICAL INFORMATION hereunder with respect to a particular species is terminated in accordance with Paragraph (2) (where CRBL fails to fulfill its material obligation under this Agreement with the intention to terminate this Agreement) of Article XVI hereof, CRBL shall not, directly or indirectly (through a firm, joint venture, company or business owned or controlled by it or otherwise), except through CRJ, engage in the business in the TERRITORY to produce laboratory animals and/or feed for laboratory animals and/or equipment which are reasonably competitive with the PRODUCTS or shall not acquire in the TERRITORY an interest in any firm or business organization producing, selling, promoting or dealing in laboratory animals and/or feed for laboratory animals and/or equipment which are reasonably competitive with the PRODUCTS."

4. Paragraph (2) of Article XVIII of the License Agreement is hereby amended by replacing the words "(where the breach is that of CRJ) of Article XVI hereof" in lines 4 and 5 thereof with the words "(where CRJ fails to fulfill its material obligation under this Agreement with the intention to terminate this Agreement) of Article XVI hereof" so that said Paragraph (2) will read as follows:

"(2) In order to promote fairness and appropriateness and the attainment of objectives of CRBL, CRJ agrees that for a period of two (2) years following the termination of this Agreement in accordance with the provisions of

Paragraph (2) (where CRJ fails to fulfill its material obligation under this Agreement with the intention to terminate this Agreement) of Article XVI hereof, CRJ shall not, directly or indirectly, (through a firm, joint venture, company or business owned or controlled by it or otherwise) engage in the business in the TERRITORY of producing any laboratory animals or any food for laboratory animals or any equipment which is reasonably competitive with the PRODUCTS and shall not acquire in the TERRITORY any interest in any firm or business organization producing, selling, promoting or dealing in any such laboratory animals and/or feed for laboratory animals or equipment which are reasonably competitive with the PRODUCTS."

5. The amendments set forth above shall be subject to the necessary validation by the Japanese Government under the Law concerning Foreign Investment and shall become effective when such validation is granted.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives on the day and year first above written.

THE CHARLES RIVER BREEDING
LABORATORIES, INC.

By _____

CHARLES RIVER JAPAN, INC.

By _____

AJINOMOTO CO., INC.

By _____

AJINOMOTO CO., INC.

15- 1. KYOBASHI ITCHOME CHUO-KU.
TOKYO 104, JAPAN

January 17, 1994

Mr. James C. Foster
President
The Charles River Laboratories, Inc.
251 Ballardvale street
Wilmington, Massachusetts 01887
U.S.A.

VIA AIRMAIL

Re: Amendment of JOINT VENTURE AGREEMENT

Dear Sir:

AS you may already be aware, the Japanese Stock Corporation Law and supplemental laws thereof have been amended effective as of the 1st day of October, 1993. Under the laws as amended, corporations with stated capital exceeding 500,000,000 Japanese yen shall have at least three (3) auditors, the term of office of whom shall be three (3) years.

Such corporations falling within the abovementioned category which currently have only two (2) auditors are required to increase the number of auditors to at least three (3) by the end of the general meeting of shareholders to settle the first accounting period the end of which arrives after October 1, 1993. Therefore, it is necessary for Charles River Japan, Inc. ("CRJ") to increase its auditors from two (2) to three (3) or more by the end of the ordinary general meeting of shareholders to be held in June, 1994.

Accordingly, we would like to propose amending Article II Paragraph (5) of the JOINT VENTURE AGREEMENT with respect to CRJ dated the 24th day of June, 1981 (the "JVA" to read as follows:

"The parties hereto agree that they will vote their shares of CRJ in such manner that at all times during the effective period of this Agreement there shall be three statutory auditors (Kansayaku) of CRJ; one to be a person designated by AJI, one to be a person designated by CRL, and one to be a person designated by agreement between AJI and CRL.

Taking this opportunity, we would also like to amend certain parts of the JVA as set forth below.

- (a) All references to "THE CHARLES RIVER BREEDING LABORATORIES, INC." in the JVA shall be amended to read "THE CHARLES RIVER, LABORATORIES, INC.", and all references

AJINOMOTO CO., INC.

to "CRBL" in the JVA shall be amended to read "CRL".

- (b) CRL and AJI have agreed, at the ordinary general meeting of shareholders of CRJ held this June, to increase the number of directors of CRJ from ten to twelve, and have casted their votes as shareholders of CRJ at such meeting in such manner that the two persons designated by CRL and AJI, respectively, be appointed as directors of CRJ. Accordingly, Article II, Paragraph (1) shall be amended to read as follows:

"CRJ has a Board of Directors consisting of twelve directors. The parties hereto agree that they will cast their votes as shareholders of CRJ in such manner that the Board of Directors shall consist of an equal number of persons designated by AJI and CRL."

- (c) The address of our company provided for in Article XVII, Paragraph (1) shall be amended to read as follows:

"TO: AJINOMOTO CO., INC.
President
15-1, Kyobashi itchome
Chuo-ku, Tokyo
Japan"

If the foregoing is acceptable, please sign and return one original of this letter.

Very truly yours,
Ajinomoto Co., Inc.

President

Agreed and accepted.

The Charles River Laboratories, Inc.

President

(Date)

ADDENDUM

This ADDENDUM made and entered into as of August 30, 1996 by and between The Charles River Laboratories, Inc., a corporation organized and existing under the laws of Delaware, having its principal place of business at 251 Ballardvale Street, Wilmington, Massachusetts 01887, the United States of America (hereinafter referred to as "CRL") and Ajinomoto Co., Inc., a corporation organized and existing under the laws of Japan, having its principal place of business at 15-1, Kyobashi 1 chome, Chuo-ku, Tokyo 104, Japan (hereinafter referred to as "Ajico")

WITNESSETH:

WHEREAS, the parties hereto have entered into a Joint Venture Agreement dated June 24, 1981, as amended on June 15, 1987 and an January 17, 1994 (as so amended, hereinafter referred to as "Original Agreement") for the production of laboratory animals and/or feed for laboratory animals; and

WHEREAS, the parties hereto have been engaged in the production of laboratory animals and feed for laboratory animals through Charles River Japan, Inc. (hereinafter referred to as "CRJ") in Japan; and

WHEREAS, CRL desires to produce and/or sell laboratory animals and feed for laboratory animals through a joint venture company to be established with The Shanghai No. 1 Biochemical & Pharmaceutical Company of China in the People's Republic of China; and

WHEREAS, CRL and Ajico agreed to exclude the People's Republic of China from the territory for CRJ which was stipulated in the Original Agreement on the terms and conditions provided in the letter agreement as of July 12, 1996 sent from Mr. Kazutoshi Yamada, Executive Managing Director of Ajico and accepted by Mr. James C. Foster, President & CEO of CRL as of July 31, 1996 (hereinafter referred to as "Letter Agreement"),

NOW, THEREFORE, in consideration of the premises and mutual

covenants herein contained, both parties hereto agree as follows:

Article 1. (Amendment to the Joint Venture Agreement).

Schedule A attached to the Original Agreement shall be amended by eliminating "the People's Republic of China" therefrom.

Article 2. (Payment of the Compensation)

As the compensation for CRJ's giving up of the exclusive territory of the People's Republic of China, CRL shall pay CRJ three percent (3%) of the net sales of laboratory animal and feed therefor made in, to or from the People's Republic of China by CRL, or any third party in which CRL has, directly or indirectly, share of interest or any third party with which CRL has a cooperative arrangement therefor including, but not limited to, licensing arrangement and distribution arrangement (such third party shall be hereinafter collectively referred to as "CRL Partner").

For the purpose of this Article 2 "net sales" means an aggregate amount of gross invoice price less only commercial, trade or cash discounts and adjustments actually allowed to customers.

Payment of the Compensation provided for above shall be made to CRJ quarterly within three (3) months after the end of each fiscal quarter of CRL. The payment to CRJ after deducting any withholding tax applicable, unless otherwise instructed by CRJ, shall be made in Japanese currency at the exchange rate of Citybank N.A., New York, New York the United States prevailing on the date of payment. All such exchange charges shall be borne by CRL.

CRL shall maintain, or shall cause CRL Partner to maintain, adequate records so that the net sales can be determined.

CRL shall render to CRJ within three (3) months after the end of each fiscal year of CRL, a statement of sales separately stating sales of laboratory animals by species, feed for laboratory animals for the preceding fiscal year of CRL; such statement shall be certified as accurate by an independent public accountant.

Article 3. (Exportation)

CRL or CRL Partner may export laboratory animals and feed therefor produced in the People's Republic of China to Japan and Korea on condition that CRJ is appointed as the sole and exclusive importer of such laboratory animals and

feed therefor within the territory of Japan and Korea. The details of the terms and conditions for such exclusive importation of the laboratory animals will be provided in an Exclusive Exportation Agreement to be separately negotiated and entered into by CRJ and CRL or CRL Partner. CRL and Ajico hereby confirm that the preceding provision shall in no way affect the status of Japan and Korea as a part of the territory reserved exclusively for CRJ as specified in Schedule A of the Original Agreement (as amended pursuant to Article 1 hereon, and therefore, the export to Japan and Korea as well as other countries in the territory shall be subject to the control of CRJ.

Article 4. (Term)

This ADDENDUM shall become effective as of August 30, 1996 and shall continue in full force and effect as long as the Original Agreement remains effective.

IN WITNESS WHEREOF, the parties hereto have caused this ADDENDUM to be signed by their respective duly authorized representatives on the date first above written

The Charles River Laboratories, Inc.

/s/ James C. Foster

James C. Foster
President and Chief Executive Officer
Date: Oct. 2, 1996

Ajinomoto Co., Inc.

/s/ Shunsuke Inamori

Shunsuke Inamori
President
Date: September 26, 1996

[Letterhead of Ajinomoto Co., Inc.]

October 25, 1978

Mr. James C. Foster
Charles River
Breeding Laboratories
251 Ballardvale St.
Wilmington, Massachusetts
U. S. A.

Dear Mr. Foster,

Kindly find enclosed original of Amendment Agreement duly signed by all the parties concerned.

Please be advised that the Agreement was accepted by our Fair Trade Commission on October 20, and approved by The Bank of Japan on October 25.

Thanking you for your cooperation on this matter, with best wishes,

Very truly yours,

Ajinomoto Co., Inc.

Izumi Hayashi
Director of Patents & Licensing

Enc. Amendment Agreement (Original)

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT, made this 24th day of March, 1978, by and among The Charles River Breeding Laboratories, Inc. ("CRBL"), Ajinomoto Co., Inc. ("Ajinomoto"), Charles River Japan, Inc. having its principal office at 15-1, Takara-cho 1-chome, Chuo-ku, Tokyo, Japan ("Old CRJ") and Charles River Japan, Inc. having its principal office at 858, Onna, Atsugi-shi, Kanagawa-ken, Japan ("New CRJ").

WITNESSETH:

WHEREAS, Ajinomoto has proposed that Old CRJ be dissolved and liquidated as of the date hereof and transfer all its business and assets to New CRJ which has been established as a wholly-owned subsidiary of Ajinomoto as of the date hereof, that the License and Technical Assistance Agreement and Tradename and Trademark License Agreement between CRBL and Old CRJ dated October 28, 1974 be terminated as of the date hereof and that a new License and Technical Assistance Agreement and Tradename and Trademark License Agreement having substantially the same provisions be executed between CRBL and New CRJ as of the date hereof; and

WHEREAS, CRBL is willing to accept the above-mentioned proposal of Ajinomoto;

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. The License and Technical Assistance Agreement and Tradename and Trademark License Agreement between CRBL and Old CRJ dated October 28, 1974 ("Old License Agreement"), together with the guarantee by Ajinomoto of Old CRJ's obligations thereunder, shall be and is hereby terminated as of the date hereof and shall cease to have any further effect except as expressly specified therein.

2. The Letter Agreement among CRBL, Old CRJ and Ajinomoto dated February 4, 1977 shall be and is hereby cancelled as of the date hereof, and all the royalty payments deferred pursuant to the said Letter Agreement shall be paid together with interest set forth therein within thirty (30) days after the date of the necessary approval thereof by the Japanese Government.

3. CRBL and New CRJ are this date entering into a new License and Technical Assistance Agreement and Tradename and Trademark License Agreement ("New License Agreement"), and CRBL hereby approves and agrees

that Old CRJ may disclose to New CRJ for use by New CRJ under the New License Agreement any and all of the Technical Information which CRBL has disclosed to Old CRJ pursuant to the Old License Agreement.

4. The Termination Agreement between Ajinomoto and CRBL dated August 15, 1974 as amended on August 28, 1975 shall be and is hereby cancelled as of the date hereof and shall have no further effect; provided, however, that Ajinomoto hereby agrees with CRBL as follows:

(1) In case Ajinomoto desires to sell any part of shares in New CRJ during the effective term of the New License Agreement, it must first offer such shares to CRBL at the same bona fide price offered by third party. If CRBL does not agree to purchase such shares at such price within sixty (60) days after receipt of Ajinomoto's notice of its desire to sell such shares, Ajinomoto may within ninety (90) days thereafter sell such shares at such price to such third party. Any such buyer shall be bound by the same agreements as Ajinomoto under this Memorandum of Agreement.

(2) Ajinomoto agrees for itself and for its affiliates that so long as it has a controlling interest in New CRJ or business to be operated by New CRJ under the New License Agreement, it will not, directly or indirectly (through a firm, joint venture, company or business owned or controlled by it or otherwise), except through New CRJ, engage in the business in the Territory (as defined in the New License Agreement) to produce Laboratory Animals and/or Feed specially formulated for Laboratory Animals and/or Equipment which are reasonably competitive with the Products (as defined in the New License Agreement) or shall not acquire in the Territory an interest in any firm or business organization (other than New CRJ) producing, selling, promoting or dealing in laboratory animals and/or feed for laboratory animals and/or equipment which are reasonably competitive with the Products.

(3) Ajinomoto agrees for itself and for its affiliates that it will maintain in strict confidence and will not make any unauthorized use or disclosure of Technical Information (as defined in the New License Agreement) and other confidential technical, economic and marketing information received from CRBL, Old CRJ and/or New CRJ, as the case may be, so long as and to the extent that such Technical Information or such other information remain unpublished; provided, however, that nothing herein shall prevent disclosure or use of such Technical Information or such other information which was known to the recipient at the time of disclosure, or which are properly obtained by the recipient from some source other than, directly or indirectly from CRBL, Old CRJ or New CRJ, as the case may be.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their duly authorized representatives on the date and year first above written.

The Charles River Breeding Laboratories, Inc. ("CRBL")

Ajinomoto Co., Inc. ("Ajinomoto")

Charles River Japan, Inc. ("Old CRJ")

Charles River Japan, Inc. ("New CRJ")

LIST OF THE BUILDINGS

ITEM	NAME OF BUILDING	SQUARE(M2)
1	Synthetic Building	1,800
2	Air-Condition Room	40
3	Acid Soaking Room	5
4	Human Waste Treatment Pool	16.4
5	Water Pool	20
6	Cement Road	953
7	Cement Drainpipes	108m
8	Cement Drainpipes	36m
9	Iron Railing	269m
10	Stone Wall	54m
11	Pools & Flower Beds	
12	Park Shed	72
13	Tree-planting	3,000

ASSET TRANSFER AGREEMENT

THIS AGREEMENT is entered into on this 1st day of Sept. 1997 by and between Zhanjiang Scientific & Technical Service Centre, Guangdong, the People's Republic of China and Zhanjiang A & C Biological Ltd., Guangdong, the People's Republic of China.

PRELIMINARY STATEMENT

This Agreement is entered into in accordance with Clause 6.5 of the Joint Venture Contract dated [] ("the JV-Contract") by and between Zhanjiang Scientific & Technical Service Centre of China, ("Party A") and Charles Rivers Laboratories Inc., of the United States of America, ("Party B"). In accordance with the JV-Contract, Zhanjiang Scientific & Technical Service Centre shall sell certain assets to the Zhanjiang A & C Biological Ltd.

ARTICLE I - DEFINITIONS

The following terms used in this Agreement shall have the following meanings:

- 1.1 "Associated Company" means any company or organisation which is under common ownership or control as one of the parties to this Agreement.

"Consideration" means that amount described in Clause 3 of this Agreement

"Effective Date" means the date upon which Party B receives it's Investment Certificate, in accordance with Clause 5.5 of the JV-Contract, for its capital contribution to the Purchaser.

"Appraisal Report" means the financial audit carried out by the Zhanjiang Asset Appraisal Corporation on 10 April 1996.

"Investment Certificate" means the investment certificate(s) referred to in Clause 5.5 of the JV-Contract.

"Price Waterhouse Report" means the financial report carried out by Price Waterhouse the international firm of accountants on 12 September 1996.

"Products" means any Tachypleus Amebocyte Lysate products.

"Purchaser" means the new Sino-foreign joint venture company called Zhanjiang A & C Biological Ltd registered in Zhanjiang Guangdong, whose legal address is 38 Middle of People Avenue, Zhanjiang, Guangdong, Peoples republic of China.

"Sale Assets" means the plant and machinery set out in Schedule I to this Agreement.

"Trade-Know How" means all the knowledge and know-how developed and used by the Vendor, Zhanjiang Sino-American Biological Ltd. or any Associated Company of either in manufacturing Products in China including but not limited to business and governmental contacts and connections;

"Vendor" means Zhanjiang Scientific & Technical Service Centre registered in Zhanjiang, Guangdong, the Peoples Republic of China and with it's legal address at 2 South Road, Nanqiao, Chikan, Zhanjiang, Guangdong, the Peoples Republic of China.

ARTICLE 2 - SALE AND PURCHASE

2.1 The Vendor as beneficial owner shall sell and the Purchaser, relying upon the representations warranties and undertakings of the Vendor contained in this Agreement, shall purchase the Sale Assets and Trade-Know How free from all forms of security or restrictions of any kind, adverse claims or reservations of title and upon the terms of this Agreement. It should be noted that in purchasing the Trade Know-How, the Purchaser has properly reimbursed the Vendor for the intangibles assets, as valued in the Appraisal Report and approved in the Price Waterhouse Report, and no more money shall be due to the Vendor in that regard.

ARTICLE 3 - CONSIDERATION

3.1 The Consideration for the sale and purchase of the Sale Assets shall be the payment in cash of US\$789,166, which can be divided into:

Plant and Machinery	US\$311,075
Trade-Know How	US\$478.091

	US\$789,166

- 3.2 Payment of the Consideration shall be made by the Purchaser to the Vendor in two instalments: 3.2.1 The first instalment of US\$266,750 shall be made on the Effective Date. 3.2.2 The final instalment of US\$522,416 shall be made at the request of the Vendor, but no sooner than the first day upon which both of the Parties have made their full contributions to the Purchaser in accordance with Clause 5.2 and 5.3 of the JV-Contract and have obtained the relevant Investment Certificates.

ARTICLE 4 - WARRANTIES AND UNDERTAKINGS

- 4.1 The Vendor is or was the only owner of equity in a Sino-foreign equity joint venture company called Zhanjiang Sino-American Biological Ltd. ("Old JVI").
- 4.1.1 The business of the Old JV is in direct competition to that of the Purchaser. From the Effective Date, the Vendor undertakes and warrants that neither it nor the Old JV nor any Associated Company of either will from the Effective Date carry out business which will in the reasonable opinion of the Purchaser in any way compete, with the business of the Purchaser.
- The Vendor undertakes and warrants that its senior representatives, Zheng WeiHan and Fen Jujin, shall take on any role for the Purchaser as the Purchaser shall request and shall not in any event work for any organisation, which in the reasonable opinion of the Purchaser, is in competition, whether direct or otherwise with the Purchaser.
- 4.2 The Vendor further warrants and undertakes that:
- 4.2.1 all customers that currently obtain their Products from either the Vendor, the Old JV or from any Associated Company shall obtain any future Products from the Purchaser.
- 4.2.2 all suppliers that currently provide materials used in the production of the Products by either the Vendor, the Old JV or any Associated Company will be prepared to supply such materials to the Purchaser on terms at least as favourable as those previously offered to the aforementioned companies.

- 4.2.3 neither the Purchaser nor Party B shall in any way be responsible for any liabilities of the Vendor, the Old JV or any Associated Company.
- 4.2.4 the Sale Assets include at least all of the assets in the Appraisal Report in the category of Plant and Machinery as approved in the Price Waterhouse Report.
- 4.2.5 it has the right and title to the Sale Assets and Trade Know-How and has the authority to deal with the Sale Assets and Trade-Know How in its entire discretion in accordance with the relevant laws.
- 4.2.6 it has obtained all the relevant approvals for the sale of the Sale Assets and the Trade-Know How under the terms of this Agreement and the value of these items has been valued and verified in accordance with the relevant laws.

4.2.7 the Sale Assets and Trade-Know How represent all the plant and machinery and knowledge used by the Vendor and any Associated Company of either in its current business with the same business scope as that of the Purchaser.

4.2.8 the Sale Assets and Trade-Know How will put the Purchaser in the position to be able to commence it's new business of producing Products and carry out the business scope of the Purchaser.

4.2.9 the Sale Assets and the Trade Know-How shall be transferred to the Purchaser in accordance with the law.

ARTICLE 5 - RISK PROPERTY AND TITLE

5.1 Risk and property in and title to the Sale Assets and where appropriate Trade-

Know How shall pass to the Purchaser on the Effective Date.

ARTICLE 6 - INDEMNITY

6.1 The Vendor hereby undertakes to indemnify and hold harmless the Purchaser and Party B from and against any and all losses, costs, liabilities and expenses incurred by the Purchaser as a result of any representation warranty or undertaking given or made by the Vendor in connection with this Agreement proving untrue or misleading. In particular the Vendor shall indemnify the Purchaser for any cost it may incur in relation to the increase in the Consideration in Clause 3.1

ARTICLE 7 - TAXATION

7.1 The Vendor hereby undertakes to indemnify the Purchaser from any taxation to which it is liable in purchasing or using the Sale Assets or Trade Know-How.

ARTICLE 8 - MAINTENANCE OF TRADE
CONTRACTS AND CONNECTIONS

8.1 Beginning immediately after the signature hereof and continuing for such period as the Purchaser may require, the Vendor shall use its best efforts to help the Purchaser to make and foster such personal contacts and connections with individuals representing the principal customers and suppliers of the Vendor, the Old IV or any Associated Company of either as may best enable the Purchaser to build its business.

ARTICLE 9 - ASSIGNMENT

9.1 This Agreement may not be assigned by either the Vendor or the Purchaser.

ARTICLE 10 - FURTHER ASSURANCE

10.1 The Vendor will do such acts and things and execute such documents as may be necessary to vest the Sale Assets and where appropriate the Trade-Know How in the Purchaser.

ARTICLE 11 - WAIVER

11.1 No waiver by the Purchaser of any of the requirements hereof or of any of its rights hereunder shall release the Vendor from full performance of its remaining obligation stated herein.

ARTICLE 12 - ENTIRE AGREEMENT

12.1 This Agreement (together with any documents referred to herein) constitutes the whole agreement between the Parties hereto relating to its subject matter and no variations hereof shall be effective unless made in writing and signed by the legal representative of both Parties.

ARTICLE 13 - APPLICABLE LAW

13.1 This Agreement shall be subject to and shall be construed in accordance with the law of the People's Republic of China.

ARTICLE 14 - DISPUTE RESOLUTION

14.1 Any disputes arising from the execution of or in connection with this Contract shall be settled through friendly consultations between the Parties. In case no settlement can be reached through consultations within sixty (60) days after a Party has given notice to the other Party of the matter in dispute, the disputes shall be submitted to the China International Economic and Trade Arbitration Commission in accordance with its existing rules of arbitration. The arbitration award is final and binding upon both parties to this Agreement.

14.2 During the arbitration, this Agreement shall be performed continually by the Parties except for matters in dispute, and the arbitration proceedings shall not prevent any Party from exercising its right of termination under this Contract.

ARTICLE 15-LANGUAGE

15.1 This Agreement shall be written in Chinese and English. While both the Chinese and English versions are both legal and binding versions, in the event of a conflict between the provisions of the two versions, the English one shall prevail.

This Agreement is signed, by the duly authorised representatives of both Parties as of the date first before written.

Vendor: Zhanjiang Scientific & Technical Service Centre
Authorised Representative:

Purchaser: Zhanjiang A&C Biological Ltd.
Authorised Representative:

SCHEDULE I

ITEM	NAME OF THE EQUIPMENT	QUANTITY
1	Centrifuge	1
2	Centrifuge	2
3	High Capacity Refrigerated Centrifuge	1
4	Refrigerated Centrifuge	1
5	Refrigerated Ultracentrifuge	1
6	Centrifuge	1
7	Desk Centrifuge	1
8	Lyophilizer	1
9	Lyophilizer	1
10	Dust Particle Counter	1
11	Ampoules Filling & sealing machine	1
12	Aspirator	2
13	Single Pan Balance	1
14	Agitator	2
15	Air Supply Apparatus	1
16	Manual Perfusion Unit	1
17	Vacuum Pump	1
18	Dust Catcher	3
19	Electric Heating Sterilizer	2
20	Automatic Pure Water Distiller	1
21	Refrigerator	2
22	Vapour Aspirator	3
23	Air Conditioner	1

24	Air Conditioner	1
25	Air Conditioner	2
26	Air Conditioner	1
27	Clean Beach	1
28	Clean Beach	1
29	Clean Beach	1
30	Clean Beach	1
31	Transformer	1
32	Power Distribution Screen Control	4
33	Power Distribution Screen Control	10
34	Power Distribution System	1
35	Power Supply Expense	1
36	Running Water Net Expense	1
37	Drainpipe Erection Expense	1
38	Exhaust Pipes	1
39	Telephone	4
40	Electric Welding Set	1
41	Refrigerator	1
42	Freezer	1
43	Freezer	1
44	Refrigerator	1
45	Refrigerator	1
46	Refrigerator	1
47	Refrigerator	4
48	Refrigerator	1
49	Refrigerator	1

50	Freezer	2
51	Binocular Microscope	1
52	Liquid Nitrogen Tank	2
53	Ultraviolet Analytical Apparatus	1
54	PH Meter	2
55	Filter	2
56	Severing Machine	1
57	Electrophoresis Apparatus	1
58	Water Bath Incubator	1
59	TV Set	1
60	Air Bath Incubator	1
61	Spectrophotometer	1
62	Pump	1
63	Drill Machine	1
64	Thermostat Cradle	1
65	Ampoules Printer	1
66	Fibre Filter	1
67	Filter	1
68	Blower	1
69	Purified System	1
70	Sterilizer	1
71	Oil Boiler	1
72	Accessories for Oil Boiler	
73	Stainless Water Distiller	1
74	Super Pure Water Distiller	1
75	Air-Condition & Purifying Unit	1

76	Air-Condition & Purifying Unit	1
77	Air-Condition Tower	1
78	Water Pump	1
79	Water Pump	1
80	Pump	1
81	Cooling Pipes	1
82	Vapour Sterilizer	1
83	Bottles Washer	1
84	Vials Washer	1
85	Ampoules Dehydrate Machine	2
86	Capping Machine	2
87	Diesel Generator	1
88	Filling & sealing machine	1
89	Filling & sealing machine	1
90	Filling & sealing machine	1
91	Generator	1
92	Oven	2
93	Dryer	1
94	Dryer	1
95	Motorcar	1
96	Motorcycle	2
97	Chinese-English Printer	1
98	Fax Machine	1
99	Computer Printer	1
100	Enzyme Labelling Analytical Set	1
101	PH Meter	1

102	Balance	5
103	Washing Machine	1
104	Ampoules Washer	1
105	TV Antenna Wire Net	1
106	Electric Fan	4
107	Air Exhaust Pipes	1
108	Mosquito Expelling Lamp	1
109	Jackscrew	1
110	Shock Driller	1
111	Miccrocoupon	1
112	Balance	1
113	Mixer	1
114	Pound Machine	1
115	Water Bath Incubator	1
116	Water Bath Incubator	1
117	Sterilizer	2
118	Bowl Sterilizer	1
119	Gas Jar & Gas Stove	1
120	Nitrogen Tank	3
121	Ultrasonic Cell Crushing Apparatus	1
122	Shed for Luminous	1
123	Air Conditioner	1
124	Shock Driller	1
125	Oven	1
126	Centrifuge	1
127	Air Conditioner	2

128	Refrigerator	1
129	Freezer	1
130	PH Meter	1
131	Clean Bench	1
132	Telephone System of Program Control	1
133	Disinfection Clamber	8.5m2
134	Water Bath Incubator	1
135	Cement Road	300m2

TECHNOLOGY LICENSE CONTRACT

THIS CONTRACT is entered into in Zhanjiang, Guangdong, China, on this 1st day of Sept., 1997 by and between Charles Rivers Laboratories, Incorporated, a 1997 by corporation duly organised and existing under the laws of the United States of America, whose address for the purposes of this Contract is 251 Ballardvale Street, Wilmington, Delaware, MA 01887 (hereinafter referred to as "Licensor"), and Zhanjiang A & C Biological Ltd., a Sino-foreign joint venture registered in Zhanjiang, Guangdong and whose address for the purpose of this Contract shall be 38 Middle of People Avenue. Zhanjiang, Guangdong, Peoples Republic of China (hereinafter referred to as the "Licensee"). They shall be referred to as "the Parties" to this Contract or as the Party in relation to any one of them.

PRELIMINARY STATEMENT

This Contract is entered into in accordance with Chapter 10 of the Joint Venture Contract dated [] by and between Zhanjiang Scientific & Technical Service Centre of China, and Charles Rivers Laboratories, Incorporated of the U.S.A. (the "JV-Contract"). As a gesture of good faith by the Licensor, the Technology licensed under this Contract shall be provided free of charge and at no cost to the Licensee. The terms in this Contract reflect the Licensor's gesture.

ARTICLE I - DEFINITIONS

The following terms used in this Contract shall have the following meanings:

- 1.1 "Affiliate" means any company which, through ownership of voting stock or otherwise, directly or indirectly, is controlled by, under common control with, or in control of, a Party; the term "control" being used in the sense of power to elect a majority of directors or to direct the management of a company.
- 1.2 "Approval Authority" means the Ministry of Foreign Trade and Economic Cooperation of China or the authority designated by such Ministry to approve this Contract.
- 1.3 "Effective Date" means the effective date of this Contract as defined in Article 9.1.
- 1.4 "Improvements" means any technical improvements or design modifications made or acquired by either Party in connection with the Licensed Technology.

1.5 "Products" means Tachypleus Amebocyte Lysate products.

- 1.6 "Licensed Technology" means the technical knowledge which the Licensor owns or controls as of the Effective Date and during the term of the JV-Contract and has full legal right to transfer or disclose to another party, and which pertains to the manufacture of the Products.
- 1.7 "Supplemental Contracts" shall have the meaning set out for such term in Article 4.2 hereof.
- 1.8 "Technical Documentation" and "Technical Information" means the documentation embodying the Licensed Technology, including specifications, data, reports and other information that may be reasonably necessary to enable the Licensee to establish and carry on production of the Products and which is owned by Licensor or which Licensor is free to disclose to any third party.

ARTICLE 2 - RIGHTS AND LICENSES

- 2.1 (a) Licensor hereby grants to the Licensee:
- (i) a non-exclusive license to use the Licensed Technology for the manufacture of the Products and the provision of related services in the People's Republic of China; and
 - (ii) a non-exclusive license to market, distribute and sell the Products inside and outside the People's Republic of China.
- (b) his license does not include the right to grant sub-licenses. The Licensee shall not assist or permit others to manufacture the Products inside or outside the People's Republic of China.
- 2.2 The Licensee expressly acknowledges and agrees that, other than the rights and licenses granted under this Contract, it does not hereby acquire and has no right or claim to any other rights in, or to the use of, other trademarks, patents, copyright or other industrial property rights or technical knowledge owned, used or adopted by Licensor or its Affiliates.

ARTICLE 3 - PAYMENT

- 3.1 No royalty or charge shall be payable by the Licensee for the rights set out above.

- 3.2 The only payments that shall be due under this Contract shall be payable where the Licensee has in some way breached the terms hereof In that case the Licensee shall indemnify the Licensor for any losses made or damages incurred due to the Licensee's breaches.

ARTICLE 4 - SCOPE OF TECHNOLOGY SERVICE

- 4.1 During the term of the JV-Contract, Licensor shall provide to the Licensee Technical Information and Licensed Technology related to the Products which, as determined by Licensor, in it's sole discretion, may be helpful in enabling the Licensee to establish and carry on the production of the Products.
- 4.2 During the term of the N-Contract, the Licensee shall supply to the Licensor any Improvements made or obtained by it in connection with the Licensed Technology or Products as such become available. With respect to Improvements made or obtained by the Licensee these shall be supplied substantially in the same form and on the same terms and conditions as this Contract. Upon the request by the Licensor, the Licensee shall also permit the Licensor to apply in it's own name for patents for Improvements of the Licensee and for this purpose shall assign any rights in Q Improvements free of charge to the Licensor. In order to obtain the continuing benefit of the Licensor's research and development relating to the Licensed Technology during the entire term of the Licensee's operations, the Licensee agrees that upon the request of Licensor it shall execute one or more further technology licenses. The contracts relating to the Improvements and the terms for further technology licences by the Licensor shall be referred to as the "Supplemental Contracts". (Such Supplemental Contracts shall be effective upon approval by the Approval Authority.)

ARTICLE 5 - TECHNICAL COMPLIANCE AND INSPECTION

- 5.1 The Licensee shall be responsible for maintaining the quality standard of the Products it produces, and using the Licensed Technology in accordance with the Technical Documentation. If at any time Licensor determines that the Licensee is not fulfilling these obligations, Licensor shall notify the Licensee of the deficiencies that it believes exist and propose methods for correction. The Licensee shall cause the correction to be made within sixty (60) days after the said notification.

- 5.2 Licensor shall be entitled at any time upon reasonable notice being given to the Licensee to enter the premises of the Licensee for the purpose of inspecting the work being carried out in connection with the Licensed Technology and Products.

ARTICLE 6 - WARRANTY

- 6.1 Licensor warrants that as of the Effective Date it will have full legal right to transfer and disclose the Licensed Technology to the Licensee and that the Licensed Technology is of an advanced level by international standard.
- 6.2 Licensor warrants the accuracy of the specifications included in the Technical Documentation.

ARTICLE 7 - CONFIDENTIALITY

- 7.1 All Licensed Technology, advice, and other information ("Confidential Information") provided by Licensor pursuant to this Contract shall be kept strictly confidential by the Licensee and shall be used solely for its own benefit in connection with the manufacture and sale of the Products except, however, for such information that must be submitted to governmental authorities under Chinese laws and regulations. Such information shall be submitted to the governmental authorities only by the General Manager of the Licensee. The General Manager shall inform the Licensor in writing prior to such submission.
- 7.2 The Licensee hereby covenants and agrees to keep all such information confidential and not, without prior express written consent of Licensor, to communicate or allow to be communicated such information to anyone except its own employees, and only to such extent as may be necessary for the proper performance by such employees of their assigned tasks.
- 7.3 In order to ensure the observance of Articles 7.1 and 7.2 above by the Licensee's employees, the Licensee shall cause each of its employees with access to Confidential Information referred to in Articles 7.1 and 7.2 above to sign a Confidentiality Agreement which protects the Licensor from breaches of these obligations by the staff of the Licensee.
- 7.4 The provisions of Articles 7.1 and 7.2 shall survive the term of this Contract for five (5) years.

- 7.5 The obligations of confidentiality, secrecy, non-disclosure and the restriction of use contained herein shall not apply to Confidential Information which the Licensee can demonstrate; (a) is available to the public at the time it is disclosed or thereafter becomes available to the public; or
- (b) is known to the Licensee at the time of disclosure; or
 - (c) properly comes into the possession of the Licensee from an independent source.

ARTICLE 8 - INFRINGEMENT AND INDEMNITY

- 8.1 The Licensee acknowledges that Licensor owns or controls and has proprietary interest in the Licensed Technology and other Confidential Information. The Licensee hereby agrees that, unless otherwise specifically provided herein or unless Licensor has consented in writing, it will not use or apply in the People's Republic of China for the registration of any technology for goods and/or for services similar to the Licensed Technology and will not do any act or permit the doing of any act which might prevent, directly or indirectly, the registration in the People's Republic of China of any patent right with respect to the Licensed Technology and other Confidential Information.
- 8.2 Licensor is not aware of any right of a third party which might be infringed through the exercise of the license granted to the Licensee hereunder, but Licensor does not warrant nor shall Licensor be liable to the Licensee on the ground that any such right of a third party in fact exists.
- 8.3 In the event that any suit, action or other proceeding involving any claim of industrial property infringement shall be threatened or instituted against the Licensee based upon the Licensee's permitted use hereunder of the Licensed Technology or any other Confidential Information, the Licensee shall notify Licensor promptly thereof and shall send to Licensor copies of any such papers which shall have been served in such suit, action or proceeding. Licensor may, if it so elects, control the defense of such suit at Licensor's own cost and expense. The Licensee shall have the right to be represented by advisory counsel of its own selection at its own expense, and shall cooperate fully in the defense of any such suit. If Licensor does not elect to control the defense of such suit, the Licensee shall undertake such control at the Licensee's own cost and expense and Licensor shall

have the right to be represented by advisory counsel of its own selection and at its own expense. At the request of the Licensee, Licensor shall assist the Licensee in the defense of such suit at the Licensee's cost and expense.

- 8.4 The Licensee shall, upon obtaining knowledge of any infringement or threatening infringement of Licensor's rights to the Licensed Technology, Confidential Information or trademarks owned by Licensor, immediately notify Licensor thereof together with all relevant details. Licensor may, at its own discretion and cost, prosecute or otherwise stop or prevent such actual or threatening infringement in the name of both Licensor and the Licensee or either of them, and in each case the Licensee shall render all assistance required by Licensor. All amounts received by Licensor in connection with any action taken against such infringement pursuant to this Article shall be the property of Licensor, if Licensor prosecutes such claim, or the property of the party under whose name the prosecution is made.
- 8.5 If Licensor decides not to take any action in respect of any infringement or threatened infringement, it shall notify the Licensee of this decision within ninety (90) days after receipt of a written notice from the Licensee pursuant to Article 8.4 hereof. Upon receipt of Licensor's written notice of its decision not to take any action, the Licensee may, at its own discretion and cost, prosecute or otherwise stop or prevent such actual or threatened infringement in the name of both Licensor and the Licensee or either of them. All amounts received by the Licensee in connection with any action taken against such infringement pursuant to this Article shall be the Party's under whose name the prosecution is made, at the reasonable discretion of Licensor.
- 8.6 The Licensee shall indemnify and hold harmless Licensor from any liability for defects in the Products manufactured by or on behalf of the Licensee if such defects are, caused by the Licensee's action, inaction, conduct or negligence. Licensor shall notify the Licensee of any such claims by a third party and the Licensee shall undertake all responsibilities for such action.
- 8.7 The Licensee and Licensor shall render such assistance reasonably required by the other in defense of the claims specified in this Article 8. The terms of this Article 8 shall survive the expiration or termination of this Contract .

ARTICLE 9 - EFFECTIVENESS AND TERMINATION

- 9.1 Pursuant to Article 4 of the Regulations of the People's Republic of China for the Administration of Technology Import Contracts, promulgated on May 24, 1985, the Licensee shall, within thirty (30) days after the execution of this Contract, submit an application to the Approval Authority for the examination and approval of this Contract. This Contract is one of the ancillary contracts to the JV Contract, and as such the Effective Date shall be the first date upon which both of the Parties to the Joint Venture have made their capital contributions in full to the Licensee and have received their Investment Certificates.
- 9.2 The Contract Term shall be for the same period as the JV-Contract, thirty eight (38) years commencing on the Effective Date. In the event that one Party desires to renew this Contract, it shall give written notice of such intention to the other Party not later than six (6) months prior to the expiry of this Contract. In such case, the Parties shall discuss the renewal of this Contract in a constructive manner. Such extension shall be effective following approval by the Approval Authority.
- 9.3 Either Party shall have the right to terminate this Contract under any of the following circumstances:
- (a) if the other Party commits a material breach of this Contract and such breach is not cured within sixty (60) days after written notice from the other Party to the Party in breach;
 - (b) the conditions of force majeure prevail for a period in excess of six (6) months and the Parties have been unable to find an equitable solution pursuant to Article 12;
 - (c) the other Party becomes bankrupt or is the subject of proceedings for liquidation or dissolution, or ceases to carry on business or becomes unable to pay its debts as they become due; or
 - (d) if the JV-Contract has been terminated.
- 9.4 Licensor shall have the right to terminate this Contract if Licensor's share in the registered capital of the Licensee shall at any time fall below eighty percent (80%).
- 9.5 Termination as set forth above may be effected by the terminating Party giving the other Party 30 days' prior written notice specifying the reason

for such termination and shall become effective upon the expiration of such 30 days period.

9.6 Upon termination of this Contract:

- (a) All moneys accrued, due and payable by one Party to the other Party hereunder shall be fully paid within one (1) month, and all Technical Documentation shall be returned immediately to Licensor. On no account shall such moneys or Technical Documentation be withheld on the ground of a dispute arising out of or in relation to this Contract or as a set-off against any claim for damages sought to be put forward by the Party liable to pay or to return the Technical Documentation.
- (b) The Licensee's right to use the Licensed Technology shall immediately cease and the Licensee shall discontinue all use thereof

The terms of this Article 9.6 shall survive the termination of this Contract.

- 9.7 Except in the case of early termination under Article 9.3 and 9.4 above and except with respect to Technical Information and Technical Documentation relating to any Improvements made or obtained by the Licensor that are the subject of a Supplemental Contract, after the expiration of the W-Contract, the Licensee shall continue to have the right to use all Technical Information and Technical Documentation (but not including any valid patents) within the scope of the transfer as of the date of expiry and Licensor shall not use any reason to interfere with this right. However, the Licensee shall not have the right to transfer or sublicense the Licensed Technology to any third party without Licensor's consent.

ARTICLE 10 - TAXES

- 10.1 All taxes arising in connection with the performance of this Contract that are imposed on the Licensee in accordance with the tax laws of the People's Republic of China shall be borne by the Licensee.

- 10.2 All taxes imposed on Licensor in accordance with the tax laws of the People's Republic of China shall be borne by Licensor. In the event that any tax is imposed by withholding, the Licensee shall provide Licensor forthwith with the original tax receipt issued by the relevant tax bureau.

10.3 All taxes imposed outside the People's Republic of China in connection with payments made to Licensor under this Contract shall be borne by Licensor.

ARTICLE 11 - DISPUTE SETTLEMENT

11.1 Any disputes arising from the execution of or in connection with this Contract shall be settled through friendly consultations between the Parties. In case no settlement can be reached through consultations within sixty (60) days after a Party has given notice to the other Party of the matter in dispute, the disputes shall be submitted to the China International Economic and Trade Arbitration Commission in accordance with its existing rules of arbitration. The arbitration award is final and binding upon both Parties.

11.2 During the arbitration, this Contract shall be performed continually by the Parties except for matters in dispute, and the arbitration proceedings shall not prevent any Party from exercising its right of termination under this Contract.

ARTICLE 12 - FORCE MAJEURE

12.1 Should the performance of this Contract be affected directly or indirectly or this Contract could not be executed in accordance with the provisions prescribed herein due to force majeure, such as earthquake, typhoon, flood, fires, war and other unforeseen events, and their happening and consequences are unpreventable or unavoidable, the Party which has been prevented from performing its obligations shall notify the other Party by facsimile without any delay, and within 15 days thereafter providing detailed information of the events and a valid document of evidence issued by the local public notary organisation stating the reasons for failing to carry out or partly carry out or postponing performance of its obligations under this Contract.

Thereafter, the Party whose contractual obligations are affected by the aforesaid event of force majeure shall be suspended for the period of the force majeure and the period for performing such obligations shall be extended, without penalty, for a period equal to such suspension.

12.2 Should such event of force majeure hinder the performance of this Contract or the operation of the Licensee for a period of more than six (6) months, the Parties shall decide by mutual agreement whether to terminate this Contract prematurely.

In case of early termination, neither Party shall be held liable for the consequences of early termination caused by such event of force majeure.

12.3 Notwithstanding the foregoing, the Parties shall use all reasonable endeavours to minimise the impact of such event of force majeure and find an equitable solution for the same, and the Party hindered by such event of force majeure shall resume performance of its obligations under this Contract as soon as possible after the cessation of the event of force majeure.

ARTICLE 13 - GOVERNING LAW

13.1 The validity, interpretation and implementation of this Contract shall be governed by the laws of the Peoples Republic of China.

ARTICLE 14 - MISCELLANEOUS

14.1 Neither Party may assign any of its rights and obligations under this Contract without the prior written consent of the other Party, except that Licensor may delegate its rights to any of its Affiliates, provided that Licensor shall take full responsibility for any damage to the Licensee arising out of the mistakes of its delegated party.

14.2 This Contract is severable in that if any provision hereof is determined to be illegal or unenforceable, the offending provision shall be stricken without affecting the remaining provisions of this Contract.

14.3 This Contract is executed in English and Chinese. While both are valid versions of the Contract, in the event of a conflict the English versions shall prevail.

14.4 This Contract, together with any documents referred to herein, constitutes the entire agreement between the Parties with respect to the subject matter hereof, supersedes any prior expression of intent or understanding relating hereto and may only be modified or amended by a written instrument signed by the authorised representatives of the Parties. Major amendments shall enter into effect when approved by the Approval Authority.

14.5 Failure or delay on the part of either Party hereto to exercise any right, power or privilege under this Contract shall not operate as a waiver thereof; nor shall any single or partial non-exercise of any right, power or privilege preclude any other future exercise thereof

14.6 Should any notices in connection with any Party's Tights and obligations be sent by either telegram or telex, then all such notices shall be followed by written letter. The legal addresses of both Parties to this Contract shall be the posting addresses.

This Contract is signed by their duly authorised representatives of both Parties as of the date first above written,

By: _____
Name: []
Title: General Manager
Zhanjiang A & C Biological Ltd.

By: _____
Name: Mr. James C. Foster
Title: President
Charles Rivers Laboratories Inc.

GROUND LEASE

HIC ASSOCIATES,
A California Joint venture

LESSOR

CHARLES RIVER LABORATORIES INC.

LESSEE

Dated: June 5 1992.

GROUND LEASE

TABLE OF CONTENTS

Page

I.	PARTIES; OPENING CLAUSE; WORDS OF LEASING.	1
II.	PREMISES	1
	A. Definition	1
	B. General Description	1
	C. Legal Description	1
	1. No Existing Improvements	1
III.	OPTION TO LEASE.	2
IV.	OPTION TO PURCHASE	3
	A. Option to Purchase Premises	3
	1. Grant of Option to Lessee.	3
	2. Option Period.	3
	3. Method of Exercising Option.	3
	4. Purchase Price	4
	a. Price Set by Appraisal.	4
	5. Method of Payment.	6
V.	TERM	7
	A. Initial Term.	7
VI.	RENT; SECURITY; OTHER PAYMENTS	7
	A. Lessee's Covenant To Pay.	7
	B. Rent/Option Payment	7
	1. Rent	7

2. Option to Lease	7
3. Cost of Living Adjustment	7
4. No Adjustment Below Initial Minimum Rent	9
5. Limitation on Upward Adjustments	9
C. Taxes; Assessments	9
1. On Real and Personal Property	9
2. Prorations	10
a. For First and Final Years of Term	10
b. For Other Property of Lessor	10
3. Lessee's Right to Contest	10
4. Exemptions	11
5. Proof of Compliance	12
D. Common Area and Other Expenses	12
VII. USES; PURPOSES	12
VIII. IMPROVEMENTS	13
A. Construction	13
1. Lessee's Duty to Pay Fee For Offsite improvements	13
2. Conditions of Major Construction	14
a. Introductory Clause	14
b. Offsite Improvements	14
c. Agreement as to Plans and Specifications	14
d. Notice of Intent to Construct	15
e. Required Governmental Permits	15

f. Builder's Risk and Other Insurance.	15
3. Soil Conditions.	15
4. Completion	16
a. Notice of Completion.	16
b. Notice of Changes in Plans.	16
5. Further Development.	17
B. Maintenance; Repairs; Alterations; Reconstruction.	17
1. Lessee Required to Maintain Premises	17
a. Definition of Duty; Compliance With Laws	17
2. Major and Minor Reconstructions, Alterations.	18
a. Major and Minor Distinguished	18
b. When Lessor's Approval of Plans Not Required.	18
C. Ownership of Improvements	18
1. Ownership of New Improvements During Term.	18
2. Ownership at Termination	19
a. Reversion to Lessor	19
IX. ASSIGNMENT; SUBLETTING	19
A. Assignment.	19
1. Lessee's Right to Assign	19
2. Conditions Precedent to Assignment	20
B. Right to Sublet	20

X.	INSURANCE.	21
	A. Fire and Extended Coverage.	21
	1. Lessee's Duty To Keep Improvements Insured.	21
	2. Builder's Risk Coverage.	21
	B. Other Insurance and Indemnification	22
	1. Public Liability Insurance	22
	C. Policy Form, Content, Insurer	22
	D. Failure To Maintain Insurance; Proof of Compliance	23
	E. Lessor's Nonliability	24
	F. Lessee's Nonliability	24
XI.	CONDEMNATION	25
	A. Preliminary Provisions.	25
	1. Definitions.	25
	2. Notice to Other Party.	27
	3. Representative of Each Party; Effectuation	27
	B. Division.	28
	1. "Just and Equitable" Division.	28
XII.	HAZARDOUS MATERIALS.	28
XIII.	DEFAULT; REMEDIES.	33
	A. Lessee's Default.	33
	1. Introductory Clause.	33
	a. Failure To Materially Perform Lease Covenants	33

b.	Attachment or other Levy	33
c.	Appointment of Receiver	33
d.	Insolvency, Bankruptcy	34
e.	Default in Mortgage Payment	34
f.	Lessee's Right to Cure Defaults	34
g.	Lessor's Right To Cure Lessee's Defaults.	35
B.	Lessor's Remedies	35
1.	introductory Clause.	35
2.	Nonmonetary Remedies	36
a.	Termination	36
b.	Reentry Without Termination	36
c.	Lessee's Personal Property.	37
3.	Monetary Remedies.	37
a.	Recovery of Rent.	37
b.	Damages	38
c.	Assignment of Subrents.	38
C.	Notice of Lessor's Default; Lessee's Waiver	40
D.	Provisions Applicable to Both Parties	40
1.	Unavoidable Default or Delay	40
2.	Waiver, Voluntary Acts	41
3.	Attorney's Fees.	41
XIV.	WATER TO PREMISES	42
XV.	TITLE	42
A.	Title	42

B. Restrictions	42
C. No Encumbrances	43
D. Proof of Title	44
E. Quiet Enjoyment.	44
XVI. EXCHANGE.	44
XVII. SUBORDINATION	45
A. Lease To Be Prior But Subject Subordination.	45
XVIII. GENERAL CONDITIONS; MISCELLANEOUS PROVISIONS	46
A. Transactions Between Parties	46
1. Notice.	46
2. Performance of Lessee's Covenants by Others	48
3. Nonmerger of Fee and Leasehold Estates.	48
4. Estoppel Certificates; Liquidated Damages	48
5. Joint and Several Obligations	49
B. Interpretation of Lease.	49
1. captions, Table of Contents	49
2. Gender.	49
3. Singular and Plural	49
4. Exhibits, Addenda	49
5. Entire Agreement.	50
6. Severability.	50
C. Successors	50

XIX. EXPIRATION; TERMINATION.	50
A. Lessee's Duty to Surrender	50
B. Holding Over	51
C. Termination.	51
XX. EXECUTION; MEMORANDUM OF LEASE	51
A. Execution in Counterparts.	51
B. Recordation of Memorandum of Lease Only.	52

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vii

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GROUND LEASE

I. PARTIES; OPENING CLAUSE; WORDS OF LEASING

This Ground Lease is made on January 1, 1992, between HIC ASSOCIATES, a Joint Venture, hereinafter called "Lessor," and CHARLES RIVER LABORATORIES, INC., hereinafter called "Lessee."

Lessor leases to Lessee, and Lessee hires from Lessor, the Premises hereafter described.

1III. PREMISES

A. Definition. Except as expressly provided to the contrary in this Lease, reference to "Premises" is to the described land plus any described appurtenances, exclusive of any improvements now or hereafter located on the Premises, notwithstanding that any such improvements may or shall be construed as affixed to and as constituting part of the real property, and without regard to whether ownership of the improvements is in the name of Lessor or in the Lessee.

B. General Description.

1. The Premises is commonly referred to as 1000 Park Center Drive (Parcel 10), Hollister, California 95023. The land is unimproved.

C. Legal Description.

1. No Existing Improvements. The legal description of the Premises is included in Exhibit A, attached to this Lease and initialed by the parties.

III. OPTION TO LEASE

A. Lessee shall have an exclusive option to lease Parcel 9, commonly referred to as 900 Park Center Drive, Hollister, California 95023. Said land is unimproved.

B. Said exclusive option to lease may be exercised at any time during the five (5)-year period following the date of execution of this Lease (the "Option Period"). If said option is exercised, the Lease shall be on the same terms and conditions (including, without limitation, rent and payment terms) as for Parcel 10.

C. For Parcel 9 to be included within the option to purchase, as described below, Lessee must exercise this option to lease within the option Period.

D. Upon Lessee's exercise of the option to lease granted pursuant to this Article III and, if applicable, the option to purchase granted pursuant to Article IV below, Parcel 9 shall automatically be deemed part of the "Premises" for purposes hereof; provided, however, that Lessee shall have the option, at Lessee's discretion, to purchase only one of the parcels comprising the Premises in accordance with Article IV, Paragraph A. 1. hereof. A legal description of Parcel 9 is included in Exhibit A, attached to this Lease and initialed by the parties.

E. Lessor hereby agrees not to sell the Premises or, if not yet leased by lessee, Parcel 9, or to lease Parcel 9 in violation of this Article III, or to pledge, grant a security interest in, or otherwise encumber the Premises or, if not yet leased by Lessee,

Parcel 9, or commit to do any of the foregoing, in a manner which could prohibit Lessee from receiving clear title to the Premises and, if not yet leased, Parcel 9, on a timely basis as contemplated in Article IV hereof, so long as Lessee continues to make payments pursuant to Article VI, Paragraph B. 2. below.

IV. OPTION TO PURCHASE

A. Option To Purchase Premises.

1. Grant of Option to Lessee. Lessor hereby grants to Lessee an exclusive option to purchase, at Lessee's discretion, one or, if applicable and Lessee so chooses, both of the parcels comprising the Premises in accordance with the provisions of this Lease, as long as Lessee is not in default with respect to any of its payment obligations hereunder at the time Lessee exercises the option. If Lessee is also leasing Parcel 9 at the time of exercise of this option to purchase, said option shall automatically extend to Parcel 9. If Lessee is not so leasing Parcel 9, this option shall extend only to the Premises, as initially defined.

2. Option Period. Lessee shall have the right to exercise the option to purchase at any time during the period commencing on January 1, 1997, and ending on the expiration or termination of this Lease (the "Purchase Period").

3. Method of Exercising Option. Lessee shall exercise the option by giving written notice ("Option Notice") to Lessor at any time within the Purchase Period.

4. Purchase Price.

a. Price set by Appraisal. The parties shall have thirty (30) days after Lessor receives the Option Notice in which to agree on the purchase price for the Premises (the "Purchase Price"). If the parties are unable to agree on the Purchase Price within such thirty (30)-day period, then within ten (10) days after the expiration of such period, (i) Lessee shall provide Lessor with a written statement setting forth what Lessee believes to be the maximum reasonable purchase price for the Premises (the "Lessee Price") and (ii) each party, at its respective cost and by giving notice to the other party, shall appoint a qualified real estate appraiser with at least five (5) years' full-time commercial appraisal experience in Northern California to establish the Purchase Price. If a party does not appoint an appraiser within ten (10) days after it has received written notice from the other party of the name of its appraiser, the single appraiser appointed shall be the sole appraiser and shall set the Purchase Price of the Premises. If two appraisers are appointed by the parties in accordance with this paragraph, they shall meet promptly (but in no event more than five (5) days after the appointment of the latter appraiser), and attempt to establish the Purchase Price. If they are unable to agree on the Purchase Price within thirty (30) days after the second appraiser has been appointed, they shall attempt to select a third appraiser meeting the qualifications stated in this paragraph within ten (10) days after the last day

the two appraisers are given to establish the Purchase Price. If they are unable to agree on the third appraiser, either of the parties to this Lease by giving ten (10) days' notice to the other party can apply to the then Presiding Judge of the Superior Court in the county in which the Premises are located, for the selection of a third appraiser who meets the qualifications stated in this paragraph. Each of the parties shall bear one-half (1/2) of the cost of appointing the third appraiser and of paying the third appraiser's fee. The third appraiser, however selected, shall be a person who has not previously acted in any capacity for either party.

Within thirty (30) days after the selection of the third appraiser, a majority of the appraisers shall establish the Purchase Price. If a majority of the appraisers is unable to set the Purchase Price within the stipulated period of time, the three appraisals shall be added together and their total divided by three; the resulting quotient shall be the Purchase Price. In appraising the Premises as provided in this paragraph, the appraisers shall not take into consideration the existence of this Lease or the Lessee Price.

After the Purchase Price for the Premises has been established, the appraisers shall immediately notify the parties. In no event, however, shall the Purchase Price be less than Three Dollars (\$3.00) per square foot.

Once established in accordance with the terms of this paragraph, the Purchase Price shall be binding on Lessor and Lessee. Lessee may thereafter proceed with the purchase of the Premises in accordance with this Article IV; provided, however, that Lessee shall not be obligated to effect such a purchase if the Purchase Price established in accordance with this Article IV is greater than the Lessee Price, in which case this Lease shall continue in full force and effect and the Lessee shall continue to have the right to exercise the option granted under this Article IV at any time thereafter during the term of this Lease or any extensions thereof.

In the event Lessee elects to proceed with the purchase of the Premises in accordance with this Article IV, Lessor and Lessee hereby covenant and agree to use their respective best efforts and to take all actions necessary to effect the closing of such purchase and the transfer of title to Lessee within thirty (30) days of Lessee's election to proceed with such purchase.

5. Method of Payment. The Purchase Price shall be payable in cash in lawful money of the United States to Lessor by Lessee at close of escrow (the date the grant deed is recorded). Escrow shall close within thirty (30) days of establishing the Purchase Price. The costs of escrow shall be shared equally in accordance with the custom of the county in which the Premises are located.

V. TERM

A. Initial Term. The term of this Lease is thirty-four (34) full calendar years, beginning January 1, 1992, and ending at midnight on January 1, 2026, unless extended or sooner terminated as provided for in this Lease. Lessee shall have the option to terminate this Lease at any time after January 1, 1997, upon delivery of six (6) months written notice to Lessor.

VI. RENT; SECURITY; OTHER PAYMENTS

A. Lessee's Covenant To Pay. Lessee shall pay the following sums; provided that Lessee shall have the right to offset any such payments to be made pursuant to this Article VI against any fees, expenses or charges paid or incurred by Lessee due to Lessor's failure to perform under this Lease

B. Rent/Option Payment.

1. Rent. Thirty-Six Thousand Dollars (\$36,000.00) to Lessor per annum, as rent payable in advance on the anniversary date of the date of this Lease, so long as this Lease remains in effect.

2. Option to Lease. Twenty-Four Thousand Dollars (\$24,000.00) to Lessor per annum payable in advance on the date of execution of this Lease and the first through fourth anniversary dates of the date of this Lease, so long as this Lease remains in effect during such period, as consideration for the option to lease Parcel 9, all as set forth above.

3. Cost of Living Adjustment. The minimum annual net rent required to be paid pursuant to Paragraph B. 1. of this Article VI

shall be adjusted upward or downward as of the first (1st) day of each year (the adjustment date) beginning on the first day of the second year of the lease term, according to the following computation:

The base for computing the adjustment is the index figure for the month nearest the commencement date of the lease term (the index date), as shown in the Consumer Price Index (CPI) for All items--U.S. Average/Housing--San Francisco-Oakland based on the period 1957-1959 = 100 as published by the U.S. Department of Labor's Bureau of Labor Statistics.

The index for the adjustment date shall be computed as a percentage of the base figure. For example, assuming the base figure on the index date is 110 and the index figure on the adjustment date is 121, the percentage to be applied is $121/110 = 1.10 = 110$ Percent. That percentage shall be applied to the initial minimum annual net rent for the period beginning on the adjustment date and continuing until the next adjustment date.

The index for the adjustment date shall be the one reported in the U.S. Department of Labor's most comprehensive official index then in use and most nearly answering the foregoing description of the index to be used. If it is calculated from a base different from the base period 1957 - 1959 = 100 used for the base figure above, the base figure used for calculating the adjustment percentage shall first be converted under a formula supplied by the Bureau.

If the described index shall no longer be published, another generally recognized authoritative source shall be substituted by agreement of the parties. If they are unable to agree within thirty (30) days after demand by either party, the substitute index shall, on application of either party, be selected by the chief officer of the San Francisco regional office of the Bureau of Labor Statistics or its successor.

4. No Adjustment Below Initial Minimum Rent. In no event shall the amount of minimum annual net rent be reduced below the initial amount specified in Article VI, Paragraph B. 1.

5. Limitation on Upward Adjustments. In no event shall the amount of minimum annual rent be increased by more than ten percent (10%) by reason of any adjustment pursuant to Article VI, Paragraph B. 3.

C. Taxes; Assessments.

1. On Real and Personal Property. All real and personal property taxes, general and special assessments, annexation fees, and other charges of every description levied on or assessed against the Premises, improvements located on the Premises, personal property located on or in the Premises or the improvements thereon, the leasehold estate, or any subleasehold estate, to the full extent of installments falling due during the term, whether belonging to or chargeable against Lessor or Lessee. Lessee shall make all such payments directly to the charging authority before delinquency and before any fine, interest, or penalty shall become

due or be imposed by operation of law for their nonpayment. If, however, the law expressly permits the payment of any or all of the above items in installments (whether or not interest accrues on the unpaid balance), Lessee may, at Lessee's election, utilize the permitted installment method, but shall pay each installment with any interest before delinquency.

2. Prorations.

a. For First and Final Years of Term. All payments of taxes or assessments, or both, shall be prorated for the initial lease year and for the year in which the lease terminates.

b. For Other Property of Lessor. If the Premises are assessed with other property of Lessor for purposes of Property taxes, assessments, or other ad valorem or improvement levies (collectively referred to in this paragraph as taxes), all taxes imposed on the entire parcel of which the Premises are a part shall, until the Premises are separately assessed, be prorated such that Lessee shall pay (i) 19.5% of the entire tax computed in the event the Premises are comprised solely of Parcel 10 or (ii) 39% of the entire tax computed if the Premises are comprised of Parcels 9 and 10.

3. Lessee's Right to Contest. Lessee may contest the legal validity or amount of any taxes, assessments, or charges for which Lessee is responsible under this Lease, and may institute such proceedings as Lessee considers necessary at Lessee's sole expense. If Lessee contests any such tax, assessment, or charge, Lessee may

withhold or defer payment or pay under protest but shall indemnify Lessor and the Premises from any lien.

Lessor appoints Lessee as Lessor's attorney-in-fact for the purpose of making all payments to any taxing authorities and for the purpose of contesting any taxes, assessments, or charges, conditioned on Lessee's preventing any liens from being levied on the Premises or on Lessor (other than the statutory lien of Revenue and Taxation Code Section 2187).

4. Exemptions. Lessee's obligation to pay taxes or assessments levied or charged against the Premises or improvements or against specified personal property shall not include the following, whatever they may be called: business income, or profits taxes levied or assessed against Lessor by federal, state, or other governmental agency; estate, succession, inheritance, or transfer taxes of Lessor; or corporation, franchise, or profits taxes imposed on the corporate owner of the fee title of the Premises. If, however, during the term, taxes are imposed, assessed, or levied on the rents derived from the Premises in lieu of all or any part of real property taxes, personal property taxes, or real and personal property taxes that Lessee would have been obligated to pay under the foregoing provisions, and the purpose of the new taxes is more closely akin to that of an ad valorem or use tax than to an income or franchise tax on Lessor's income, Lessee shall pay the taxes as provided above for property taxes and assessments.

5. Proof of Compliance. Lessee shall furnish to Lessor, upon request, receipts or other appropriate evidence establishing Lessee's tax payment. Lessee may at its discretion comply with this requirement by retaining a tax service to notify Lessor whether the taxes have been paid.

D. Common Area and Other Expenses. Lessee shall pay its proportionate share (19.5% if the Premises are comprised solely of Parcel 10 or 39% if the Premises are comprised of Parcels 9 and 10) of all common area expenses listed on Exhibit B, attached hereto and initialed by the parties, including liability insurance and water facilities (which will be separately metered) within thirty (30) days of receiving Lessor's annual invoice with reasonable documentation attached. Extraordinary expense items, which have been previously approved by Lessee in writing, except for emergency repairs, and water billings will be billed upon occurrence. Upon connection to City of Hollister, California (the "City") sewer and water services, Lessee shall pay directly to City for services metered and used by Lessee. Lessor hereby represents that it is its best good-faith estimate that Lessee's proportionate share of such common area expenses, not including taxes and special assessments, will not exceed One Thousand Dollars (\$1,000.00) per year.

VII. USES; PURPOSES

Lessee shall use and permit the use of the Premises primarily for the construction, maintenance, and operation of a rodent

breeding facility and general office and administration, provided that Lessee may at any time use the existing or subsequent improvements, or permit them to be used, for any lawful purpose. Provided further that Lessee shall at all times comply with any and all government regulations and/or restrictions governing Lessee's use. Lessor represents and warrants that the Premises (which term shall include Parcels 9 and 10 for purposes of this Article VII) are presently zoned for operation of a rodent breeding facility and the general office and administration activities associated therewith, and Lessor knows, without any independent investigation on its part, of no current or pending regulations, ordinances or other laws which would prohibit or limit Lessee's proposed use of the Premises as an operating rodent breeding facility.

VIII. IMPROVEMENTS

A. Construction.

1. Lessee's Duty to Pay Fee For Offsite Improvements. Within thirty (30) days of the date of execution of this Lease, Lessee will deliver to Lessor a check in the amount of Two Hundred Twenty Thousand Dollars (\$220,000.00), representing a one-time fee covering offsite development expenses in connection with its lease of Parcel 10. In consideration of receipt of such fee, Lessor will construct the off-site improvements specified in Exhibit C, attached hereto, in accordance with the specifications and construction schedule set forth in such Exhibit C. If Lessee elects to lease or purchase Parcel 9, it will be required to pay

HIC Associates for services rendered an additional one-time fee of Two Hundred Twenty Thousand Dollars (\$220,000.00) on the date of its Lease or purchase of Parcel 9. Lessor shall consult with Lessee's engineering personnel in connection with the construction of the offsite improvements on Parcel 10 and, if applicable, Parcel 9, and will cooperate with Lessee in ensuring that such offsite improvements meet Lessee's presently projected needs.

2. Conditions of Major Construction.

a. Introductory Clause. Before any major work of construction is commenced on the Premises, and before any building materials have been delivered to the Premises by Lessee or under Lessee's authority, Lessee shall comply with all the following conditions or procure Lessor's written waiver of the condition or conditions specified in the waiver:

b. Offsite Improvements. Lessee shall have paid Lessor the \$220,000.00 fee for construction of all offsite improvements in accordance with the specifications and construction schedule set forth in Exhibit C hereto.

c. Agreement as to Plans and Specifications. The plans, specifications and designs shall be substantially the same as is attached hereto marked Exhibit D, and by this reference incorporated herein, the same to be submitted to San Benito County for issuance of appropriate permits. Lessor acknowledges and agrees that the plans, specifications and designs so attached as Exhibit D relate to Parcel 10, and the aforementioned approval by

San Benito County applies to plans, specifications and designs submitted with respect to Parcel 10.

d. Notice of intent to Construct. Notify Lessor of Lessee's intention to commence a work of improvement at least three (3) days before commencement of any such work or delivery of any materials. Lessor shall have the right to post and maintain on the Premises any notices of nonresponsibility provided for under applicable law, and to inspect the Premises in relation to the construction at all reasonable times, upon prior written notice to Lessee.

e. Required Governmental Permits. Procure and deliver to Lessor at Lessee's expense evidence of compliance with all then applicable codes, ordinances, regulations, and requirements for permits and approvals, including but not restricted to a grading permit, building permits, zoning and planning requirements, and approvals from various governmental agencies and bodies having jurisdiction.

f. Builder's Risk and Other Insurance. Deliver to Lessor (1) certificates of insurance evidencing coverage for "builder's risk," and (2) evidence of worker's compensation insurance in the State of California.

3. Soil Conditions. Except as provided to the contrary in Article XII of this Lease, Lessor makes no covenants or warranties respecting the condition of the soil or subsoil or any other condition of the Premises. Lessee may enter onto the land before

commencement of the term to make environmental, soil and structural engineering tests that Lessee considers necessary. All such tests made by or on behalf of Lessee shall be at Lessee's sole expense and shall be evidenced by a separate contract. A copy of the report shall be delivered to Lessor on commencement of the term. The receipt of test results satisfactory to Lessee is of the essence of this Lease and is expressly made a condition precedent to this Lease. In the event such tests yield evidence of contamination of the soil or subsoil of the Premises, giving rise to liability, this Lease shall be declared a nullity and Lessor shall promptly refund to Lessee all amounts previously paid hereunder. Thereafter, neither party shall have any liabilities or obligations to the other arising out of this Lease.

4. Completion.

a. Notice of Completion. On completion of any substantial work of improvement during the term, Lessee shall file or cause to be filed a notice of completion.

b. Notice of Changes in Plans. On completion of any work of improvement, Lessee shall give Lessor notice of all changes in plans or specifications made during the course of the work and shall, at the same time and in the same manner, supply Lessor with "as built" drawings accurately reflecting all such changes. Lessor acknowledges that it is common practice in the construction industry to make numerous changes during the course of construction on substantial projects. Changes that do not substantially alter

plans and specifications previously approved by Lessor do not constitute a breach of Lessee's obligations.

5. Further Development. Lessor represents and warrants that any development of the undeveloped lots within the subdivision (including Parcel 9, if not purchased by Lessee) shall be of a quality and character reasonably consistent with Lessee's operations and shall be limited to light industrial uses.

D. Maintenance; Repairs; Alterations; Reconstruction.

1. Lessee Required To Maintain Premises.

a. Definition of Duty; Compliance With Laws. Throughout the term, Lessee shall, at Lessee's sole cost and expense, maintain the Premises and all improvements in reasonable condition and repair, ordinary wear and tear excepted, and in accordance with all applicable laws, rules, ordinances, orders and regulations of (1) federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials; (2) the insurance underwriting board or insurance inspection bureau having or claiming jurisdiction; and (3) all insurance companies insuring all or any part of the Premises or improvements or both. Lessor hereby represents and warrants that, to the best of Lessor's knowledge, as of the date of this Lease, the Premises and all improvements thereon have been maintained in accordance with all of the foregoing laws, rules, ordinances, orders and regulations.

Nothing in this Lease shall be construed as limiting any right given elsewhere in this Lease to alter, modify, demolish, remove, or replace any improvement. No deprivation, impairment, or limitation of use resulting from any event or work contemplated by the preceding paragraph shall entitle Lessee to any offset, abatement, or reduction in rent nor to any termination or extension of the term.

2. Major and Minor Reconstructions, Alterations.

a. Major and Minor Distinguished. Lessor's approval is not required for Lessee's minor alterations, or additions. "Minor" means a construction cost not exceeding Five Hundred Thousand Dollars (\$500,000.00). "Major" alterations or additions are those not defined as minor above. For major alterations or additions, Lessee shall comply with all conditions of Major Construction elsewhere in this Lease.

b. When Lessor's Approval of Plans Not Required. If Lessee's proposed work does not substantially alter the then-existing use of the Premises, Lessor's approval of plans and specifications shall not be required. If Lessor's approval is required, the provision relating to Lessor's approval in the conditions of Major Construction shall apply.

C. Ownership of Improvements.

1. Ownership of New Improvements During Term. All improvements constructed on the Premises by Lessee as permitted by this Lease shall be owned by Lessee until expiration of the term

or sooner termination of this Lease. Lessee shall not, however, waste or destroy any improvements on the Premises, but may repair and modify such improvements at Lessee's discretion. The parties covenant for themselves and all persons claiming under them that the improvements are real property.

2. Ownership at Termination.

a. Reversion to Lessor. All improvements on the Premises at the expiration of the term or sooner termination of this Lease shall, without compensation to Lessee, then become Lessor's property free and clear of all claims to or against them as of the date of transfer by Lessee or any third person, and Lessee shall defend and indemnify Lessor against all liability and loss arising from any such claims made on or before date of transfer or from Lessor's exercise of the rights conferred by this paragraph. Lessor and Lessee understand and agree that Lessee shall be obligated under this provision to leave only the concrete building shell and any existing infrastructure or landscaping improvements following the expiration or termination of this Lease and Lessor shall have no claim that any other improvements constitute property of the Lessor.

IX. ASSIGNMENT; SUBLETTING

A. Assignment.

1. Lessee's Right to Assign. Lessee shall have the right to assign or otherwise transfer Lessee's interest in this Lease and the estate created by this Lease only with the consent of the

Lessor, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Lessee shall be free to assign or otherwise transfer Lessee's interest in this Lease and the estate created by this Lease without Lessor's consent to any successors, assigns or affiliates of the Lessee or to any other third party engaged in the rodent breeding business.

2. Conditions Precedent to Assignment. The following are conditions precedent to Lessee's right of assignment:

a. Lessee shall give Lessor reasonable notice of the proposed assignment.

b. The proposed assignee shall, in recordable form, expressly assume all the covenants and conditions of this Lease.

B. Right to Sublet. Lessee shall have the absolute right to sublet all or any part or parts of the Premises or the improvements or both, and to assign, encumber, extend, or renew any sublease, provided the following provisions are complied with:

1. Each sublease shall contain a provision, reasonably satisfactory to Lessor requiring sublessee to attorn to Lessor.

2. Lessee shall, promptly after execution of each sublease, notify Lessor of the name and mailing address of the sublessee and shall, on demand, permit Lessor to examine and copy the sublease.

3. Lessee shall not accept, directly or indirectly, more than one (1) month's prepaid rent from any sublessee. Lessor agrees, from time to time at Lessee's request, to execute and deliver a non-disturbance and attornment agreement with

Lessor and any sublessee of the entire Premises for the purpose of providing that, in the event of the termination of this Lease, Lessor shall not disturb the possession of such sublessee and shall recognize such sublessee's rights under any sublease executed in accordance with this Paragraph B., and that notwithstanding a termination of this Lease, such sublease shall continue in full force and effect; provided such sublessee is not in default of any of the material terms of its sublease or this Ground Lease.

X. INSURANCE

A. Fire and Extended Coverage.

1. Lessee's Duty To keep Improvements Insured. Throughout the term, at Lessee's sole cost and expense, Lessee shall keep or cause to be kept insured for the benefit of Lessee, all improvements located on the Premises against loss or damage by fire and such other risks as are now or hereafter included in an extended coverage endorsement in common use for commercial structures, including vandalism and malicious mischief. The amount of the insurance shall be established at Lessee's reasonable discretion.

2. Builder's Risk Coverage. Before commencement of any demolition or construction, Lessee shall procure, and shall maintain in force until completion and acceptance of the work, "all risks" builder's risk insurance including vandalism and malicious mischief, in form and with a company reasonably acceptable to Lessor, covering improvements in place and all material and

equipment at the job site furnished under contract, but excluding contractor's, subcontractor's, and construction manager's tools and equipment and property owned by contractor's or subcontractor's employees, with limits satisfactory to Lessee.

B. Other Insurance and Indemnification.

1. Public Liability Insurance. Throughout the term, at Lessee's sole cost and expense, Lessee shall keep or cause to be kept in force, for the mutual benefit of Lessor and Lessee, commercial broad form general liability insurance against claims and liability for personal injury, death, or property damage arising from the use, occupancy, disuse, or condition of the Premises, improvements, or adjoining areas or ways, providing single limit coverage of at least Two Million Dollars (\$2,000,000.00). As to any common areas, Lessor shall similarly keep or cause to be kept in force, as a common area expense general liability insurance, of the type and in the coverage amount specified above, for the mutual benefit of Lessor and Lessee, against liability for personal injury, death or property damage arising from Lessor'S negligence or willful acts or omissions.

C. Policy Form, Content, Insurer. All insurance required by express provisions of this Lease shall be carried only in responsible insurance companies licensed to do business in the State of California. The Lessor shall make no claim for recovery against Lessee for damages to or loss of the demised Premises or improvements thereon if such damage or loss is covered by any

policy of insurance protecting the Lessor and which contains a clause permitting the insured to waive such rights prior to the occurrence of a loss. Lessee shall furnish Lessor upon request with certificates evidencing the insurance. Within one hundred twenty (120) days after commencement of the Lease, Lessee shall furnish Lessor with certificates representing all insurance required by this Lease. Lessee may effect for its own account any insurance not required under this Lease. Lessee may provide by blanket insurance covering the premises and any other location or locations any insurance required or permitted under this Lease.

D. Failure to Maintain Insurance; Proof of Compliance. Lessee shall deliver to Lessor, upon request and in the manner rectuired for notices, copies of certificates of all insurance policies required by this Lease, together with evidence reasonably satisfactory to Lessor of payment required for procurement and maintenance of the policy.

If Lessee fails or refuses to procure or to maintain insurance as required by this Lease and such failure shall continue for thirty (30) days after Lessee receives Lessor's written notice thereof, then Lessor shall have the right, at Lessor's election and without notice, to procure and maintain such insurance. The reasonable premiums paid by Lessor shall be treated as added rent due from Lessee, to be paid on the first day of the month following the date on which the premiums were paid. Lessor shall give prompt

written notice of the payment of such premiums, stating the amounts paid and the names of the insurer or insurers.

E. Lessor's Nonliability. Lessor shall not be liable, and Lessee shall defend and indemnify Lessor against all liability and claims of liability, for damage or injury to person or property on or about the Premises from any cause, except Lessor's negligence, willful malfeasance, or breach of this Lease, or the negligence or willful malfeasance of any of Lessor's agents, employees, hirees or invitees. Except as set forth in Paragraph F below, Lessee waives all claims against Lessor for damage or injury to person or property arising, or asserted to have arisen, from any cause whatsoever, except Lessor's negligence, willful malfeasance, or breach of this Lease, or the negligence or willful malfeasance of any of Lessor's agents, employees, hirees or invitees.

F. Lessee's Nonliability. Lessee shall not be liable, and Lessor shall defend and indemnify Lessee against all liability and claims of liability, for damage or injury to personal property occurring in any common area from any cause, except Lessee's negligence, willful malfeasance, or breach of this Lease, or the negligence or willful malfeasance of any of Lessee's agents, employees, hirees or invitees. Except as set forth in Paragraph E. above, Lessor waives all claims against Lessee for damage or injury to person or property arising, or to have arisen, from any cause whatsoever, except Lessee's negligence, willful malfeasance, or breach of this

Lease, or the negligence or willful malfeasance of any of Lessee's agents, employees, hirees or invitees.

XI. CONDEMNATION

A. Preliminary Provisions.

1. Definitions. The following definitions apply in construing provisions of this Lease relating to a taking of or damage to all or any part of the Premises or improvements or any interest in them by eminent domain or inverse condemnation:

a. Taking means the taking or damaging, including severance damage, by eminent domain or by inverse condemnation or for any public or quasi-public use under any statute. The transfer of title may be either a transfer resulting from the recording of a final order in condemnation or a voluntary transfer or conveyance to the condemning agency or entity under threat of condemnation, in avoidance of an exercise of eminent domain, or while condemnation proceedings are pending. The taking shall be considered to take place as of the later of (i) the date actual physical possession is taken by the condemnor, or (ii) the date on which the right to compensation and damages accrues under the law applicable to the Premises.

b. Total taking means the taking of the fee title to all the Premises and the improvements on the Premises, which shall be considered to include any offsite improvements effected by Lessee to serve the Premises or the improvements on the Premises.

c. Substantial taking means the taking of so much of the Premises or improvements or both the conduct of Lessee's business on the Premises would be substantially prevented or impaired.

d. Partial taking means any taking of the fee title that is not either a total or a substantial taking.

e. Improvements means all products of skill, artifice, plan, or design for construction on, modification of, or planned use of existing structures, natural or cultivated, or earth contours on the Premises, including but not limited to: buildings, structures, fixtures, fences, utility installations, excavations, surfacing, water banks or channels, and grading; landscaping, ground cover, planting, and earth contours forming part of a landscaping design; and artistic and ornamental components of any of the above.

f. Notice of intended taking means any written notice or notification on which a reasonably prudent man would rely and which he would interpret as expressing an existing intention of taking as distinguished from a mere preliminary inquiry or proposal. It includes, but is not limited to, the service of a condemnation summons and complaint on a party to this Lease. The notice is considered to have been received when a party to this Lease receives from the condemning agency or entity a notice of intent to take, in writing, containing a description or map of the taking reasonably defining the extent of the taking.

g. Award means compensation paid for the taking whether pursuant to judgment or by agreement or otherwise.

2. Notice to Other Party. The party receiving any notice of the kinds specified below shall promptly give the other party written notice of the receipt, contents, and date of the notice received:

a. Notice of intended taking;

b. Service of any legal process relating to condemnation of the Premises or improvements;

c. Notice in connection with any proceedings or negotiations with respect to such a condemnation; or

d. Notice of intent or willingness to make or negotiate a private purchase, sale, or transfer in lieu of condemnation.

3. Representative of Each Party; Effectuation. Lessor, Lessee, and all persons and entities holding under Lessee shall each have the right to represent his or its respective interest in each proceeding or negotiation with respect to a taking or intended taking and to make full proof of his or its claims. No agreement, settlement, sale, or transfer to or with the condemning authority shall be made without the consent of Lessor and Lessee. Lessor and Lessee each agrees to execute and deliver to the other any instruments that may be reasonably required to effectuate or facilitate the provisions of this Lease relating to condemnation.

B. Division.

1. "Just and Equitable" Division. In the event of a total, substantial, or partial taking, the rights of the parties with respect to the term, the rent, and the award shall be as the parties then agree to be just and equitable under all the circumstances, regardless of any technical rule of law, having in mind the economics of operating any remaining portion of the Premises and improvements, the cost of restoration, and the balance of the term remaining, among other relevant considerations.

XII. HAZARDOUS MATERIALS

As used in this Lease, the term "hazardous materials" shall mean any substance or material which has been determined by the State of California, the federal government, the City of Hollister, County of San Benito, or any agency of said governments, to be capable of posing a risk of injury to health, safety and property including, but not limited to, all of those materials and substances designated as hazardous or toxic by the Environmental Protection Agency, the California Water Quality Control Board, the U.S. Department of Labor, the California Department of Industrial Relations, the Department of Transportation, the Department of Agriculture, the Consumer Products Safety Commission, the Department of Health, Education & Welfare, the Food & Drug Administration or any other governmental agency now or hereafter authorized to regulate materials and substances in the environment. Without limiting the generality of the foregoing, the term

"hazardous materials" shall include all of those materials and substances defined as "toxic materials" in Sections 66680 through 66685 of Title 22 of the California Administrative Code, Division 4, Chapter 30, as the same may be amended from time to time.

Lessee shall promptly comply with all laws related to hazardous materials, including any and all required monitoring and record keeping, and any orders of a governmental authority requiring the cleanup and removal of hazardous materials from the Premises; provided such hazardous materials are on the Premises as a result of Lessee's actions. If the Premises, or any part thereof (including the soil, surface water, ground water or the air in or about the Premises), becomes contaminated by any hazardous material as a result of Lessee's actions, Lessee shall promptly at its sole cost take all action necessary to clean up and remove such contamination and restore the Premises to the condition existing immediately prior to the existence of such hazardous material in or about the Premises. If the Premises are so contaminated other than as a result of Lessee's actions, Lessor shall promptly at its sole cost take all actions necessary to clean up and remove such contamination and restore the Premises to the condition existing immediately prior to the existence of such hazardous material in or about the Premises. Lessee's obligations under this paragraph shall survive Lease termination. Lessee shall immediately notify Lessor in writing if Lessee causes or permits any hazardous material to be used or kept in or about the Premises which could

reasonably be expected to give rise to liability if improperly used or disposed of. Lessee shall be solely responsible for the cost of any required cleanup and removal of hazardous materials and/or toxic wastes which have been placed or left upon the Premises by Lessee after the date of execution of this Lease.

For (i) any cause of action arising from Lessee's negligence, Lessee shall indemnify Lessor, and (ii) any cause of action arising from Lessor's negligence, Lessor shall indemnify Lessee and, in each case, its officers, directors, affiliated companies (and each of their respective officers and directors), and hold them harmless from any and all claims, demands, liabilities, damages, including punitive damages, costs and expenses, including reasonable attorney's fees, herein collectively referred to as "Claims" including, but not limited to:

(1) Any claim by a federal, state or local governmental agency arising out of or in any way connected with the environmental condition of the Premises including, but not limited to, claims for additional cleanup of the Premises; and

(2) Any claim by a successor in interest of the indemnifying party (including a mortgagee who acquires title to the Premises through foreclosure or by accepting a deed in lieu of foreclosure), or by any subtenant, licensee, or invitee of the indemnifying party arising out

of or in any way connected with the environmental condition of the Premises.

Notwithstanding any of the foregoing, Lessor shall indemnify Lessee and its officers, directors, affiliated companies (and each of their respective officers and directors), successors and assigns against and hold them harmless from any and all claims, demands, liabilities, damages, including punitive damages, costs and expenses, including reasonable attorneys' fees, including but not limited to any claim, whether made by a federal, state or local governmental agency or otherwise, arising out of or in any way connected with the environmental condition of the Premises if such claim arises from any condition or conditions existing on the Premises prior to the date of execution of this Lease (collectively, "Pre-Existing Conditions") including, but not limited to, claims for any cleanup of the Premises.

In order to assist Lessor in assessing its potential liability for any Pre-Existing Conditions, Lessee has agreed to make timely delivery to Lessor of all reports prepared by the environmental consulting firm retained by the Lessee and relating to the Premises. Delivery of such reports to the Lessor is of the essence of this Lease and is expressly made a condition subsequent to this Lease. If, within thirty (30) days of receipt of such reports, Lessor reasonably determines that Lessor's potential liability for any Pre-Existing Conditions specified in such reports or any other Pre-Existing Conditions which may exist presents a significant

financial risk which Lessor is unwilling to assume, Lessor may so notify Lessee in writing at any time during such thirty (30)-day period and, following receipt of such written notice by Lessee, this Lease shall be declared a nullity and Lessor shall promptly refund to Lessee all amounts previously paid by Lessee. Thereafter, neither party shall have any liabilities or obligations to the other arising out of this Lease. Failure to deliver such written notice within the prescribed thirty (30)-day period shall constitute acceptance by the Lessor of all of its obligations hereunder with respect to the Pre-Existing Conditions.

Notwithstanding the foregoing, Lessor may, at its option, retain its own environmental consulting firm to further assist Lessor in assessing its potential liability for any Pre-Existing conditions and Lessee will, upon written request, reimburse Lessor for up to One Thousand Dollars (\$1,000.00) of the cost of any reports prepared by such firm; provided copies of such reports are provided to Lessee. If such reports are delivered to Lessor subsequent to delivery of the reports prepared at the request of Lessee (but in no event later than May 30, 1992), the thirty (30)-day period referred to in the preceding paragraph shall commence upon the receipt of such reports.

Notwithstanding anything to the contrary, for purposes of this Article XII, any condition or conditions existing on any parcels of land adjoining the Premises (which term shall include Parcels 9 and 10 for purposes of this Article XII) and described in any of

the reports prepared by or for the benefit of Lessor or Lessee pursuant to this Article XII and delivered to Lessor, including, without limitation, that certain Phase I Environmental site Assessment dated March 25, 1992, and prepared by ERM-West, Inc., a copy of which has been provided to Lessor, shall constitute Pre-Existing Conditions for all purposes of this Lease and Lessor's indemnification obligations hereunder shall extend to such Pre-Existing Conditions.

XIII. DEFAULT; REMEDIES

A. Lessee's Default.

1. Introductory Clause. Each of the following events shall be a default by Lessee and a breach of this Lease:

a. Failure to Materially Perform Lease Covenants. Abandonment of the Premises or of the leasehold estate, or failure or refusal to pay within thirty (30) days of when due any installment of rent or any other sum required by this Lease to be paid by Lessee, or to materially perform as required or conditioned by any other covenant or condition of this Lease.

b. Attachment or Other Levy. The subjection of any right or interest of Lessee to attachment, execution, or other levy, or to seizure under legal process, if not released within one hundred twenty (120) days.

c. Appointment of Receiver. The appointment of a receiver to take possession of the Premises or improvements or of Lessee's interest in the leasehold estate or of Lessee's operations

on the Premises for any reason, including but not limited to, assignment for benefit of creditors or voluntary or involuntary bankruptcy proceedings, not released within one hundred twenty (120) days.

d. Insolvency, Bankruptcy. An assignment by Lessee for the benefit of creditors or the filing of a voluntary or involuntary petition by or against Lessee under any law for the purpose of adjudicating Lessee a bankrupt; or for extending time for payment, adjustment, or satisfaction of Lessee's liabilities; or for reorganization, dissolution, or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceeding, and all consequent orders, adjudications, custodies, and supervisions are dismissed, vacated, or otherwise permanently stayed or terminated within one hundred twenty (120) days after the assignment or filing.

e. Default in Mortgage Payment. Default or delinquency in the payment of any loan secured by a mortgage against Lessee's leasehold after the expiration or termination of any applicable grace periods.

f. Lessee's Right to Cure Defaults. If the alleged default is nonpayment of rent, taxes, or other sums to be paid by Lessee as provided herein as rent, or elsewhere in this Lease directed to be paid as rent, Lessee shall have thirty (30) days after written notice is given to cure the default. For the cure of any other default, Lessee shall promptly and diligently after

the notice commence curing the default and shall have thirty (30) days after notice is given, to complete the cure plus any additional period that is reasonably required for the curing of the default.

g. Lessor's Right to Cure Lessee's Defaults. After expiration of the applicable time for curing a particular default, or before the expiration of that time in the event of emergency, Lessor may at Lessor's election, but is not obligated to, make any payment required of Lessee under this Lease or under any note or other document pertaining to the financing of improvements or fixtures on the Premises, or perform or comply with any covenant or condition imposed on Lessee under this Lease or any such note or document, and the amount so paid plus the reasonable cost of any such performance or compliance, plus interest on such sum at the rate of three percent (3%) over the Bank of America prime lending rate per year from the date of payment, performance, or compliance (herein called act), shall be deemed to be additional rent payable by Lessee with the next succeeding installment of rent. No such act shall constitute a waiver of default or of any remedy for default or render Lessor liable for any loss or damage resulting from any such act.

B. Lessor's Remedies

1. Introductory Clause. if any default by Lessee shall continue uncured, following notice of default as required by this Lease, for the period applicable to the default under the

applicable provision of this Lease, including all applicable cure periods, Lessor has the following remedies in addition to all other rights and remedies provided by law or equity, to which Lessor may resort cumulatively or in the alternative.

2. Nonmonetary Remedies

a. Termination. Lessor may at Lessor's election terminate this Lease by giving Lessee written notice of termination. On the giving of the notice, all Lessee's rights in the Premises and in all improvements shall terminate. Promptly after notice of termination, Lessee shall surrender and vacate the Premises and all improvements in broom-clean condition, and Lessor may reenter and take possession of the Premises and all remaining improvements and eject all parties in possession or eject some and not others or eject none; provided that no subtenant qualifying under nondisturbance provisions of this Lease shall be ejected. Termination under this paragraph shall not relieve Lessee from the payment of any sum then due to Lessor or from any claim for damages previously accrued or then accruing against Lessee.

b. Reentry Without Termination. Lessor may at Lessor's election reenter the Premises, and, without terminating this Lease, at any time and from time to time relet the Premises and improvements or any part or parts of them for the account and in the name of Lessee or otherwise. Lessor may at Lessor's election eject all persons or eject some and not others or eject none; provided that no subtenant qualifying under nondisturbance

provisions of this Lease shall be ejected. Lessor shall apply all rents from reletting as in the provision on assignment of subrents. Any reletting may be for the remainder of the term or for a longer or shorter period. Lessee shall nevertheless pay to Lessor on the due dates specified in this Lease the equivalent of all sums required of Lessee under this Lease, plus Lessor's reasonable expenses, less the avails of any reletting or attornment. No act by or on behalf of Lessor under this provision shall constitute a termination of this Lease unless Lessor gives Lessee notice of termination. Lessee shall, in all events under this subparagraph b., be given credit for any sums collected on reletting.

c. Lessee's Personal Property. Lessor may at Lessor's election use Lessee's personal property and trade fixtures or any of such property and fixtures without compensation and without liability for use or damage, or store them for the account and at the cost of Lessee. The election of one remedy for any one item shall not foreclose an election of any other remedy for another item or for the same time at a later time.

3. Monetary Remedies.

a. Recovery of Rent. Lessor shall be entitled at Lessor's election to each installment of rent or to any combination of installments for any period before termination, plus interest at the rate of three percent (3%) over the Bank of America prime lending rate per year from the due date of each installment. Avails of reletting or attorned subrents shall be applied, when

received, as follows: (1) to Lessor to the extent that the avails for the period covered do not exceed the amount due from and charged to Lessee for the same period, and (2) the balance to Lessee. Lessor shall make reasonable efforts to mitigate Lessee's liability under this provision.

b. Damages. Lessor shall be entitled at Lessor's election to damages in the following sums: (1) all amounts that would have fallen due as rent between the time of termination of this Lease and the time of the claim, judgment, or other award, less the avails of all relettings and attornments and less all amounts by which Lessor should reasonably have mitigated those rental losses, plus interest on the balance at the rate of three percent (3%) over the Bank of America prime lending rate per year; and (2) the "worth" at the time of the claim, judgment, or other award, of the amount by which the unpaid rent for the balance of the term exceeds the then fair rental value of the Premises at the higher of the fair rental value as then encumbered by the Lease and improvements and the fair rental value unencumbered by the Lease and improvements. "Worth," as used in this provision, is computed by discounting the total at the discount rate of the Federal Reserve Bank of San Francisco at the time of the claim, judgment, or award.

c. Assignment of Subrents. Lessee assigns to Lessor all subrents and other sums falling due from subtenants, licensees, and concessionaires (herein called subtenants) during any period in

which Lessor has the right under this Lease, whether exercised or not, to reenter the Premises for Lessee's default, and Lessee shall not have any right to such sums during that period, except as provided in Article XIII, Paragraph B. 3. a. Lessor may at Lessor's election reenter the Premises and improvements with notice and process of law, without terminating this Lease, and either or both collect these sums or bring action for the recovery of the sums directly from such obligors. Lessor shall receive and collect all subrents and avails from reletting, applying them: first, to the payment of reasonable expenses (including attorneys' fees or brokers' commissions or both; provided said brokers are not affiliated with Lessor or any of its affiliates) paid or incurred by or on behalf of Lessor in recovering possession, placing the Premises and improvements in good condition, and preparing or altering the Premises or improvements for reletting; second, to the reasonable expense of securing new lessees; third, to the fulfillment of Lessee's covenants to the end of the term; and fourth, to Lessor's uses and purposes. Lessee shall nevertheless pay to Lessor on the due dates specified in this Lease the equivalent of all sums required of Lessee under this Lease, plus Lessor's reasonable expenses, less the avails of the sums assigned and actually collected under this provision. Lessor may proceed to collect either the assigned sums or Lessee's balances or both, or any installment or installments of them, either before or after expiration of the term, but the period of limitations shall not

begin to run on Lessee's payments until the due date of the final installment to which Lessor is entitled nor shall it begin to run on the payments of the assigned sums until the due date of the final installment due from the respective obligors.

C. Notice of Lessor's Default; Lessee's Waiver. Lessor shall not be considered to be in default under this Lease unless (1) Lessee has given notice specifying the default and (2) Lessor has failed for thirty (30) days to cure the default, if it is curable, or to institute and diligently pursue reasonable corrective or ameliorative acts for noncurable defaults. Lessee shall have the right of termination for Lessor's default only after notice to all mortgagees under mortgages then existing under provisions of this Lease relating to purchase or construction of improvements; provided, however, that Lessee shall only be required to give notice to Lessor's mortgagees if Lessor has previously provided Lessee with written notice as to the existence of said mortgagees and their respective addresses for notices.

D. Provisions Applicable to Both Parties.

1. Unavoidable Default or Delay. Any prevention, delay, nonperformance, or stoppage due to any of the following causes shall excuse nonperformance for a period equal to any such prevention, delay, nonperformance, or stoppage, except the obligations imposed by this Lease for the payment of rent, taxes, insurance, or obligations to pay money that are treated as rent. The causes referred to above are: Strikes, lockouts, labor

disputes, failure of power, inability to obtain labor or materials or reasonable substitutes for either, governmental restrictions or regulations or controls (except those reasonably foreseeable in connection with the uses contemplated by this Lease), casualties not contemplated by insurance provisions of this Lease, or other causes beyond the reasonable control of the party obligated to perform.

2. Waiver, Voluntary Acts. No waiver of any default shall constitute a waiver of any other breach or default, whether of the same or any other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by either party shall give the other any contractual right by custom, estoppel, or otherwise. The subsequent acceptance of rent pursuant to this Lease shall not constitute a waiver of any preceding default by Lessee other than default in the payment of the particular rental payment so accepted, regardless of Lessor's knowledge of the preceding breach at the time of accepting the rent, nor shall acceptance of rent or any other payment after termination constitute a reinstatement, extension, or renewal of the Lease or revocation of any notice or other act by Lessor.

3. Attorney's Fees. If either party brings any action or proceeding to enforce, protect, or establish any right or remedy, the prevailing party shall be entitled to recover reasonable attorney's fees.

XIV. WATER TO PREMISES

A. Lessor through the private water system can furnish water to the Premises, under normal conditions and at Lessee's expense, forty (40) gallons per minute. An additional forty (40) gallons per minute can be furnished to Parcel 9 if the option to Lease is exercised.

B. If Lessee's water requirements exceed said 40-gallons per minute, Lessee will be required, at its expense, to construct a water storage tank, or take other reasonable action necessary, in Lessee's discretion, to increase its water capacity.

XV. TITLE

A. Title. Lessor covenants that Lessor has good and clear record and marketable title to the Premises in fee simple absolute, subject to no lesses, tenancies, agreements, restrictions, encumbrances, liens or defects in title other than (1) zoning laws and ordinances; and (2) unpaid real estate taxes for the current fiscal tax year which are not yet due and payable; and (3) all other items set forth on the preliminary title report, attached hereto marked Exhibit E, and by this reference incorporated herein.

B. Restrictions. To the best of Lessor's knowledge, Lessor covenants that there are, at this time, no legal restrictions of any kind whatsoever, including without limitation, restrictive covenants, zoning ordinances or regulations which will prevent Lessee from using the Premises for the construction and operation of a rodent breeding facility and the general office and

administration activities associated therewith. If any such legal restrictions are now in existence, Lessee shall have the right to cancel this Lease by giving written notice to Lessor, in which event this Lease shall terminate as of the giving of such notice, Lessor shall refund to Lessee the \$220,000.00 paid hereunder for the construction of any offsite improvements, and Lessee shall be under no further obligation to Lessor.

C. No Encumbrances. Lessor covenants that Lessor has full right and lawful authority to enter into this Lease in accordance with the terms hereof and to grant the estate demised hereby. Lessor covenants that it will not encumber or lien the title of the Premises or cause or permit said title to be encumbered or liened in any manner whatsoever (other than as contemplated by Paragraph E. of Article III of this Lease), unless (i) Lessor causes to be delivered to Lessee a non-disturbance agreement satisfactory in form and substance to Lessee, and (ii) Lessor can provide Lessee with written assurances that such lien or encumbrance will not prevent Lessee from receiving clear title to the Premises (which term shall include Parcel 10 and, if applicable, Parcel (9)) on a timely basis. Lessee may reduce or discharge any encumbrance or lien in violation of this Paragraph C of Article XV, by payment or otherwise at any time after giving thirty (30) days' written notice thereof to Lessor and recover or recoup all costs and expenses thereof from Lessor together with interest at the rate of the prime rate of Bank of America, as it

may be adjusted from time to time, plus three per centum (3%) per annum, but in no event greater than the legal rate of centum per annum, but in no event greater than the legal rate of interest. Such recovery or recoupment may, in addition to all other remedies, be made by setting off against the amount of rent payable by Lessee hereunder.

D. Proof of Title. Prior to the delivery by Lessee of an executed copy of this Lease, Lessor shall furnish Lessee, without cost to Lessee, proof satisfactory to Lessee that Lessor's title to the Premises is in accordance with the covenants made in the preceding sections.

E. Quiet Enjoyment. Lessor covenants and agrees with Lessee that upon Lessee paying the rent required to be paid hereunder and performing and fulfilling all material covenants, agreements and conditions herein, Lessee shall and may, at all times during the term of this Lease and all extended terms, if any, peaceably and quietly have, hold and enjoy the Premises and all rights, appurtenances and privileges belonging or in any way appertaining thereto without hindrance or molestation.

XVI. EXCHANGE

A. Lessee agrees to cooperate with Lessor in effecting a 1031 exchange in the event the option to purchase contained herein is exercised.

XVII. SUBORDINATION

A. Lease To Be Prior But Subject to Subordination. This Lease is and shall be prior to any encumbrance now of record and any encumbrance recorded after the date of this Lease affecting the Premises. At the time of the execution of this Lease, the holder of any presently existing mortgage relating to the Premises (which term includes Parcels 9 and 10), or any portion of the Premises, shall have executed a written agreement, satisfactory in form and substance to Lessee, agreeing to subordinate the same to this Lease and shall have filed with the appropriate recording office(s) notice of such subordination, whereupon this Lease shall have priority over such mortgage. A copy of such filing shall be given to Lessee. The word "mortgage" as used in this Article XVII includes mortgages, deeds of trust or other similar instruments, and any modifications, consolidations, extensions, renewals, replacements and substitutions thereof. If, however, a lender requires that this Lease be subordinate to any such encumbrance, this Lease shall be subordinate to that encumbrance, if Lessor first obtains from the lender a written agreement, satisfactory in form and substance to Lessee, that provides substantially the following:

As long as Lessee performs its obligations under this Lease, said lender shall expressly agree that in the event it succeeds to the rights of Lessor hereunder, whether by foreclosure or otherwise, said lender shall not disturb the possession of Lessee and shall recognize Lessee's rights under this Lease, and that notwithstanding such succession, this Lease shall continue in full force and effect.

XVIII. GENERAL CONDITIONS; MISCELLANEOUS PROVISIONS

A. Transactions Between Parties.

1. Notice

Definition of notice; application of provision. As used in this Lease, notice includes but is not limited to the communication of notice, request, demand, approval, statement, report, acceptance, consent, waiver, and appointment. No notice of the exercise of any option or election is required unless the provision giving the election or option expressly requires notice. Unless the provisions of this Lease on rent direct otherwise, rent shall be sent in the manner provided for giving notice.

Writing. All notices must be in writing; provided that no writing other than the check or other instrument representing the rent payment itself need accompany the payment of rent.

Delivery. Notice is considered given on the date shown on the return receipt from an overnight courier or after deposit in the United States, mail in a sealed envelope or container, either registered or certified mail, return receipt requested, postage and postal charges prepaid, addressed by name and address to the party or person intended as follows:

Notice to Lessor: HIC ASSOCIATES,
a California Joint Venture
P.O. Box 721
Aptos, CA 95001-0721

Attn: Kenneth J. Lindsay

-or-

1745 San Felipe Road, Suite 1
Hollister, CA 95023

Notice to Lessee: CHARLES RIVER LABORATORIES,
251 Ballardvale Street
Wilmington, MA 01887
Attn: Counsel

Change of recipient or address. Either party may, by notice given at any time or from time to time, require subsequent notices to be given to another individual person, whether a party or an officer or representative, or to a different address, or both. Notices given before actual receipt of notice of change shall not be invalidated by the change.

Recipient named. Each recipient named must be an individual person. If more than one recipient is named, delivery of notice to any one such recipient is sufficient. If none of the recipients named in the latest designation of recipient is available for delivery in person, and if the notice addressed by mail to each recipient named in the latest designation of recipient is returned to the sender undelivered, notice shall be sufficient if sent by mail as above to the party as named in this Lease, unless the name or identity of the party has changed as permitted in this Lease and proper notice of the change has been given, in which event the notice shall be sufficient if sent by mail as above to the party named in the latest notice designating the party, and the notice

is considered given when the first attempt to give notice was properly made.

2. Performance of Lessee's Covenants by Others. Lessee may at Lessee's election delegate performance of any or all covenants to any one or more subtenant, or subtenants of subtenants, and the performance so delegated shall be deemed Lessee's performance. This provision shall not be considered to permit or to broaden the right of assignment or subletting beyond the provisions of this Lease relating to assignment and subletting.

3. Nonmerger of Fee and Leasehold Estates. If both Lessor's and Lessee's estates in the Premises or the improvements or both become vested in the same owner, this Lease shall nevertheless not be destroyed by application of the doctrine of merger except at the express election of the owner and the consent of the mortgagee or mortgagees under all mortgages existing under provisions of this Lease relating to the purchase or construction of improvements.

4. Estoppel Certificates; Liquidated Damages. At any time and from time to time, within ten (10) days after notice of request by either party, the other party shall execute, acknowledge, and deliver to the requesting party, or to such other recipient as the notice shall direct, a statement certifying that this Lease is unmodified and in full force and effect, or, if there have been modifications, that it is in full force and effect as modified in the manner specified in the statement. The statement shall also state the dates to which the rent and any other charges have been

paid in advance. The statement shall be such that it can be relied on by any auditor, creditor, commercial banker, and investment banker of either party and by any prospective purchaser or encumbrancer of the Premises or improvements or both or of all or any part or parts of Lessee's or Lessor's interests under this Lease.

5. Joint and Several Obligations. If either Lessor or Lessee consists of more than one person, the obligation of all such persons is joint and several.

B. Interpretation of Lease.

1. Captions, Table of Content. The table of contents of the Lease and the captions of the various articles and paragraphs of this Lease are for convenience and each of reference only and do not define, limit, augment, or describe the scope, content, or intent of this Lease or of any part or parts of this Lease.

2. Gender. The neuter gender includes the feminine and masculine, the masculine includes the feminine and neuter, and the feminine includes the neuter, and each includes corporation, partnership, or other legal entity when the context so requires.

3. Singular and Plural. The singular number includes the plural whenever the context so requires.

4. Exhibits, Agenda. All exhibits and addenda to which reference is made in this Lease are incorporated in the Lease by the respective references to them, whether or not they are actually attached, provided they have been signed or initialed by the

parties. Reference to "this Lease" includes matters incorporated by reference.

5. Entire Agreement. This Lease contains the entire agreement between the parties. No promise, representation, warranty, or covenant not included in this Lease has been or is relied on by either party. Each party has relied on his own examination of this Lease, the counsel of his own advisors, and the warranties, representations, and covenants in the Lease itself.

6. Severability. The invalidity or illegality of any provision shall not affect the remainder of the Lease.

C. Successors. Subject to the provisions of this Lease an assignment and subletting, each and all of the covenants and conditions of this Lease shall be binding on and shall inure to the benefit of the successors, executors, administrators, assigns, and personal representatives of the respective parties.

XIX. EXPIRATION; TERMINATION

A. Lessee's Duty to Surrender. At the expiration or earlier termination of the term, Lessee shall surrender to Lessor the possession of the Premises. Surrender or removal of improvements, fixtures, and trade fixtures shall be as directed in provisions of this Lease on ownership of improvements at termination. Notwithstanding other provisions of this Lease, all trade fixtures shall be removable. Lessee shall leave the surrendered Premises and any other property in good and broom-clean condition except as provided to the contrary in provisions of this Lease on maintenance

B. Recordation of Memorandum of Lease. Simultaneously with the delivery of this Lease, the parties have delivered a short-form Memorandum of Lease which Lessor shall record in the public office (s) in which such Memorandum is required to be filed in order to put third parties an notice. If this Lease is terminated before the expiration of its term, the parties shall execute, deliver and record an instrument acknowledging such fact and the date of termination of this Lease.

IN WITNESS WHEREOF, this Lease is executed on June 5th, 1992, at Hollister, California.

HIC ASSOCIATES,
A California Joint Venture

By /s/ KENNETH J. LINDSAY

KENNETH J. LINDSAY

By /s/ PATRICIA L. LINDSAY

PATRICIA L. LINDSAY

By /s/ PAUL W. BERTUCCIO

PAUL W. BERTUCCIO

By /s/ TINA BERTUCCIO

TINA BERTUCCIO

Lessor

CHARLES RIVER LABORATORIES, INC.

By /s/ JAMES C. FOSTER

JAMES C. FOSTER, President and
Chief Executive Officer

Lessee

COMMONWEALTH OF MASSACHUSETTS

County of Middlesex, ss.

June __, 1992

On this day of June, 1992, before me personally appeared the above-named James C. Foster, being the President and Chief Executive Officer of Charles River Laboratories, Inc., personally known to me and known by me to be the person whose name is subscribed to the attached instrument, and acknowledged that he executed the same for the purposes therein contained on behalf of Charles River Laboratories, Inc. as his free act and deed, before me.

Notary Public
Commission expires Nov. __, 1992

STATE OF CALIFORNIA)
)
County of San Benito)

On June 5, 1992, before me, Christine Scaglione, a Notary Public in and for said State, personally appeared Kenneth J. Lindsay and Patricia L. Lindsay and Paul W. Bertuccio and Tina Bertuacio, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signed /s/ CHRISTINE SCAGLIONE

CHRISTINE SCAGLIONE

OFFICIAL SEAL
CHRISTINE SCAGLIONE
NOTARY PUBLIC - CALIFORNIA
SAN BENITO COUNTY
My Comm. Expires. Nov. 13, 1992

EXHIBIT A
(Legal Description)

GRAPHIC OMITTED

PARCEL MAP

LYING IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF SAN BENITO
BEING A PORTION OF HOMESTEAD LOT 5 OF THE RANCHO SAN JUSTO SUBDIVISION

November 14, 1991

PARCEL

All that real property situated in the County of San Benito, State of California, being a part of Parcel "B" as shown on that Parcel Map filed for record in Book 7 of Parcel Maps, Page 35, San Benito County Records; being more particularly described as follows:

Beginning at the southeast corner of that certain 15.684 acre parcel of land designated as Parcel "B" as shown on that Parcel Map filed for record in Book 7 of Parcel Maps, Page 35, San Benito County Records; Thence from said point of beginning, North 2 degrees 17' 40" East, 328.81 feet; Thence North 86 degrees 44' 20" West, 476.44 feet; Thence South 2 degrees 32' 57" West, 323.35 feet; Thence South 86 degrees 05' 10" East, 478.00 feet to the point of beginning, containing 3.572 acres more or less.

Together with an easement for purposes of public utilities, water, sewer and storm, lying adjacent to and southerly twenty (20) feet of a line being more particularly described as follows:

Beginning at a point which bears South 2 degrees 17' 40" West, 323.50 feet from the north east corner of that certain 15.684 acre parcel of land designated Parcel "B" as shown upon that Parcel Map filed for record in Book 7 of Parcel maps, Page 35, San Benito County Records; Thence North 86 degrees 44' 20" West, 476.44 feet to the point of terminus.

Also, together with a sanitary sewer line easement over and under a strip of land 25 feet in width lying adjacent to and easterly of a line being more particularly described as follows:

Beginning at a point on the south line of Parcel "B" as shown on that Parcel Map filed for record in Book 7 of Parcel Maps, Page 35, San Benito County Records; which bears North 86 degrees 05' 10" East, 478.00 feet from the southeast corner thereof; Thence from said point of beginning, North 2 degrees 32' 57" East, 323.35 feet to the point of terminus.

Also, together with a roadway easement across that certain area scribed by the arc of a fifty (50) foot radius, the center of the radii being the following described point: Beginning at a point which bears North 86 degrees 44' 20" West, 475.00 feet and South 2 degrees 32' 57" West, 232.48 feet from the north east corner of Parcel "B" of the aforementioned Parcel Map.

November 14, 1991

PARCEL 10

All that real property situated in the County of San Benito, State of California, being a part of Parcel "B" as shown on that Parcel Map filed for record in Book 7 of Parcel Maps, Page 35, San Benito County Records; being more particularly described as follows:

Beginning at the northeast corner of that certain 15.684 acre parcel of land designated Parcel "B" as shown on that Parcel Map filed for record in Book 7 of Parcel Maps, Page 35, San Benito County Records; Thence from said point of beginning, North 86 degrees 44' 20" West, 475.00 feet; Thence South 2 degrees 32' 57" West, 323.48 feet; Thence South 86 degrees 44' 20" East, 476.44 feet; Thence North 2 degrees 71' 40" East, 323.50 feet to the point of beginning, containing 3.532 acres more or less.

Together with a sanitary sewer line easement over and under a strip of land 25 feet in width lying adjacent to and easterly of a line being more particularly described as follows:

Beginning at a point on the north line of Parcel "B" as shown upon that Parcel Map filed for record in Book 7 of Parcel Maps, Page 35, San Benito County Records; which bears North 86 degrees 44' 20" West, 475.00 feet from the northeast corner thereof; Thence from said point of beginning, South 2 degrees 32' 57" West, 323.48 feet to the point of terminus.

Also, together with a roadway easement across that certain area scribed by the arc of a fifty (50) foot radius, the center of the radii being the following described point: Beginning at a point which bears North 86 degrees 44' 20" West, 475.00 feet and South 2 degrees 32' 57" West, 232.48 feet from the north east corner of Parcel "B" of the aforementioned Parcel Map.

EXHIBIT "A"

Page 3 of 3

EXHIBIT B

COMMON AREA EXPENSES

Common Area expenses shall include payment and maintenance of the following:

1. Property Taxes and Special Assessments
2. Insurance
3. Storm Water Percolation Pond (Lot 8):
 - Maintenance of pond
 - Landscaped areas and fencing around pond
4. Utilities:
 - Underground and overhead electrical, gas, and telephone apparatus (if not covered by utility companies)
5. Roadways: San Felipe Road frontage and Park Center Drive (entry road):
 - Street, curb, gutter, sidewalk, storm drain lines, sewer lines, water lines and systems, street lights, required signage, and entry monuments

EXHIBIT C

(Offsite Development Expenses)

Charles River Laboratories Facility to pay for the installation of the following offsite improvements per plans and specifications prepared by Grimsley & Associates, pages dated: Page 1-4/91; Page 2-8/90; Page 3-8/90; Page 4-2/89; Rev. 12/10/91; Page 5-2/89; Page 6-4/91; and Page 7-11/91: Lot #10: \$220,000 lump sum payment.

1. Road extension including curb, gutter and sidewalk.
2. Extension of private water service, including 1" meter, to the site.
3. Expansion of storm drain facilities and extension of storm transmissions lines to site.
4. Sewer transmission facilities to site for future hook-up to City services (additional costs may be assessed at times of hook-up for connection extensions to City facilities and associated fees).
5. Extension of water facilities for use as fire suppressant and future City service, to be connected to existing county supplied, non-potable, San Felipe Water system and stubbed to site.
6. Extension of utility services to site including electric, natural gas, and telephone, to terminate at a splice box on site.

The above offsite improvements shall be installed in conjunction with Lessee's development of the onsite improvements, or within two (2) years, whichever occurs first.

EXHIBIT D

(Plans and Specifications)

PROJECT
MANUAL

CRL HOLLISTER
HIGHWAY INDUSTRIAL CENTER
HOLLISTER, CALIFORNIA

FOR

CHARLES RIVER LABORATORIES, INC.

April 10, 1992

HABITEC JOB NO. 9129-1

EXHIBIT "D"

Standard Parking = 73 stalls
 Handicapped Parking = 1 stall
 --
 74 stalls

Parking Ratio = 1/204
 Building Code = 1988 U.B.C.
 Building Type = Type V-N
 Occupancy = B2

SEE ATTACHED
 PERTINENT PAGES

LOGO
 ARCHITECTURE PLANNING
 INTERIOR DESIGN

909 Coleman Avenue, Suite 202
 San Jose, California 95110 406/977-0606

	As Built	Date	Lab/Prod Aprvd.	Date
TRIANGLE				
	Dwn. by	Date		
	Chkd. by	Aprvd. by	Revision	Description

Charles River
 LABORATORIES, INC.
 WILMINGTON, MASSACHUSETTS 01887

CONFIDENTIAL

This document and all information set forth therein, whether illustrated or otherwise disclosed or suggested, is proprietary and confidential to Charles River Laboratories, Inc. and may not be copied, reproduced by any means, or disclosed by the party who receives this document to any other party, without prior written permission from Charles River Laboratories, Inc. This document is on loan from Charles River Laboratories, Inc. and must be immediately returned on demand.

Title: CRL HOLLISTER
 LOCATION: HIGHWAY INDUSTRIAL
 CENTER

As Built:	Date:	Lab/Prod. Aprvd.	Date:
Dwn. by: JPS	Scale:		Date: 4/15/92
Chkd. by:	Aprvd. by:		Sheet: of
Dwg. no.: E.-HCI-A0			

EXHIBIT "D" - Pertinent Pages of Specs

E HCI - C1 through C3
A1 through A14
S1 through S10
E1 through E11
M1 through M16
P1 through P6
L1 through L2

EXHIBIT E

(Preliminary Title Report)

SUPPLEMENTAL REPORT

Issuing Office:
CHICAGO TITLE INSURANCE COMPANY
535 Monterey Street
Hollister, California 95023
(408) 637- 7441

KEN LINDSAY
1745 SAN FELIPE ROAD #1
HOLLISTER, California 95023

Your Ref: APN #019-030-017 & 019-030-018
Order No: 22199 - HRW
Escrow Officer- Christine M. Scaglione

Dated as of April 22, 1992

at 7:30 A.M.

Title Officer: Harold R. Wishard

The above numbered report (including any supplements or amendments thereto)
is hereby modified and/or supplemented in order to reflect the following:

EXHIBIT "E"

SCHEDULE A

1. The estate or interest in the land hereinafter described or referred to covered by this report is:

A FEE

2. Title to said estate or interest at the date hereof is vested in: HIC ASSOCIATES, A CALIFORNIA JOINT VENTURE, A GENERAL PARTNERSHIP

3. The land referred to in this report is situated in the State of California County of SAN BENITO and is described as follows:

All that certain real property in the County of San Benito, State of California, described as follows:

Parcels "A" and "B" are shown on that certain Parcel map, filed for record September 16, 1987, in Book 7 of Parcel Maps, at Page 35, Recorder's file No. 8706859, San Benito County Records.

SCHEDULE B

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in the policy form designated on the face page of this Report would be as follows:

- A 1. Taxes for the fiscal year 1992-93, a lien not yet payable.
- B 2. The Lien of Supplemental Taxes, if any, assessed pursuant to the provisions of Chapter 3-5, (commencing with Section 7S) of the Revenue and Taxation Code of the State of California.
- C 3. An easement affecting the portion of said land and for the purposes stated herein, and incidental purposes,

In Favor Of: Coast Counties Gas and Electric Company
For: Single pole line
Recorded: September 20, 1943 in Book 123 at Page 230 Official Records
Affects: The South 10 feet and the East 10 feet of Parcel "B"
- D 4. An easement affecting the portion of said land and for the purposes stated herein, and incidental purposes,

In Favor Of: Richard Caporale and Noel Caporale, his wife, as joint tenants
For: Pipe line
Recorded: November 30, 1954 in Book 209 at Page 309 Official Records
Affects: The East end of the land herein, the exact location and width of said easement is not disclosed of record.
- E 5. A covenant and Agreement

Executed By: Arnold Sisco and Mary Sirco, his wife, and Richard Caporale and Noel Caporale, his wife
In Favor of: none shown
Recorded: November 30, 1954 in Book 209 at Page 309 of Official Records

Which, among other things provides: The installation, maintenance and usage of said pipeline
- F 6. The fact that the ownership of said land does not include any right of ingress or egress to or from the highway contiguous thereto, said right having been relinquished by deed

To: State of California

SCHEDULE B
(continued)

Recorded: September 7, 1955 in Book 216 at Page 533 of Official Records
Affects: That portion of the land herein bordering on San Felipe Road and the Adjacent frontage road

- G 7. An easement affecting the portion of said land and for the purposes stated herein, and incidental purposes,

In Favor Of: Pacific Gas and Electric Company, a California corporation
For: Underground main of pipeline
Recorded: October 31, 1956 in Book 227 at Page 352 Official Records
Affects: A strip of the uniform width of 10.00 feet which crosses said premises and liens equally on each side of a centerline described as described as follows to wit: Beginning at a point in the Southwesterly boundary line of said premises distant thereon Southeasterly 5 feet from the intersection thereof with the Southeasterly boundary line of the State Highway extending along the Northwesterly boundary line of said premises and running thence parallel with the Southeasterly boundary line of said State Highway North 2 deg. 35' 30" East 65.73 feet; thence North 3 deg. 24' 19" East 364.80 feet, thence Northeasterly and curving to the right (along the arc of a circle of a 350 foot radius) 129.33 feet, thence Northeasterly and curving to the left (along the arc of a circle of a 377 foot radius) 96.28 feet, more or less, to a point in the Northeasterly boundary line of said premises.

- H 8. A matter affecting the portion of said land for the purposes stated herein, and incidental purposes, shown or dedicated by the map herein referred to:

For: 30 foot right of way
Affects: Parcel "A"

- I. 9. A matter affecting the portion of said land for the purposes stated herein, and incidental purposes, shown or dedicated by the map herein referred to:

For: Clear Zone Avigation

SCHEDULE B
(continued)

Affects: Parcels "A" and "B"

- J 10. A matter affecting the portion of said land for the purposes stated herein, and incidental purposes, shown or dedicated by the map herein referred to:

For: 10 foot public utility
Affect: West boundary Parcel "A" and "B" and South boundary of Parcel "A"

- K 11. An easement affecting the portion of said land and for the purposes stated herein, and incidental purposes,

In Favor Of: Hollister, a municipal corporation
For: Clear Zone Avigation
Recorded: January 23, 1987 as Instrument No. 8700618 in Book n/a at Page n/a Official Records
Affects: Parcel "A" and "B"

- L 12. An Agreement, affecting said land, for the purposes, stated herein, upon the terms, covenants and conditions referred to therein, between the parties named herein

For: Clear Zone Avigation
Dated: August 1, 1985
Executed By: Paul W. Bertuccio and wife Concette, (hereinafter referred to as "Grantor") and the City of Hollister, a municipal corporation of the State of California, (hereinafter referred to as "Grantee")
Recorded: January 23, 1987 an Instrument No. 8700618 in Book n/a at Page n/a of Official Records
Affects: Parcel "A" and "B"

- M 13. A Deed of Trust to secure an indebtedness of the amount stated herein, and any other obligations secured thereby

Dated: July 18, 1988
Amount: \$530,000.00
Trustor: HIC Associates, A California Joint Venture
Trustee: Fidelity National Title Insurance Company, a California corporation
Beneficiary: The Equitable Life Assurance Society of the United States, a New York Corporation

SCHEDULE
(continued)

Recorded: July 29, 198 in Book n/a at Page n/a of official
Records
Instrument No.: 8805442
Return Address: 2700 Ygnacio Valley Road, Ste. 315, Walnut Creek,
CA 94598
Loan No.: None shown

N Said matter affects: Parcel B

O 14. A Deed of Trust to secure an indebtedness of the amount stated herein,
and any other obligations secured thereby

Dated: August 8, 1989
Amount: \$550,000.00
Trustor: HIC Associates, A California Joint Venture
Trustee: Fidelity National Title Insurance Company of
California, a California corporation
Beneficiary: The Equitable Life Assurance Society of the United
States, A New York Corporation
Recorded: August 17, 1989 in Book n/a at Page n/a of
Official Records
Instrument No.: 8907206
Return Address: 2700 Ygnacio Valley Road, Suite 315, Walnut Creek,
CA 94598
Loan No.: None shown

P Said matter affects: Parcel A

Q 15. An unrecorded lease, affecting the premises herein stated, executed
by and between the parties named herein, for the term and upon the
terms, covenants and conditions therein provided,

Dated. July 26, 1988
Lessor: HIC Associates, Inc.
Lessee: Lindsay Associates, Inc.
Disclosed By: Subordination Agreement
Recorded: July 29, 1988 as Instrument No. 8805443 in Book n/a
at Page n/a of Official Records
Effects: Parcel "B"

R No representation is made as to the present ownership of said
leasehold or matters affecting the rights or interests of the lessor or lessee
arising out of or occasioned by said lease.

SCHEDULE B
(continued)

- S Said Deed of Trust has been subordinated to the subject matter referred to in this paragraph, by the provisions of an instrument
- Dated: July 31, 1990
Executed By: HIC Associates and Lindsay Associates, Inc.
Recorded: August 9, 1990 as Instrument No. 9006852 in Book n/a at Page n/a of Official Records
Subordinated To: item #16 below
- T 16. An unrecorded lease, affecting the premises herein stated, executed by and between the parties named herein, for the term and upon the terms, covenants and conditions therein provided,
- Dated: July 26, 1980
Lessor: HIC Associates
Lessee: Bertuccio Equipment Sales
Disclosed By: Subordination Agreement
Recorded: July 29, 1988 as Instrument No. 8805444 in Book n/a at Page n/a of Official Records
Affects: Parcel "B"
- U. No representation is made as to the present ownership of said leasehold or matters affecting the rights or interests of the lessor or lessee arising out of or occasioned by said lease.
- V. Said Deed of Trust has been subordinated to the subject matter referred to in this paragraph, by the provisions of an instrument
- Dated: July 31, 1990
Executed By: HIC Associates, and Bertuccio Equipment Sales
Recorded: August 9, 1990 as Instrument No. 9006851 in Book n/a at Page n/a of Official Records
Subordinated To: item #16 below
- W 17. An easement affecting the portion of said land and for the purposes stated herein, and incidental purposes,
- In Favor Of: Pacific Gas and Electric Company, a California corporation
For: Above ground and underground facilities
Recorded: April 4, 1990 as Instrument No. 9002755 in Book n/a at Page n/a Official Records
Affects: North boundary of Parcel "A"

SCHEDULE B
(continued)

X 18. A Deed of Trust to secure an indebtedness of the amount stated herein,
and any other obligations secured thereby

Dated: July 26, 1990
Amount: \$600,000.00
Trustor: HIC Associates, A California Joint Venture, a general
partnership
Trustee: Ticor Title Insurance Company of California, a
California corporation
Beneficiary: The Equitable Life Assurance Society of the United
States, A New York Corporation
Recorded: August 9, 1990 in Book n/a at Page n/a of Official
Records
Instrument No.: 9006850
Return Address: None shown
Loan No.: None shown

Y END OF SCHEDULE B

Z JRO/mac

2nd Supplemental

short term rate

AA NOTE 1: Title of the vestee herein was acquired by deed recorded prior
to six months from the date hereof.

AB NOTE 2: On or after July 1, 1985, the County Recorder's office will
charge, in addition to the regular recording charges, an extra \$20.00
recording fee, unless a document evidencing a change of ownership is
accompanied by a Preliminary Change of Ownership Report. In lieu of said
report, signed by the transferee, the recorder will accept an affidavit
that the transferee is not a resident of California. Title billings will
be adjusted to reflect such additional fees when applicable.

AC NOTE 3: CALIFORNIA "GOOD FUNDS" LAW

EFFECTIVE JANUARY 1, 1990, CALIFORNIA INSURANCE CODE SECTION 12413.1,
(CHAPTER 598, STATUTES OF 1989), PROHIBITS A TITLE INSURANCE COMPANY,
CONTROLLED ESCROW COMPANY, OR UNDERWRITTEN TITLE COMPANY FROM DISBURSING
FUNDS FROM AN ESCROW OR SUB-ESCROW ACCOUNT, (EXCEPT FOR FUNDS DEPOSITED
BY WIRE TRANSFER, ELECTRONIC PAYMENT OR CASH) UNTIL THE DAY THESE FUNDS
ARE MADE AVAILABLE TO THE DEPOSITOR PURSUANT TO PART 2239 OF TITLE 12
OF THE CODE OF FEDERAL REGULATIONS, (REG. CC). ITEMS SUCH AS CASHIER'S,
CERTIFIED OR TELLERS CHECKS MAY BE AVAILABLE FOR DISBURSEMENT ON THE

SCHEDULE B
(continued)

BUSINESS DAY FOLLOWING THE BUSINESS DAY OF DEPOSIT; HOWEVER, OTHER FORMS OF DEPOSITS MAY CAUSE EXTENDED DELAYS IN CLOSING THE ESCROW OR SUB-ESCROW.

CHICAGO TITLE COMPANY WILL NOT BE RESPONSIBLE FOR ACCUALS OF INTEREST OR OTHER CHARGES RESULTNG FROM COMPLIANCE WITH THE DISBURSEMENT RESTRICTIONS IMPOSED BY STATE LAW.

AD NOTE 4: The policy or policies, when approved for issuance, will contain one of the following exclusions either in its preprinted exclusions or by endorsement.

Loan Policy Exclusion:

Any claim, which arises out of the transaction creating the interest of the mortgage insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws.

Owners Policy Exclusion:

Any claim, which arises out of the transaction vesting in the insured, the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws.

AE NOTE 5: For informational purposes, the General and Special Taxes and Assessments, if any, for the fiscal year 1991-1992

Assessment No.: 19-030-17
Code No.: 67-003
First Installment: \$5,411.47 PAID
Second Installment: \$5,411.47 PAID
Assessment Valuation Of
Personal Property: NONE
Homeowner Exemption: None

AF NOTE 6: For informational purposes, the General and Special Taxes and Assessments, if any, for the fiscal year 1991-1992

Assessment No.: 19-030-18
Code No.: 67-003
First Installment: \$6,450.23 PAID
Second Installment: \$6,450.23 PAID
Assessment Valuation Of
Personal property: NONE
Homeowner Exemption: None

GRIMSLEY & ASSOCIATES INC.

CIVIL ENGINEER

HOLLISTER CALIFORNIA

PARCEL MAP

LYING IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF SAN BENITO
BEING A PORTION OF HOMESTEAD LOT 5 OF THE RANCHO SAN JUSTO SUBDIVISION

ASSIGNMENT AND ASSUMPTION OF LEASE

This Assignment of Lease is entered into this 22 day of December, 1993, by and between Charles River Laboratories, Inc., a Delaware partnership ("Assignor") and WILMINGTON PARTNERS L.P., a Delaware limited partnership ("Assignee").

Assignee is acquiring substantially all of the domestic operating assets of Assignor. For and in consideration of the mutual agreements herein, and other good and valuable consideration, Assignor hereby assigns to Assignee, and Assignee accepts from Assignor, all of Assignor's right, title and interest in and to the lease dated June 5, 1992, by and between HIC Associates, as Landlord, and Assignor, as Tenant, for the premises located at 1000 Park Center Drive, (Parcel 10), Hollister, California 95023 (the "Lease") and as more particularly described therein.

Assignee hereby assumes the obligations of Assignor with respect to the Lease, and agrees to pay the rents provided in the Lease and to perform and keep all the terms, covenants and conditions therein contained to be performed and kept by the Tenant.

The Assignment shall be effective the date hereof.

Assignor:

CHARLES RIVER LABORATORIES, INC.

Assignee:

WILMINGTON PARTNERS L.P.

By: Wilmington Management Corp.,
General Partner

By: /s/ Alan H. Resnick

Alan H. Resnick
Vice President

By: /s/ Alan H. Resnick

Alan H. Resnick
Vice President

Exhibit 12.1

Charles River Laboratories, Inc.
 Computation of Ratio of Earnings to Fixed Charges
 (In millions, except ratio data)

	12/31/94	12/30/95	12/28/96	12/26/97	12/26/98	Nine Months Ended 09/26/1998	Nine Months Ended 09/25/1999	Pro Forma	
								Fiscal Year Ended 12/26/98	Fiscal Year Ended 12/26/98
Income before income taxes**	\$ 20,822	27,773	26,134	23,839	37,501	29,739	36,855	644	6,862
Fixed charges:									
Interest expense	464	768	491	501	421	311	207	35,013	28,330
Amortization of deferred financing costs	--	--	--	--	--	--	--	1,523	1,142
1/3 rent from operating leases	531	781	981	1,037	1,091	876	921	1,091	921
Total fixed charges	\$ 995	1,549	1,472	1,538	1,512	1,187	1,128	37,627	30,393
Earnings + fixed charges	\$ 21,617	29,322	27,606	25,377	39,013	30,926	37,983	38,271	37,255
Ratio of earnings to fixed charges	21.9	18.9	18.8	16.5	25.6	26.1	33.7	1.0	1.2

**Includes earnings from equity investments less minority interest

Charles River Laboratories, Inc.
Computation of Ratio of Total Pro Forma Debt to Adjusted EBITDA
(In millions, except ratio data)

	Pro Forma Nine Months Ended September 25, 1999
Total Debt	\$ 311,128
Adjusted EBITDA	45,450

Total Debt to Adjusted EBITDA	6.8x

Exhibit 12.3

Charles River Laboratories, Inc.
Computation of Ratio of Adjusted EBITDA to Cash Interest Expense
(In millions, except ratio data)

	Pro Forma Fiscal Year Ended 1998	Pro Forma Nine Months Ended September 25, 1999
Adjusted EBITDA	\$50,642	\$45,450
Cash Interest Expense	35,013	28,330
	-----	-----
Adjusted EBITDA to Cash Interest Expense	1.4x	1.6x

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-1 of our report dated June 30, 1999, except as to Note 2, which is as of September 29, 1999 relating to the financial statements and financial statement schedule of Charles River Laboratories, Inc., which appear in such Registration Statement. We also consent to the reference to us under the heading "Independent Accountants" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
January 28, 2000

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-1 of our report dated June 30, 1999, except as to Note 2, which is as of September 29, 1999 relating to the financial statements and financial statement schedule of Charles River Laboratories, Inc. and Charles River Laboratories Holdings, Inc., which appear in such Registration Statement. We also consent to the reference to us under the heading "Independent Accountants" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
January 28, 2000