AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 15, 2001
REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	6770	06-139-7316
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

251 BALLARDVALE STREET
WILMINGTON, MASSACHUSETTS 01887
(978) 658-6000

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

THOMAS F. ACKERMAN, CHIEF FINANCIAL OFFICER
CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
251 BALLARDVALE STREET
WILMINGTON, MASSACHUSETTS 01887
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(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. / /

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, other than securities offered only in connection with dividend or interest reinvestment plans, 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, check the following box and list the Securities Act registration statement number of the earlier effective 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 statement number of the earlier 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	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE(2)

Common Stock, par value $.01 per share.....	$25.19	$50,695

(1) Estimated solely for the purpose of calculating the amount of the registration fee in accordance with Rule 457(c) under the Securities Act of 1933 based upon the average of the high and low sale prices for the common stock included on the New York Stock Exchange on February 12, 2001.

(2) Assumes exercise of the underwriters' over-allotment option.

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 COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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SUBJECT TO COMPLETION, DATED FEBRUARY 15, 2001

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 is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

7,000,000 Shares

[LOGO]

Common Stock

We are selling 3,500,000 shares of common stock and the selling stockholders are selling 3,500,000 shares of common stock.

Our common stock is listed on The New York Stock Exchange under the symbol "CRL". The last reported sale price on February 14, 2001, was $24.85 per share.

The underwriters have an option to purchase a maximum of 1,050,000 additonal shares from the selling shareholders to cover over-allotments of shares.

INVESTING IN COMMON STOCK INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE .

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Charles River	Proceeds to Selling Stockholders
Per Share.....	$	$	$	$
Total.....	$	$	$	$

Delivery of the shares, in book-entry form only, will be made on or about , 2001.

Neither the Securities and Exchange Commission nor any state securities commission has determined whether this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Lead Managers

CREDIT SUISSE FIRST BOSTON

LEHMAN BROTHERS

SG Cowen

U.S. Bancorp Piper Jaffray

CSFBDIRECT INC.

The date of this prospectus is February , 2001

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YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR TO WHICH WE HAVE REFERRED YOU. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT. THIS DOCUMENT MAY ONLY BE USED WHERE IT IS LEGAL TO SELL THESE SECURITIES. THE INFORMATION IN THIS DOCUMENT MAY ONLY BE ACCURATE ON THE DATE OF THIS DOCUMENT.

PROSPECTUS SUMMARY

THIS SUMMARY HIGHLIGHTS IMPORTANT INFORMATION REGARDING OUR BUSINESS AND THIS OFFERING. BECAUSE THIS IS ONLY A SUMMARY, IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ THE ENTIRE PROSPECTUS CAREFULLY, INCLUDING "RISK FACTORS" AND OUR FINANCIAL STATEMENTS AND RELATED NOTES, BEFORE DECIDING TO INVEST IN OUR COMMON STOCK. EXCEPT AS OTHERWISE NOTED, ALL INFORMATION IN THIS PROSPECTUS ASSUMES NO EXERCISE OF THE UNDERWRITERS' OVER-ALLOTMENT OPTION AND GIVES EFFECT TO THE EXCHANGE OF EACH EXISTING SHARE OF OUR COMMON STOCK FOR 1.927 NEW SHARES EFFECTIVE JUNE 21, 2000.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

OVERVIEW

We are a leading provider of critical research tools and integrated support services that enable innovative and efficient drug discovery and development. We are the global leader in providing the animal research models required in research and development for new drugs, devices and therapies and have been in this business for more than 50 years. Since 1992, we have built upon our research model technologies to develop a broad and growing portfolio of biomedical products and services. Our wide array of services enables our customers to reduce costs, increase speed and enhance their productivity and effectiveness in drug discovery and development. Our customer base, spanning over 50 countries, includes all of the major pharmaceutical and biotechnology companies, as well as many leading hospitals and academic institutions. We currently operate 66 facilities in 15 countries worldwide. Our differentiated products and services, supported by our global infrastructure and scientific expertise, enable our customers to meet many of the challenges of early-stage life sciences research, a large and growing market. In 2000, our net sales were $306.6 million and our operating income was $65.1 million.

RESEARCH MODELS. We are the global leader in the production and sale of research models, principally genetically and virally defined purpose-bred rats and mice. These products represented 61.2% of our 2000 net sales. We offer over 130 research models, one of the largest selections of small animal models of any provider worldwide. Our higher-growth models include genetically defined models and models with compromised immune systems, which are increasingly in demand as early-stage research tools. The FDA and foreign regulatory bodies typically require the safety and efficacy of new drug candidates and many medical devices to be tested on research models like ours prior to testing in humans. As a result, our research models are an essential part of the drug-discovery and development process.

BIOMEDICAL PRODUCTS AND SERVICES. We have focused significant resources on developing a diverse portfolio of biomedical products and services directed at high-growth areas of drug discovery and development. Our biomedical products and services business represented 38.8% of our 2000 net sales, and has experienced strong growth as demonstrated by the 33.7% compound annual growth rate in our net sales over the past five fiscal years. We expect the drug-discovery and development markets that we serve will continue to experience strong growth, particularly as new drug development based on advances in genetics continues to evolve. There are four areas within this segment of our business:

DISCOVERY SERVICES. Our discovery services are designed to assist our customers in screening drug candidates faster by providing genetically defined research models for in-house research and by implementing efficacy screening protocols to improve the customer's drug-evaluation process. The market for discovery services is growing rapidly as pharmaceutical and biotechnology research and development increasingly focuses on selecting leading drug candidates from the enormous number of new compounds being generated.

DEVELOPMENT SERVICES. We currently offer FDA-compliant development services in three main areas: drug safety assessment, biotech safety testing and medical device testing. Biotech safety testing services include a broad range of services specifically focused on supporting biotech or protein-based drug development, including such areas as protein characterization, cell banking, methods development and release testing. Our rapidly growing development services offerings enable our customers to outsource their high-end, non-core drug development activities.

IN VITRO DETECTION SYSTEMS. We have diversified our product offerings to include non-animal, or IN VITRO, methods for testing the safety of drugs and devices. We are strategically committed to being the leader in providing our customers with IN VITRO alternatives as these methods become scientifically validated and commercially feasible.

VACCINE SUPPORT PRODUCTS. We produce pathogen-free fertilized chicken eggs, a critical element of poultry vaccine production. We believe there is significant potential for growth in this area in support of novel human vaccines, such as a nasal spray flu vaccine currently in development.

COMPETITIVE STRENGTHS

Our leading research models business has provided us with steadily growing revenues and strong cash flow, while our biomedical products and services business provides significant opportunities for profitable growth. Our products and services are critical to both traditional pharmaceutical research and the rapidly growing fields of genomic, recombinant protein and humanized antibody research. We believe we are well positioned to compete effectively in all of these sectors as a result of a diverse set of competitive strengths, which include:

- Critical products and services;
- Long-standing reputation for scientific excellence;
- Extensive global infrastructure and customer relationships;
- Biosecurity technology expertise;
- Platform-acquisition and internal-development capabilities; and
- Experienced and incentivized management team.

OUR STRATEGY

Our business strategy is to build upon our core research models business and to invest actively in higher-growth opportunities where our proven capabilities and strong relationships allow us to achieve and maintain a leadership position. Our growth strategies include:

- Broaden the scope of our discovery and development services;
- Acquire new technologies in research models;
- Expand our preclinical outsourcing services;
- Expand our non-animal technologies; and
- Pursue strategic acquisitions and alliances.

RECENT DEVELOPMENTS

Since September 2000, we have entered into three strategic transactions:

- On February 6, 2001, we signed a definitive agreement to purchase Primedica Corporation, or Primedica.
- On January 8, 2001, we acquired Pathology Associates International Corporation, or PAI.
- On December 4, 2000, we entered into an agreement with Tufts University School of Veterinary Medicine, or Tufts, to commercialize its proprietary cloning technology.

PRIMEDICA. Primedica, headquartered in Worcester, MA, is a leading provider of preclinical drug discovery and development services to the biopharmaceutical industry, including efficacy testing, biosafety testing, biopharmaceutical production and testing, and drug formulation and analytical chemistry. We expect the acquisition of Primedica to allow us to offer a more comprehensive offering of outsourcing services to our pharmaceutical, biotechnology and medical device customers in the U.S., while expanding our scientific capabilities. Primedica is particularly synergistic with the PAI acquisition and our Sierra Biomedical and Tektagen operations, all of which fall within our development services operations.

The demand for these services is driven by the growing outsourcing trend in preclinical drug development, and are critical to the successful development of new drugs and devices, including obtaining FDA regulatory approval. Primedica has over 300 customers, including many of the top pharmaceutical and biotechnology companies, which significantly overlap with our customer base. Primedica has nearly 700 employees, 45 of whom are doctoral level professionals. For the first nine months of 2000, Primedica's reported revenues were approximately $52 million. We expect to acquire Primedica from Genzyme Transgenics Corporation for $52 million, including $26 million in cash, $16.5 million in restricted stock (subject to repurchase by us through July 1, 2001), and $9.5 million in assumed debt. We expect to close the acquisition in the first quarter of 2001, subject to customary closing conditions.

PAI. PAI, headquartered in Frederick, MD, is the world's leading provider of contract toxicology pathology services in research models. PAI provides veterinary pathology services, contract staffing services, and regulatory consulting. The acquisition of PAI expands the scope of our preclinical service capabilities. In addition, we share a customer base and utilize complementary technologies to provide a broad range of preclinical outsourcing services.

PAI has nearly two decades of experience and more than 400 employees, including over 40 pathologists and doctoral level professionals. For the year ended December 31, 2000, PAI recorded revenues of approximately $32 million. We acquired PAI from Science Applications International Corporation for $37 million, including $25 million in cash and a $12 million convertible note (redeemable by us through March 31, 2001).

TUFTS. We entered into an agreement with Tufts to further develop and commercialize its proprietary cloning technology. Tufts' novel cloning technique, when combined with our embryo transfer and cryopreservation capabilities, allows us to develop a highly efficient cloning process in immunodeficient mouse models. This initiative represents our strategic focus on developing special disease models that differentiate our products from the competition, while offering our customers better research tools.

THE RECAPITALIZATION AND THE INITIAL PUBLIC OFFERING

On September 29, 1999, CRL Acquisition LLC, a limited liability company owned by affiliates of DLJ Merchant Banking Partners, II, L.P., our management and other investors, together with our former parent company, Bausch & Lomb Incorporated, completed a recapitalization transaction.

On June 28, 2000, we consummated an initial public offering of 14,000,000 shares of our common stock at a price of $16.00 per share. We issued an additional 2,100,000 shares of our common stock on July 6, 2000 upon the exercise of an over-allotment option by the underwriters. Proceeds from the offering were used to repay a portion of the debt we incurred in connection with our recapitalization. Our common stock is listed on the New York Stock Exchange under the symbol "CRL."

We are organized as a Delaware corporation. Our headquarters are located at 251 Ballardvale Street, Wilmington, Massachusetts 01887. Our telephone number is (978) 658-6000. Our website address is www.criver.com. The information on our website is not incorporated as a part of this prospectus.

THE OFFERING

Common stock offered by us	3,500,000 shares
Common stock offered by the selling stockholders	3,500,000 shares
Common stock outstanding after this offering	39,420,369 shares
Use of proceeds	We plan to use the net proceeds from this offering to repay a portion of our debt, to retire obligations incurred in connection with recent acquisitions and for general corporate purposes.
NYSE symbol	CRL

The number of shares of common stock to be outstanding after this offering is based on the number of shares outstanding as of December 30, 2000. This number does not include the following:

- 1,726,332 shares of common stock reserved for issuance upon the exercise of outstanding options granted under our 1999 management incentive plan, of which 75,958 are currently exercisable;

- 519,800 shares of common stock reserved for issuance upon the exercise of outstanding options granted under our 2000 management incentive plan and our 2000 directors stock plan, of which none were exercisable;

- 767,252 shares of common stock available for future grants under our 1999 management incentive plan, 2000 incentive plan and 2000 directors stock plan; and

- 2,970,645 shares of common stock issuable upon the exercise of outstanding warrants.

Affiliates of Credit Suisse First Boston Corporation, one of the managing underwriters for this offering, are selling shares in this offering but will retain control over us after the offering. See "Security Ownership of Certain Beneficial Owners and Management; Selling Shareholders."

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The table below presents our summary historical and unaudited pro forma consolidated financial and other data. We derived the summary consolidated financial data for the fiscal years ended December 26, 1998, December 25, 1999 and December 30, 2000 from our audited consolidated financial statements and the related notes included elsewhere in this prospectus. The summary unaudited pro forma consolidated statement of operations of Charles River Laboratories International, Inc. is based upon the consolidated statement of operations for the year ended December 30, 2000, adjusted to give effect to the sale of 16,100,000 shares in our initial public offering at a price of $16.00 per share, the net proceeds of which were used to repay a portion of our outstanding debt, as if it had occurred on December 26, 1999. The summary unaudited pro forma consolidated statement of operations may not be indicative of what our results would have been if the transactions presented on a pro forma basis were completed as of December 26, 1999. In addition, they are not projections of our consolidated future results of operations or financial position. You should read the information contained in this table in conjunction with "Use of Proceeds," "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes contained elsewhere in this prospectus.

	FISCAL YEAR ENDED(1)			PRO FORMA FISCAL YEAR ENDED
	DECEMBER 26, 1998	DECEMBER 25, 1999	DECEMBER 30, 2000	DECEMBER 30, 2000(6)
	(DOLLARS IN THOUSANDS EXCEPT FOR SHARE DATA)			
STATEMENT OF OPERATIONS DATA:				
Net sales	$ 205,061	$ 231,413	$ 306,585	$ 306,585
Cost of products sold and services provided	134,307	146,729	186,654	186,654
Selling, general and administrative expenses	34,142	39,765	51,204	51,204
Amortization of goodwill and intangibles	1,287	1,956	3,666	3,666
Operating income	35,325	42,963	65,061	65,061
Interest expense	421	12,789	40,691	23,323
Income before income taxes, minority interest earnings from equity investments and extraordinary item	35,832	30,663	26,085	43,453
Provision for income taxes	14,123	15,561	7,837(2)	14,557(2)
Income before extraordinary item	23,378	17,124	17,877	28,525
Extraordinary loss, net of tax	--	--	(29,101)	--
Net income (loss)	$ 23,378	$ 17,124	$ (11,224)	$ 28,525
Earnings per common share before extraordinary item				
Basic	$ 1.18	$ 0.86	$ 0.64	$ 0.79
Diluted	1.18	0.86	0.56	0.71
Earnings per common share after extraordinary item				
Basic(3)	$ 1.18	$ 0.86	$ (0.40)	$ 0.79
Diluted	1.18	0.86	(0.35)	0.71
Weighted average number of common shares outstanding				
Basic	19,820,369	19,820,369	27,737,677	35,920,369
Diluted	19,820,369	19,820,369	31,734,354	39,917,046

	FISCAL YEAR ENDED(1)			PRO FORMA FISCAL YEAR ENDED
	DECEMBER 26, 1998	DECEMBER 25, 1999	DECEMBER 30, 2000	DECEMBER 30, 2000(6)
	(DOLLARS IN THOUSANDS)			
OTHER DATA:				
EBITDA, as defined(4)	$ 46,220	$ 55,281	$ 81,827	$ 81,827
EBITDA margin	22.5%	23.9%	26.7%	26.7%
Depreciation and amortization	$ 10,895	$ 12,318	$ 16,766	$ 16,766
Cash flows from operating activities(5)	37,380	37,568	33,768	--
Cash flows used in investing activities(5)	(23,030)	(34,168)	(14,576)	--
Cash flows used in financing activities(5)	(8,018)	(11,504)	782	--

	AS OF DECEMBER 30, 2000
	HISTORICAL
	(DOLLARS IN THOUSANDS)
BALANCE SHEET DATA:	
Cash and cash equivalents	$ 33,129
Working capital	55,417
Total assets	410,608
Total debt	202,912
Total shareholders' equity	116,927

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

(2) Valuation Allowance

As a result of the repayment of debt with proceeds from our initial public offering, we reassessed the need for a valuation allowance relating to state income tax benefits associated with the deferred tax asset recorded following our recapitalization transaction. As a result of this reassessment, $4,762 of the valuation allowance was released in the second quarter of 2000 and recorded as a tax benefit. This tax benefit is included in both the December 30, 2000 and pro forma December 30, 2000 statement of operations and is a non-recurring item.

(3) As more fully described in Note 5 to the consolidated financial statements, historical earnings per share have been computed assuming that the shares outstanding after the recapitalization had been outstanding for all periods prior to the recapitalization.

(4) 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.

EBITDA, as defined, is not intended to represent cash flows for the period, nor is it presented as an alternative to operating income or as an indicator of operating performance. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP in the United States and is 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.

(5) 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.

(6) The summary unaudited pro forma consolidated data for the fiscal year ended December 30, 2000 gives effect to our initial public offering. The pro forma adjustments are outlined below:

INTEREST EXPENSE	
Fiscal year ended December 30, 2000	$ 40,691
Pro forma adjustments	$(17,368)
Pro forma interest expense	$ 23,323

The reduction to interest expense reflects the savings that would have been

achieved as a result of the redemption of $52,500 of the senior subordinated notes, including issuance discounts, and the repayment of debt of $151,933, including issuance discounts had the initial public offering occurred on December 26, 1999, along with the associated benefits related

to the reduction of the amortization of deferred financing costs and the discounts on the redeemed senior subordinated notes and the senior discount debentures.

PROVISION FOR INCOME TAXES

Fiscal year ended December 30, 2000	$ 7,837
Pro forma adjustments	$ 6,720
Pro forma income tax provision	$ 14,557

The pro forma adjustments to the income tax provision reflect the tax effect of the interest and amortization adjustments described above.

EXTRAORDINARY LOSS

The extraordinary loss which arises as a result of the repayment of debt with proceeds from our initial public offering has not been reflected in the pro forma consolidated statement of operations as it is a non-recurring item. The extraordinary loss of $30,051 computed as if the offering had occurred on December 26, 1999 results from:

(i) the estimated premiums related to the senior subordinated notes to be redeemed ($7,088) and the early extinguishment of the senior discount debentures ($24,444);

(ii) the $5,698 write off of deferred financing costs related to the senior subordinated notes and senior discount debentures to be redeemed, and the portions of the term loan A and term loan B to be repaid from the proceeds of the offering;

(iii) the write off of the discounts related to the redeemed senior subordinated notes ($726) and the senior discount debentures ($8,276); and

(iv) the tax benefits associated with the above extraordinary loss, estimated to be $16,181.

RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED BELOW BEFORE MAKING AN INVESTMENT DECISION. THE RISKS DESCRIBED BELOW ARE NOT THE ONLY ONES WE FACE. ADDITIONAL RISKS NOT PRESENTLY KNOWN TO US OR THAT WE CURRENTLY CONSIDER IMMATERIAL MAY ALSO IMPAIR OUR BUSINESS OPERATIONS. ANY OF THESE RISKS COULD HAVE A MATERIAL AND NEGATIVE EFFECT ON OUR BUSINESS, FINANCIAL CONDITION OR RESULTS OF OPERATIONS. THE TRADING PRICE OF OUR COMMON STOCK COULD DECLINE DUE TO ANY OF THESE RISKS, AND YOU MAY LOSE ALL OR PART OF YOUR INVESTMENT.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

IF WE ARE NOT SUCCESSFUL IN SELECTING AND INTEGRATING THE BUSINESSES AND TECHNOLOGIES WE ACQUIRE, OUR BUSINESS MAY SUFFER.

We have recently expanded our business through the PAI acquisition and the anticipated Primedica acquisition and we plan to continue to grow our business through acquisitions of businesses and technologies and the formation of alliances. However, businesses and technologies may not be available on terms and conditions we find acceptable. Even if completed, acquisitions and alliances involve numerous risks which may include:

- difficulties and expenses incurred in assimilating operations, services, products or technologies;
- difficulties in developing and operating new businesses including diversion of management's attention from other business concerns;
- the potential loss of key employees of an acquired business and difficulties in attracting new employees to grow businesses;
- difficulties in assimilating differences in foreign business practices and overcoming language barriers;
- difficulties in obtaining intellectual property protections and skills that we and our employees currently do not have; and
- difficulties in achieving business and financial success.

In the event that the success of an acquired business or technology or an alliance does not meet expectations, we may be required to restructure. We may not be able to successfully integrate acquisitions into our existing business or successfully exploit new business or technologies.

CONTAMINATIONS IN OUR ANIMAL POPULATIONS CAN DAMAGE OUR INVENTORY, HARM OUR REPUTATION FOR CONTAMINANT-FREE PRODUCTION AND RESULT IN DECREASED SALES.

Our research models and fertile chicken eggs must be free of contaminants, such as viruses and bacteria. The presence of contaminants can distort or compromise the quality of research results. Contaminations in our isolated breeding rooms or poultry houses could disrupt our contaminant-free research model and fertile egg production, harm our reputation for contaminant-free production and result in decreased sales.

Contaminations typically require cleaning up the contaminated room or poultry house. This clean-up results in inventory loss, clean-up and start-up costs, and reduced 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 our animal populations in 1996 and a few significant contaminations in 1997 that adversely impacted our 1996 and 1997 financial results. Since then, we made over $8 million in capital expenditures designed to strengthen our biosecurity and significantly changed our operating procedures. We have not experienced any significant contaminations since 1997.

MANY OF OUR CUSTOMERS ARE PHARMACEUTICAL AND BIOTECHNOLOGY COMPANIES, AND WE ARE SUBJECT TO RISKS, UNCERTAINTIES AND TRENDS THAT AFFECT COMPANIES IN THOSE INDUSTRIES.

Sales of our products and services are highly dependent on research and development expenditures by pharmaceutical and biotechnology companies. We are therefore subject to risks, uncertainties and trends that affect companies in those industries, including government regulation, pricing pressure, technological change and shifts in the focus and scope of research and development expenditures. For example, over the past several years, the pharmaceutical industry has undergone significant mergers and combinations, and many industry experts expect this trend to continue. After recent mergers and combinations, some customers combined or otherwise reduced their research and development operations, resulting in fewer animal research activities. We experienced both temporary disruptions and permanent reductions in sales of our research models to some of these customers. Future mergers and combinations in the pharmaceutical or biotechnology industries, or other industry-wide trends, could adversely affect demand for or pricing of our products.

NEW TECHNOLOGIES MAY BE DEVELOPED, VALIDATED AND INCREASINGLY USED IN BIOMEDICAL RESEARCH THAT COULD REDUCE DEMAND FOR SOME OF OUR PRODUCTS AND SERVICES.

For many years, groups within the scientific and research 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. 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 alternative test methods in the discovery and development of effective and safe treatments for human and animal disease conditions have been validated and successfully deployed. The principal validated non-animal test system is the LAL, or endotoxin detection system, a technology which we acquired and have aggressively marketed as an alternative to testing in animals. It is our strategy to participate in some fashion with any non-animal test method as it becomes validated as a research model alternative or adjunct in our markets. However, these methods may not be available to us or we may not be successful in commercializing these methods. Even if we are successful, sales or profits from these methods may not offset reduced sales or profits from research models.

Alternative research methods could decrease the need for research models, and we may not be able to develop new products effectively or in a timely manner to replace any lost sales. In addition, one of the anticipated outcomes of genomics research is to permit the elimination of more compounds prior to preclinical testing. While this outcome may not occur for several years, if at all, it may reduce the demand for some of our products and services.

THE OUTSOURCING TREND IN THE PRECLINICAL AND NONCLINICAL STAGES OF DRUG DISCOVERY AND DEVELOPMENT, MEANING CONTRACTING OUT TO OTHERS FUNCTIONS THAT WERE PREVIOUSLY PERFORMED INTERNALLY, MAY DECREASE, WHICH COULD SLOW OUR GROWTH.

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

OUR BUSINESS MAY BE AFFECTED BY CHANGES IN THE ANIMAL WELFARE ACT AND RELATED REGULATIONS WHICH MAY REQUIRE US TO ALTER OUR OPERATIONS.

The United States Department of Agriculture, or USDA, has agreed, as part of a settlement of litigation, to propose a change to the regulations issued under the Animal Welfare Act to include rats, mice and birds, including chickens. Congress, however, has suspended the USDA's rulemaking authority in this area. The Animal Welfare Act imposes a wide variety of specific regulations on producers and

users of regulated species including cage size, shipping conditions and environmental enrichment methods. Depending on whether the final rulemaking in this area includes rats, mice and birds, including chickens, we could be required to alter our production operations. This may include adding production capacity, new equipment and additional employees. We believe that application of the Animal Welfare Act to rats, mice and chickens used in our research model and vaccine support products operations in the United States will not result in loss of net sales, margin or market share, since all U.S. producers and users will be subject to the same regulations. While we do not anticipate that the addition of rats, mice and chickens to the Animal Welfare Act would require significant expenditures, changes to the regulations may be more stringent than we expect and require more significant expenditures. Additionally, if we fail to comply with state regulations, including general anti-cruelty legislation, foreign laws and other anti-cruelty laws, we could face significant civil and criminal penalties.

FACTORS SUCH AS EXCHANGE RATE FLUCTUATIONS AND INCREASED INTERNATIONAL AND U.S. REGULATORY REQUIREMENTS MAY INCREASE OUR COSTS OF DOING BUSINESS IN FOREIGN COUNTRIES.

A significant part of our net sales is 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 U.S. regulatory requirements.

Because the sales and expenses of our foreign operations are generally denominated in local currencies, we are subject to exchange rate fluctuations between local currencies and the U.S. dollar in 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 face significant competition from different competitors in each of our business areas. Some of our competitors in biotech safety testing and medical device testing are larger than we are and may have greater capital, technical or other resources than we do. We generally compete on the basis of quality, reputation, and availability of service. Expansion by our competitors into other areas in which we operate, new entrants into our markets or changes in our competitors' strategy could adversely affect our competitive position. Any erosion of our competitive position may decrease our revenues or limit our growth.

NEGATIVE ATTENTION FROM SPECIAL INTEREST GROUPS MAY IMPAIR OUR BUSINESS.

Our core research model activities with rats, mice and other rodents have not historically been the subject of animal rights media attention. However, the large animal component of our business has been the subject of adverse attention and on-site protests. We closed our small import facility in England due in part to protests by animal right activists, which included threats against our facilities and employees. Future negative attention or threats against our facilities or employees could impair our business.

ONE OF OUR LARGE ANIMAL OPERATIONS IS DEPENDENT ON A SINGLE SOURCE OF SUPPLY, WHICH IF INTERRUPTED COULD ADVERSELY AFFECT OUR BUSINESS.

We depend on a single, international source of supply for one of our large animal operations. Disruptions to their continued supply may arise from export or import restrictions or embargoes, foreign government or economic instability, or severe weather conditions. Any disruption of supply could harm our business if we cannot remove the disruption or are unable to secure an alternative or secondary source on comparable commercial terms.

TAX BENEFITS WE EXPECT TO BE AVAILABLE IN THE FUTURE MAY BE SUBJECT TO CHALLENGE.

In connection with the recapitalization, our shareholders, CRL Acquisition LLC and Bausch & Lomb Incorporated, or B&L, made a joint election intended to permit us to increase the depreciable and amortizable tax basis in our assets for Federal income tax purposes, thereby providing us with expected future tax benefits. In connection with our initial public offering, CRL Acquisition LLC reorganized, terminated its existence as a corporation for tax purposes and distributed a substantial portion of our stock to its members. It is possible that the Internal Revenue Service may contend that this reorganization and liquidating distribution should be integrated with our original recapitalization. We believe that the reorganization and liquidating distribution should not have any impact upon the election for federal income tax purposes. However, the Internal Revenue Service may reach a different conclusion. If the Internal Revenue Service were successful, the expected future tax benefits would not be available and we would be required to write off the related deferred tax asset reflected in our balance sheet by recording a non-recurring tax expense in our results of operations in an amount equal to such deferred tax asset. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

WE DEPEND ON KEY PERSONNEL AND MAY NOT BE ABLE TO RETAIN THESE EMPLOYEES OR RECRUIT ADDITIONAL QUALIFIED PERSONNEL, WHICH WOULD HARM OUR BUSINESS.

Our success depends to a significant extent on the continued services of our senior management and other members of management. James C. Foster, our Chief Executive Officer since 1992, has held various positions with Charles River for 25 years and recently became our Chairman. We have no employment agreement with Mr. Foster, nor with any other executive officer. If Mr. Foster or other members of management do not continue in their present positions, our business may suffer.

Because of the specialized scientific nature of our business, we are highly dependent upon qualified scientific, technical and managerial personnel. There is intense competition for qualified personnel in the pharmaceutical and biotechnological fields. Therefore, we may not be able to attract and retain the qualified personnel necessary for the development of our business. The loss of the services of existing personnel, as well as the failure to recruit additional key scientific, technical and managerial personnel in a timely manner could harm our business.

DLJ MERCHANT BANKING PARTNERS, II, L.P. AND ITS AFFILIATES HAVE SUBSTANTIAL CONTROL OVER OUR COMPANY AND MAY HAVE DIFFERENT INTERESTS THAN THOSE OF OTHER HOLDERS OF OUR COMMON STOCK.

Prior to this offering DLJ Merchant Banking Partners II, L.P. and affiliated funds, which we refer to as the DLJMB Funds, beneficially owned 45.3% of our outstanding common stock and after this offering these entities will beneficially own % of our outstanding common stock (% if the underwriters' over-allotment option is exercised in full). As a result of their stock ownership and contractual rights they received in the recapitalization, these entities have substantial control over our business, policies and affairs, including the power to:

- elect a majority of our directors;

- appoint new management;

- prevent or cause a change of control; and

- substantially control any action requiring the approval of the holders of common stock, including the adoption of amendments to our certificate of incorporation and approval of mergers or sales of substantially all of our assets.

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

dividends. The DLJMB Funds and the directors they appoint may have different interests than those of other holders of our common stock.

The general partners of each of the DLJMB Funds are affiliates or employees of Credit Suisse First Boston Corporation, a managing underwriter of this offering.

OUR HISTORICAL FINANCIAL INFORMATION MAY NOT BE REPRESENTATIVE OF OUR RESULTS AS A SEPARATE COMPANY.

The historical financial information in this prospectus for the periods prior to the recapitalization 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 or in the future. We made some adjustments and allocations to the historical financial statements in this prospectus because B&L did not account for us as a single stand-alone business for all periods presented. Our adjustments and allocations made in preparing our historical consolidated financial statements may not appropriately reflect our operations during the periods presented as if we had operated as a stand-alone company.

HEALTHCARE REFORM COULD REDUCE OR ELIMINATE OUR BUSINESS OPPORTUNITIES.

The United States and many foreign governments have reviewed or undertaken healthcare reform, most notably price controls on new drugs, which may adversely affect research and development expenditures by pharmaceutical and biotechnology companies, resulting in a decrease of the business opportunities available to us. We cannot predict the impact that any pending or future healthcare reform proposals may have on our business.

RISKS RELATED TO THIS OFFERING

OUR STOCK PRICE MAY BE VOLATILE AND COULD DECLINE SUBSTANTIALLY.

The stock market has, from time to time, experienced extreme price and volume fluctuations. Many factors may cause the market price for our common stock to decline following this offering, including:

- our operating results failing to meet the expectations of securities analysts or investors in any quarter;
- downward revisions in securities analysts' estimates;
- material announcements by us or our competitors;
- governmental regulatory action;
- technological innovations by competitors or competing technologies;
- investor perceptions of our industry or prospects or those of our customers; and
- changes in general market conditions or economic trends.

In the past, companies that have experienced volatility in the market price of their stock have been the subject of securities class action litigation. If we become involved in a securities class action litigation in the future, it could result in substantial costs and diversion of management attention and resources, harming our business.

SHARES ELIGIBLE FOR PUBLIC SALE AFTER THIS OFFERING COULD ADVERSELY AFFECT OUR STOCK PRICE.

The market price of our common stock could decline as a result of sales by our existing stockholders after this offering or the perception that these sales could occur. These sales also might make it difficult for us to sell equity securities in the future at a time and price that we deem appropriate. In addition, some existing stockholders have the ability to require us to register their shares.

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "estimate" and "continue" or similar words. You should read statements that contain these words carefully because they discuss our future expectations, contain projections of our future results of operations or of our financial condition or state other "forward-looking" information. We believe that it is important to communicate our future expectations to our investors. However, there may be events in the future that we are not able to accurately predict or control and that may cause our actual results to differ materially from those discussed as a result of various factors, including contaminations at our facilities, changes in the pharmaceutical or biotechnology industries, competition and changes in government regulations or general economic or market conditions. These factors should be considered carefully and readers should not place undue reliance on our forward-looking statements. Before you invest in our common stock, you should be aware that the occurrence of the events described in the "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" sections and elsewhere in this prospectus could harm our business, operating results and financial condition. 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. We are under no duty to update any of the forward-looking statements after the date of this prospectus or to conform these statements to actual results.

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.

USE OF PROCEEDS

We will receive proceeds from this offering of approximately $ million, at the offering price of $ per share, which are net of underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds of this offering to repay a portion of our indebtedness, to retire obligations incurred in connection with recent acquisitions and for general corporate purposes.

Indebtedness under the credit facility was incurred in connection with our recapitalization and acquisition of SBI Holdings Inc., which we refer to as "Sierra." Interest on term loan A accrues at either a base rate plus 2.00% or LIBOR plus 3.00%, at our option. As of December 30, 2000, the interest rate on term loan A was 8.14%. Interest on term loan B accrues at either a base rate plus 2.50% or LIBOR plus 3.75%. As of December 30, 2000, the interest rate on term loan B was 10.39%. An affiliate of Credit Suisse First Boston Corporation was the arranger under the credit facility and may receive a portion of the net proceeds from this offering. In February 2001 we amended our credit facility to add a term C loan facility. As of the date of this offering there is no debt outstanding under the term C loan facility.

We will not receive any proceeds from the sale of common stock by the selling stockholders.

COMMON STOCK PRICE RANGES AND DIVIDENDS

The common stock began trading on the New York Stock Exchange on June 23, 2000 under the symbol "CRL." The following table sets forth for the periods indicated below the high and low sale closing prices for our common stock as reported on the NYSE Composite Tape.

2000	HIGH	LOW
Second Quarter (from June 23, 2000).....	$ 23.625	$ 18.500
Third Quarter.....	33.500	20.625
Fourth Quarter.....	34.000	20.500
2001		
First Quarter (through February 14, 2001).....	$ 28.200	$ 22.125

We have not declared or paid any cash dividends on shares of our common stock in the past two years except to our former parent company and we do not intend to pay cash dividends in the foreseeable future. We currently intend to retain any earnings to finance future operations and expansion and to reduce indebtedness. We are a holding company and are dependent on distributions from our subsidiaries to meet our cash requirements. The terms of the indenture governing our senior subordinated notes and our credit facility restrict the ability of our subsidiaries to make distributions to us and, consequently, restrict our ability to pay dividends on our common stock.

CAPITALIZATION

The following table presents our consolidated capitalization as of December 30, 2000 on a historical basis. This table should be read in conjunction with "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and notes thereto included elsewhere in this prospectus.

	AS OF DECEMBER 30, 2000
	HISTORICAL
	(DOLLARS IN THOUSANDS)
DEBT:	
Credit facility:	
Revolving credit facility(1)	$ --
Term loans(2)	101,100
Senior subordinated notes	96,291
Capital lease obligations and other long-term debt	5,521
Total debt	202,912
SHAREHOLDERS' EQUITY:	
Common stock	359
Additional paid-in capital	451,404
Accumulated deficit	(318,575)
Loans to officers	(920)
Accumulated other comprehensive loss	(15,341)
Total shareholders' equity	116,927
Total capitalization	$ 319,839

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(1) At December 30, 2000, we had $30.0 million available under our revolving credit facility, subject to customary borrowing conditions.

(2) Includes a senior secured term loan A facility of $25.5 million and a senior secured term loan B facility of $75.6 million.

SELECTED CONSOLIDATED FINANCIAL DATA

The following table presents our selected consolidated financial data and other data as of and for the fiscal years ended December 28, 1996, December 27, 1997, December 26, 1998, December 25, 1999 and December 30, 2000. We derived the selected consolidated statement of operations data for the three fiscal years ended December 30, 2000 and the consolidated balance sheet data as of December 25, 1999 and December 30, 2000 from our audited consolidated financial statements and the notes to those statements contained elsewhere in this prospectus. We derived the selected consolidated financial data as of and for the fiscal year ended December 28, 1996, December 27, 1997 and December 26, 1998 from our audited consolidated financial statements and the notes to those statements, which are not contained in this prospectus. You should read the information contained in this table in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes contained elsewhere in this prospectus.

	FISCAL YEAR(1)				
	1996	1997	1998	1999	2000
	(DOLLARS IN THOUSANDS)				
STATEMENT OF OPERATIONS DATA:					
Total net sales	$165,563	$181,227	$205,061	$231,413	$306,585
Cost of products sold and services provided	107,736	121,974	134,307	146,729	186,654
Selling, general and administrative expenses	28,327	30,451	34,142	39,765	51,204
Amortization of goodwill and intangibles	610	834	1,287	1,956	3,666
Restructuring charges	4,748	5,892	--	--	--
Operating income	24,142	22,076	35,325	42,963	65,061
Interest income	654	865	986	536	1,644
Other income	--	--	--	89	390
Interest expense	(491)	(501)	(421)	(12,789)	(40,691)
Gain (loss) from foreign currency, net	84	(221)	(58)	(136)	(319)
Income before income taxes, minority interests and earnings from equity investments	24,389	22,219	35,832	30,663	26,085
Provision for income taxes	10,889	8,499	14,123	15,561	7,837
Income before minority interests and earnings from equity investments	13,500	13,720	21,709	15,102	18,248
Minority interests	(5)	(10)	(10)	(22)	(1,396)
Earnings from equity investments	1,750	1,630	1,679	2,044	1,025
Income before extraordinary item	15,245	15,340	23,378	17,124	17,877
Extraordinary loss, net of tax	--	--	--	--	(29,101)
Net income (loss)	$ 15,245	$ 15,340	$ 23,378	$ 17,124	$(11,224)
OTHER DATA:					
Depreciation and amortization	$ 9,528	$ 9,703	$ 10,895	$ 12,318	$ 16,766
Capital expenditures	11,572	11,872	11,909	12,951	15,565
BALANCE SHEET DATA (AT END OF PERIOD):					
Cash and cash equivalents	$ 19,657	$ 17,915	$ 24,811	$ 15,010	$ 33,129
Working capital	48,955	46,153	42,574	27,574	55,417
Total assets	196,981	196,211	234,254	359,096	410,608
Total debt	1,645	1,363	1,582	386,044	202,912
Total shareholders' equity/(deficit)	153,818	149,364	168,259	(110,142)	116,927

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

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 DATA, INCLUDING THE RELATED NOTES, CONTAINED ELSEWHERE IN THIS PROSPECTUS FILED FEBRUARY 14, 2001.

OVERVIEW

We are a leading provider of critical research tools and integrated support services that enable innovative and efficient drug discovery and development. We are the global leader in providing the animal research models required in research and development for new drugs, devices and therapies and have been in this business for more than 50 years.

We operate in two segments for financial reporting purposes: research models and biomedical products and services. In addition, since services represent over 10% of our net sales, our consolidated financial statements also provide a breakdown of net sales between net sales related to products, which include both research models and biomedical products, and net sales related to services, which reflect biomedical services, and a breakdown of costs between costs of products sold and costs of services provided. The following tables show the net sales and the percentage contribution of our segments, research models and biomedical products and services, for the past three years. It also shows costs of products sold and services provided, selling, general and administrative expenses and operating income for both research models and biomedical products and services by segment and as percentages of their respective segment net sales.

	FISCAL YEAR ENDED		
	DECEMBER 26, 1998	DECEMBER 25, 1999	DECEMBER 30, 2000
	(DOLLARS IN MILLIONS)		
Net sales:			
Research models	$144.9	$152.5	$187.7
Biomedical products and services	60.2	78.9	118.9
Costs of products sold and services provided:			
Research models	$ 96.1	$ 96.5	$113.3
Biomedical products and services	38.2	50.2	73.4
Selling, general and administrative expenses:			
Research models	$ 18.1	$ 22.2	$ 30.9
Biomedical products and services	9.7	12.5	18.2
Operating income:			
Research models	$ 30.5	$ 33.7	$ 43.1
Biomedical products and services	11.1	14.4	24.1

	FISCAL YEAR ENDED		
	DECEMBER 26, 1998	DECEMBER 25, 1999	DECEMBER 30, 2000
	(AS A PERCENT OF NET SALES)		
Net sales:			
Research models	70.6%	65.9%	61.2%
Biomedical products and services	29.4	34.1	38.8
Costs of products sold and services provided:			
Research models	66.3%	63.3%	60.4%
Biomedical products and services	63.5	63.6	61.7
Selling, general and administrative expenses:			
Research models	12.5%	14.6%	16.5%
Biomedical products and services	16.1	15.8	15.3
Operating income:			
Research models	21.0%	22.1%	23.0%
Biomedical products and services	18.4	18.3	20.3

NET SALES. We recognize revenue with respect to research models sales upon transfer of title, when the risks and rewards of ownership pass to the customer. Revenues with respect to services are recognized as these services are performed. 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 three years through better forecasting and production mix, and most importantly, improved biosecurity, thereby reducing contaminations.

Biomedical products and services have grown at a compounded rate of 36.3% from 1998 to 2000. Our growth in this business demonstrated 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 higher quality, better availability and superior customer support that our customers associate with our products.

BIOSECURITY. Biosecurity is one of our highest operational priorities. 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 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 a few significant contaminations in 1997 in our isolation rooms for research models and in our poultry houses for vaccine support products. Since January 1, 1997, we have made over $8 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 1999. While we cannot assure you that we will not experience future significant isolation room or poultry house contaminations in the future, we believe these changes have contributed to our absence of significant contaminations during 1998, 1999 and 2000.

ACQUISITIONS. Since January 1, 1998, we have successfully acquired and integrated four companies, which contributed $47.4 million in sales in 2000, representing 15.5% of total sales. On September 29, 1999, we acquired Sierra for an initial total purchase price of $23.3 million, including approximately $17.3 million in cash paid to former shareholders and assumed debt of approximately $6.0 million, which we immediately retired. In addition, we are obligated to pay $2.0 million in additional purchase price due to specified financial objectives being reached by December 30, 2000. The additional consideration was recorded as additional goodwill in the year ended December 30, 2000. We have also agreed to pay (a) up to $10.0 million in performance-based bonus payments if specified financial objectives are reached in the five years following the acquisition date, with no payment in any individual year to exceed $2.7 million and (b) $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. Sierra became part of our drug safety assessment area.

The $10.0 million in performance-based bonus payments, will, if paid, be expensed during the periods in which it becomes reasonably certain that the financial objectives will be achieved. Approximately $1.4 million of performance-based bonus payments were made on December 31, 2000 and were recorded as compensation expense in the year ended December 30, 2000. We expensed $1.4 million in fiscal 1999 and $1.0 million in fiscal 2000 of the $3.0 million in retention and non-competition payments. The $0.6 million remaining will be expensed ratably through June 2001.

Effective January 8, 2001 we purchased 100% of the common stock of PAI. We paid consideration of $37 million with respect to this acquisition, consisting of $28 million in cash and a $12 million callable convertible note.

We signed a definitive agreement on February 7, 2001 to acquire Primedica for consideration of $52 million, subject to customary closing conditions. The consideration will be comprised of $26 million in cash, $16.5 million in restricted stock (which we may repurchase through July 1, 2001) and $9.5 million in assumed debt.

JOINT VENTURES. At December 25, 1999, we had two unconsolidated joint ventures. As of February 28, 2000, we acquired an additional 16% equity interest in one of the joint ventures, Charles River Japan, increasing our ownership interest to 66%. The purchase price for the 16% equity interest was 1.4 billion yen, or $12.8 million, of which 400 million yen, or $3.7 million, was paid by a three-year balloon promissory note secured by a pledge of the purchased interest. The note bears interest at the long-term prime rate in Japan. Charles River Japan is engaged principally in the research model business. Our royalty agreement provides us with 3% of the sales of locally produced research models, and having acquired majority ownership, we have consolidated its operations for financial reporting purposes from the effective date of the acquisition in the first quarter of fiscal 2000. This contributed $36.6 million in sales in 2000. We also receive dividends based on our pro-rata share of net income. Charles River Japan paid dividends prior to the additional equity investment amounted to $0.7 million, $0.8 million and $0.0 million in 1998, 1999 and 2000, respectively. Our other unconsolidated joint venture is Charles River Mexico, an extension of our vaccine support products area, which is not significant to our business.

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.

THE RECAPITALIZATION AND SIERRA ACQUISITION. The recapitalization, which was consummated on September 29, 1999, was accounted for as a leveraged recapitalization and had 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 allocated to goodwill. We incurred various costs of approximately $22.6 million (pre-tax) in connection with consummating the recapitalization. We have capitalized and are amortizing the portion of these costs that represents deferred financing costs (approximately $14.4 million) over the life of the related financing. We have charged a portion of the expenses related to the recapitalization (approximately $8.2 million) to retained earnings.

DEFERRED TAX ASSETS. In conjunction with the recapitalization, CRL Acquisition LLC and B&L made a joint election under section 338(h)(10) of the Internal Revenue Code of 1986, as amended. Such election resulted in a step-up in the tax basis of the underlying assets and a net deferred tax asset of $99.5 million was recorded in the consolidated financial statements. The tax purchase price allocation related to the election was not finalized until the second quarter of 2000, and an adjustment of $4.5 million was recorded in that quarter to reduce the net deferred tax asset balance and capital in excess of par in accordance with the final allocation. In addition, we have used the proceeds from our initial public offering, to repay a portion of our outstanding debt and expect to be more profitable in the future, due to reduced interest costs. We therefore reassessed the need for a valuation allowance associated with the deferred asset balance discussed above and reduced this valuation allowance by $4.8 million. This reduction in valuation allowance was recorded as a tax benefit in the second quarter of 2000. The net deferred tax asset pertaining to the election under section 338(h)(10) of the Internal Revenue Code as of December 30, 2000 of approximately $92.3 million is expected to be realized over 15 years through future tax deductions which are expected to reduce future tax payments. It is possible that the Internal Revenue Service may challenge the availability of the section 338(h)(10) election. If the Internal Revenue Service were successful, the expected future tax benefits from the election would not be available, and we would be required to write off the related deferred tax assets by recording a non-recurring expense in our results of operations in an amount equal to such deferred tax assets. See Note (8) to the consolidated financial statements. We believe that the reorganization and liquidating distribution should not have any impact upon the election for federal income tax purposes. However, the Internal Revenue Service may reach a different conclusion. See "Risk Factors--Tax benefits we expect to be available in the future may be subject to challenge."

INITIAL PUBLIC OFFERING. The net proceeds of our initial public offering were used to repay approximately $204.7 million in outstanding indebtedness, including issuance discounts, in the third quarter of 2000. In connection with this repayment we also have paid premiums and written off deferred financing costs. We recorded an extraordinary loss of $29.1 million, net of tax benefits of $15.7 million, in the third quarter of 2000.

RESULTS OF OPERATIONS

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

	FISCAL YEAR ENDED		
	DECEMBER 26, 1998	DECEMBER 25, 1999	DECEMBER 30, 2000
Net sales	100.0%	100.0%	100.0%
Costs of products sold and services provided	65.5	63.4	60.9
Selling, general and administrative expenses	16.6	17.2	16.7
Amortization of goodwill and other intangibles	0.6	0.8	1.2
Interest income	0.5	0.2	0.5
Interest expense	0.2	5.5	13.3
Provision for income taxes	6.9	6.7	2.6
Earnings from equity investment	0.8	0.9	0.3
Minority interests	--	--	0.5
Net income	11.4%	7.4%	5.8%

FISCAL 2000 COMPARED TO FISCAL 1999

YEAR ENDED DECEMBER 30, 2000 COMPARED TO YEAR ENDED DECEMBER 25, 1999

NET SALES. Net sales in 2000 were $306.6 million, an increase of $75.2 million, or 32.5%, from $231.4 million in 1999. Results for 2000 and 1999 on a pro forma basis for the strategic transactions, which include the acquisition of Sierra in September 1999 and the acquisition of control of our Japanese joint venture in February 2000, reflect a 10% increase for the year, 12.4% excluding the impact of foreign currencies.

RESEARCH MODELS. Net sales of research models in 2000 were $187.7 million, an increase of $35.2 million, or 23.1%, from $152.5 million in 1999. Small animal research model sales increased in North America by 12.3% due to continued improved pricing, a shift to higher priced specialty units and an increase in unit volume. Excluding negative currency translation of $7.6 million and the reduction in lab equipment sales of $1.8 million which tends to be variable, European small animal research model sales increased by 3.2%. Small animal research model sales in Japan, which we began consolidating during the first quarter of 2000, were $36.2 million in 2000. We also experienced an increase during 2000 in our large animal import and conditioning business of 5.2%. Our large animal breeding colony in Florida, which was sold in the first quarter of 2000, accounted for $2.8 million of sales in 1999.

BIOMEDICAL PRODUCTS AND SERVICES. Net sales of biomedical products and services in 2000 were $118.9 million, an increase of $40.0 million, or 50.7%, from $78.9 million in 1999. Sierra contributed $26.8 million of sales growth in 2000 due to the full year impact of its acquisition. The remaining product lines increased 18.3% in total in 2000 primarily due to increased outsourcing by our customers.

COST OF PRODUCTS SOLD AND SERVICES PROVIDED. Cost of products sold and services provided in 2000 was $186.7 million, an increase of $40.0 million, or 27.3%, from $146.7 million in 1999. Cost of products sold and services provided in 2000 was 60.9% of net sales compared to 63.4% of net sales in 1999.

RESEARCH MODELS. Cost of products sold and services provided for research models in 2000 was $113.3 million, an increase of $16.8 million, or 17.4%, compared to $96.5 million in 1999. Cost of products sold and services provided in 2000 was 60.4% of net sales compared to 63.3% of net sales in

1999. Cost of products sold and services provided increased at a lower rate than net sales due to increased sales volume resulting in improved capacity utilization.

BIOMEDICAL PRODUCTS AND SERVICES. Cost of products sold and services provided for biomedical products and services in 2000 was $73.4 million, an increase of $23.2 million, or 46.2%, compared to $50.2 million in 1999. Cost of products sold and services provided as a percentage of net sales in 2000 was 61.7%, an improvement from 63.6% in 1999. The favorable cost of products sold and services provided as a percent of net sales in 2000 is attributable to our increased sales and improved Sierra profitability.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses in 2000 were $51.2 million, an increase of $11.4 million, or 28.6%, from $39.8 million in 1999. Selling, general and administrative expenses for 2000 were 16.7% of net sales compared to 17.2% of net sales in 1999.

RESEARCH MODELS. Selling, general and administrative expenses for research models in 2000 were $30.9 million, an increase of $8.7 million, or 39.2%, compared to $22.2 million in 1999. The $8.7 million increase is mainly due to consolidation of Charles River Japan in the first quarter of 2000 along with a $1.3 million restructuring charge for a plant closing and personnel reductions in one of our small animal research models locations in France. Selling, general and administrative expenses for 2000 were 16.5% of net sales, compared to 14.6% for 1999.

BIOMEDICAL PRODUCTS AND SERVICES. Selling, general and administrative expenses for biomedical products and services in 2000 were $18.2 million, an increase of $5.7 million, or 45.6%, compared to $12.5 million in 1999. The acquisition of Sierra in the fourth quarter of 1999 accounts for $2.9 million of the increase. Selling, general and administrative expenses in 2000 decreased to 15.3% of net sales, compared to 15.8% of net sales in 1999, due to greater economies of scale realized though our acquisition of Sierra and increased sales.

UNALLOCATED CORPORATE OVERHEAD. Unallocated corporate overhead, which consists of various corporate expenses, was $2.1 million in 2000 compared to $5.1 million in 1999. Unallocated corporate overhead has decreased mainly due to pension income from favorable investment returns.

AMORTIZATION OF GOODWILL AND OTHER INTANGIBLES. Amortization of goodwill and other intangibles in 2000 was $3.7 million, an increase of $1.7 million from $2.0 million in 1999. The increase was due mainly to the full year effect of the amortization of intangibles from our Sierra acquisition.

OPERATING INCOME. Operating income in 2000 was $65.1 million, an increase of $22.1 million, or 51.4%, from $43.0 million in 1999. Operating income in 2000 was 21.2% of net sales, compared to 18.6% of net sales in 1999. Operating income increased in total and as a percentage of net sales due to our sales growth, acquisition of Sierra and improved capacity utilization.

RESEARCH MODELS. Operating income from sales of research models in 2000 was $43.1 million, an increase of $9.4 million, or 27.9%, from $33.7 million in 1999. Operating income from sales of research models in 2000 was 23.0% of net sales, compared to 22.1% in 1999. The increased operating income was attributable to the growth in sales coupled with improved capacity utilization.

BIOMEDICAL PRODUCTS AND SERVICES. Operating income from sales of biomedical products and services in 2000 was $24.1 million, an increase of $9.7 million, or 67.4%, from $14.4 million in 1999. Operating income from sales of biomedical products and services in 2000 increased to 20.3% of net sales, compared to 18.3% of net sales in 1999. The increase is attributable to our acquisition of Sierra as well as our increased sales.

INTEREST EXPENSE. Interest expense in 2000 was $40.7 million compared to $12.8 million in 1999. The $27.9 million increase from 1999 was primarily due to the additional debt incurred as a result of

the recapitalization which occurred on September 29, 1999 partially offset by the debt repayment in the third quarter.

INCOME TAXES. The effective tax rate in 2000 excluding the reversal of the deferred tax valuation allowance of $4.8 million was 48.3% as compared to 50.7% in 1999. The impact of leverage in the first half of the year had an unfavorable impact on our tax rate by lowering our pre-tax income, and increasing the impact of the permanent timing differences on the tax rate. The effective tax rate did improve in the last six months. The $4.8 million reversal of the valuation allowance associated with the deferred tax asset, was recorded as a tax benefit in the second quarter of 2000 due to a reassessment of the need for a valuation allowance following our initial public offering.

INCOME BEFORE THE EXTRAORDINARY LOSS. Income before the extraordinary loss in 2000 was $17.9 million, an increase of $0.8 million from $17.1 million in 1999. The increase is driven by the increase in operating income and the reversal of the deferred tax valuation allowance, which is partially offset by the full year impact of interest expense.

EXTRAORDINARY LOSS. We recorded an extraordinary loss of $29.1 million during the third quarter of 2000. The pre-tax loss of $44.8 million is the result of premiums related to the early repayment of debt and the write off of deferred financing costs and issuance discounts associated with the debt repayments net of tax benefits of $15.7 million.

NET INCOME (LOSS). The loss in 2000 was $11.2 million, a decrease of $28.3 million from net income of $17.1 million in 1999. The increased operating income from operations and the reversal of the deferred tax valuation allowance was offset by the extraordinary loss associated with the debt repayment and the full year impact of interest expense.

FISCAL 1999 COMPARED TO FISCAL 1998

NET SALES. Net sales in 1999 were $231.4 million, an increase of $26.3 million, or 12.8%, from $205.1 million in 1998.

RESEARCH MODELS. Net sales of research models in 1999 were $152.5 million, an increase of $7.6 million, or 5.2%, from $144.9 million in 1998. Sales increased due to the increase in small animal research model sales in North America and Europe of $7.1 million, resulting from improved pricing, a more favorable product mix (meaning a shift to higher priced units) and an increase in unit volume. We also experienced an increase in the large animal import and conditioning area of $0.6 million, mainly due to pricing.

BIOMEDICAL PRODUCTS AND SERVICES. Net sales of biomedical products and services in 1999 were $78.9 million, an increase of $18.7 million, or 31.1%, from $60.2 million in 1998. At the beginning of the second quarter of 1998, we made two acquisitions that contributed $3.4 million of this sales growth, and on September 29, 1999, we acquired Sierra which had sales of $5.9 million in the fourth quarter. The remaining increase was due to significant sales increases of transgenic and research support services of $2.9 million and endotoxin detection systems of $2.2 million, and sales from our contract site management services of $1.8 million, primarily due to better customer awareness of our outsourcing solutions.

COST OF PRODUCTS SOLD AND SERVICES PROVIDED. Cost of products sold and services provided in 1999 was $146.7 million, an increase of $12.4 million, or 9.2%, from $134.3 million in 1998.

RESEARCH MODELS. Cost of products sold and services provided for research models in 1999 was $96.5 million, an increase of $0.4 million, or 0.4%, compared to $96.1 million in 1998. Cost of products sold and services provided in 1999 was 63.3% of net sales compared to 66.3% of net sales in 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 in 1999 was $50.2 million, an increase of $12.0 million, or 31.4%, compared to $38.2 million in 1998. Cost of products sold and services provided as a percentage of net sales was essentially unchanged at 63.6% in 1999 compared to 63.5% in 1998.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses in 1999 were $39.8 million, an increase of $5.7 million, or 16.7%, from $34.1 million in 1998. Selling, general and administrative expenses in 1999 were 17.2% of net sales compared to 16.6% of net sales in 1998. Selling, general and administrative expenses also included research and development expense of $0.5 million in 1999 compared to $1.4 million in 1998.

RESEARCH MODELS. Selling, general and administrative expenses for research models in 1999 were $22.2 million, an increase of $4.1 million, or 22.7%, compared to $18.1 million in 1998. Selling, general and administrative expenses in 1999 were 14.6% of net sales, compared to 12.5% in 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 in 1999 were $12.5 million, an increase of $2.8 million, or 28.9%, compared to $9.7 million in 1998. Selling, general and administrative expenses in 1999 decreased to 15.8% of net sales, compared to 16.1% of net sales in 1998, due to greater economies of scale.

UNALLOCATED CORPORATE OVERHEAD. Unallocated corporate overhead, which consists of various corporate expenses, was $5.1 million in 1999, a decrease of $1.2 million, or 19.0%, compared to $6.3 million in 1998. The decrease was principally from the increase in cash surrender value associated with our supplemental executive retirement program.

AMORTIZATION OF GOODWILL AND OTHER INTANGIBLES. Amortization of goodwill and other intangibles in 1999 was $2.0 million, an increase of $0.7 million, or 53.8%, from $1.3 million in 1998. The increase was due to the effect of additional amortization of intangibles resulting from four recent acquisitions, two in April 1998, one in December 1998, and Sierra in September 1999.

RESTRUCTURING CHARGES. There were no restructuring charges in 1999 or 1998. During 1999, we charged $1.1 million against the previously recorded restructuring reserves, bringing the balance at year-end to zero.

OPERATING INCOME. Operating income in 1999 was $43.0 million, an increase of $7.7 million, or 21.8%, from $35.3 million in 1998. Operating income in 1999 was 18.6% of net sales, compared to 17.2% of net sales in 1998. Operating income increased in total and as a percentage of net sales for the reasons described above.

RESEARCH MODELS. Operating income from sales of research models in 1999 was $33.7 million, an increase of $3.2 million, or 10.5%, from $30.5 million in 1998. Operating income from sales of research models in 1999 was 22.1% of net sales, compared to 21.0% in 1998. The increase was attributable to the factors described above.

BIOMEDICAL PRODUCTS AND SERVICES. Operating income from sales of biomedical products and services in 1999 was $14.4 million, an increase of $3.3 million, or 29.7%, from $11.1 million in 1998. Operating income from sales of biomedical products and services in 1999 decreased to 18.3% of net sales, compared to 18.4% of net sales in 1998. This was primarily due to the acquisition of Sierra, and the impact of additional amortization of intangibles.

OTHER INCOME. 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, and a charge of $1.3 million for stock compensation expense.

INTEREST EXPENSE. Interest expense for 1999 was $12.8 million compared to $0.4 million for 1998. The $12.4 million increase was primarily due to the additional debt incurred in the recapitalization.

INCOME TAXES. The effective tax rate of 50.7% in 1999 as compared to 39.5% in 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 United States. In addition, in 1999, an election was made by B&L to treat some foreign entities as branches for U.S. 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, in 1999.

NET INCOME. Net income in 1999 was $17.1 million, a decrease of $6.3 million, or 26.9%, from $23.4 million in 1998. The decrease was attributable to the increased interest expense.

LIQUIDITY AND CAPITAL RESOURCES

Historically, our principal sources of liquidity were cash flow from operations, borrowings under our credit facility and proceeds from our initial public offering.

In September 1999, we received a $92.4 million equity investment from DLJMB and affiliated funds, management and some other investors, we issued $37.6 million senior discount debentures with warrants to purchase common stock and $150.0 million units consisting of senior subordinated notes due in 2009 with warrants to purchase common stock, and borrowed $162.0 million under our senior secured credit facility. We redeemed 87.5% of our outstanding capital stock held by B&L for $400.0 million and a $43.0 million subordinated discount note. We simultaneously acquired Sierra for an initial purchase price of $23.3 million including $17.3 million paid to its former stockholders and $6.0 million of assumed debt which we immediately retired.

Borrowings under the credit facility bear interest at a rate per year equal to a margin over either a base rate or LIBOR. The $30.0 million revolving loan commitment will terminate six years after the date of the initial funding of the credit 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, under the same terms and conditions of the original $30.0 million revolving credit facility. The term loan facility under the 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. In February, 2001, in connection with the anticipated Primedica acquisition, we amended our credit facility to add a $25 million term C loan facility. The interest rate on the term A loan facility also increased to LIBOR plus 2.00% from LIBOR plus 1.75%. As of January 30, 2001, the interest rate on the term A loan facility was 8.1375%, the interest rate on the term B loan facility was 10.3875%, the interest rate on the term C loan facility was 8.1375% and there was an aggregate of $116.1 million outstanding under our loan facilities. The credit facility contains customary covenants and events of default, including substantial restrictions on our subsidiary's ability to declare dividends or make distributions. The term loans are subject to mandatory prepayment with the proceeds of certain asset sales and a portion of our excess cash flow.

In February 2000, the 13.5% senior subordinated notes were exchanged for registered notes having the same financial terms and covenants as the notes issued in September 1999. 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.

In the third quarter of 2000, we consummated an initial public offering of 16,100,000 shares of our common stock at a price of $16.00 per share. We used the net proceeds from the offering of approximately $236 million to redeem a portion of the outstanding senior subordinated notes, including associated premiums and to repay our senior discount debentures, subordinated discount note and a portion of our bank debt.

We anticipate that our operating cash flow, together with borrowings under our credit facility, will be sufficient to meet our anticipated future operating expenses, capital expenditures and debt service obligations as they become due. However, Charles River Laboratories International, Inc. is a holding company with no operations or assets other than its ownership of 100% of the common stock of its subsidiary, Charles River Laboratories, Inc. We have no source of liquidity other than dividends from our subsidiary.

FISCAL 2000 COMPARED TO FISCAL 1999

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents of Charles River totaled $33.1 million at December 30, 2000 compared with $15.0 million at December 25, 1999. Our principal sources of liquidity were cash flow from operations, borrowings under our credit facilities and cash provided by our initial public offering.

Net cash provided by operating activities for the year 2000 was $33.8 million compared to net cash provided of $37.6 million in 1999. Net loss for the year 2000 was $11.2 million compared to net income of $17.1 million in 1999. Net income was impacted by the extraordinary loss of $29.1 million net of tax benefits of $15.7 million.

Net cash used in investing activities during the year 2000 was $14.6 million compared to $34.2 million in 1999. On February 28, 2000, we acquired an additional 16% of the equity (340,840 common shares) of our 50% equity joint venture, Charles River Japan, from Ajinomoto Co., Inc. The purchase price for the equity was 1.4 billion yen or $12.8 million. One billion yen, or $9.2 million was paid at closing and the balance of 400 million yen, or $3.7 million was deferred pursuant to a three year balloon promissory note. In addition, we acquired $3.2 million in cash. In January of 2000 we sold our primate colony in Florida for $7.0 million. In September of 1999 we purchased 100% of the common stock of Sierra for $23.3 million including $17.3 million paid to Sierra's former stockholders and $6.0 million of assumed debt which was immediately retired. Capital expenditures in the year 2000 were $15.6 million compared to $13.0 million in 1999.

Net cash provided by financing activities during 2000 was $0.8 million compared to cash used of $11.5 million in 1999. We received $236.0 million from our initial public offering of which we used $204.4 million to pay down our existing debt, including issuance discounts, and $31.5 million to pay premiums associated with the early repayment of the debt. In 1999, we received a $92.4 million equity investment from DLJMB and affiliated funds, management and some other investors, we issued $37.6 million senior discount debentures, which was retired in full in 2000, with warrants to purchase common stock. During 1999 we also issued $150.0 million units consisting of senior subordinated notes, of which $52.5 million was retired in 2000, with warrants to purchase common stock. Furthermore in 1999 we borrowed $162.0 million under our senior secured credit facility and paid off $63.9 million in 2000. In 1999 we redeemed 87.5% of our outstanding capital stock held by B&L for $400.0 million and a $43.0 million subordinated discount note, which we repaid in 2000. Net activity with B&L, our 100% shareholder up until the recapitalization in 1999 was $29.4 million in net payments to B&L.

We anticipate that our operating cash flow, together with borrowings under our credit facility, will be sufficient to meet our anticipated future operating expenses, capital expenditures and debt service obligations as they become due.

FISCAL 1999 COMPARED TO FISCAL 1998

Cash flow from operating activities in 1999 was $37.6 million compared to $37.4 million in 1998. Net cash used in investing activities in 1999 was $34.2 million compared to $23.0 million in 1998. The increase was primarily due to the acquisition of Sierra for $23.3 million. Capital expenditures in 1999 were $13.0 million versus $11.9 million in 1998.

Net cash used in financing activities in 1999 was $11.5 million versus $8.0 million in 1998. The activity in 1999 consisted of payments for deferred financing costs of $14.4 million and transactions costs of $8.2 million associated with the recapitalization. We also paid a dividend of $29.4 million to B&L, which was excess cash at the time of the recapitalization, and the recapitalization consideration was $400.0 million. The above was offset by the proceeds from the issuance of long-term debt of $339.0 million, the issuance of warrants of $10.6 million, and the issuance of common stock of $92.4 million.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to market risks arising from changes in interest rates and foreign currency exchange rates. Our primary interest rate exposure results from changes in LIBOR or the base rate which are used to determine the applicable interest rates under our term loans and revolving credit facility. We have entered into an interest rate protection agreement designed to protect us against fluctuations in interest rates with respect to at least 50% of the aggregate principal amount of the term loans and the senior subordinated notes. Interest rate swaps have the effect of converting variable rate obligations to fixed or other interest rate obligations. Our potential loss over one year that would result from a hypothetical, instantaneous and unfavorable change of 100 basis points in the interest rate on all of our variable rate obligations would be approximately $1.3 million. Fluctuations in interest rates will not affect the interest payable on the senior subordinated notes, which is fixed.

We do not use financial instruments for trading or other speculative purposes.

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 their operations are conducted in their respective local currencies, and it is not our intention to repatriate earnings prospectively. 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.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. This statement also requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. SFAS 133 is effective for fiscal years beginning after June 30, 1999. However, Statement of Financial Accounting Standards No. 137, "Deferral of the Effective Date of SFAS No. 133," was issued to defer adoption of SFAS No. 133 to fiscal years beginning after June 30, 2000. We do not expect that the adoption of SFAS No. 133 will have a material effect on our consolidated financial statements.

OVERVIEW

We are a leading provider of critical research tools and integrated support services that enable innovative and efficient drug discovery and development. We are the global leader in providing the animal research models required in research and development for new drugs, devices and therapies and have been in this business for more than 50 years. Since 1992, we have built upon our research model technologies to develop a broad and growing portfolio of biomedical products and services. Our wide array of services enables our customers to reduce costs, increase speed and enhance their productivity and effectiveness in drug discovery and development. Our customer base, spanning over 50 countries, includes all of the major pharmaceutical and biotechnology companies, as well as many leading hospitals and academic institutions. We currently operate 66 facilities in 15 countries worldwide. Our differentiated products and services, supported by our global infrastructure and scientific expertise, enable our customers to meet many of the challenges of early-stage life sciences research, a large and growing market. In 2000, our net sales were $306.6 million and our operating income was $65.1 million.

RESEARCH MODELS. We are the global leader in the production and sale of research models, principally genetically and virally defined purpose-bred rats and mice. These products represented 61.2% of our 2000 net sales. We offer over 130 research models, one of the largest selections of small animal models of any provider worldwide. Our higher-growth models include genetically defined models and models with compromised immune systems, which are increasingly in demand as early-stage research tools. The FDA and foreign regulatory bodies typically require the safety and efficacy of new drug candidates and many medical devices to be tested on research models like ours prior to testing in humans. As a result, our research models are an essential part of the drug-discovery and development process. Our research models are produced in a biosecure environment designed to ensure that the animals are free of viral and bacterial agents and other contaminants that can disrupt research operations and distort results. With our biosecure production capabilities and our ability to deliver consistent, high quality research models worldwide, we are well positioned to benefit from the rapid growth in research and development spending by pharmaceutical and biotechnology companies and the NIH.

BIOMEDICAL PRODUCTS AND SERVICES. We have focused significant resources on developing a diverse portfolio of biomedical products and services directed at high-growth areas of drug discovery and development. Our biomedical products and services business represented 38.8% of our 2000 net sales, and has experienced strong growth as demonstrated by our 33.7% compound annual growth rate in our net sales over the past five fiscal years. We expect the drug-discovery and development markets that we serve will continue to experience strong growth, particularly as new drug development based on advances in genetics continues to evolve. There are four areas within this segment of our business:

DISCOVERY SERVICES. Our discovery services are designed to assist our customers in screening drug candidates faster by providing genetically defined research models for in-house research and by implementing efficacy screening protocols to improve the customer's drug-evaluation process. The market for discovery services is growing rapidly as pharmaceutical and biotechnology research and development increasingly focuses on selecting lead drug candidates from the enormous number of new compounds being generated. We currently offer four major categories of discovery services: transgenic services, research support services, infectious disease and genetic testing and contract site management. Transgenic services is our highest growth area and includes model development, genetic characterizations, embryo cryopreservation, and rederivation and colony scale-up.

DEVELOPMENT SERVICES. We currently offer FDA-compliant development services in three main areas: drug safety assessment, biotech safety testing and medical device testing. Biotech safety testing services include a broad range of services specifically focused on supporting biotech or protein-based drug development, including such areas as protein characterization, cell banking,

methods development and release testing. Our rapidly growing development services offerings enable our customers to outsource their high-end, non-core drug development activities.

IN VITRO DETECTION SYSTEMS. We have diversified our product offerings to include non-animal, or IN VITRO, methods for testing the safety of drugs and devices. We are strategically committed to being the leader in providing our customers with IN VITRO alternatives as these methods become scientifically validated and commercially feasible. Our current products include endotoxin detection systems that ensure that injectable drugs and devices are free from harmful contaminants as well as bioactivity software.

VACCINE SUPPORT PRODUCTS. We provide vaccine manufacturers with pathogen-free fertilized chicken eggs, a critical ingredient for poultry vaccine production. We believe there is significant potential for growth in this area in support of novel human vaccines, such as a nasal spray flu vaccine currently in development.

COMPETITIVE STRENGTHS

Our leading research models business has provided us with steadily growing revenues and strong cash flow, while our biomedical products and services business provides significant opportunities for profitable growth. Our products and services are critical to both traditional pharmaceutical research and the rapidly growing fields of genomic, recombinant protein and humanized antibody research. We believe we are well positioned to compete effectively in all of these sectors as a result of a diverse set of competitive strengths, which include:

CRITICAL PRODUCTS AND SERVICES. We provide critical, proven and enabling products and services that our customers rely upon to advance their early-stage research efforts and accelerate product development. We offer a wide array of complementary research tools and discovery and development services that differentiate us from our competition and have created a sustained competitive advantage in our markets.

LONG-STANDING REPUTATION FOR SCIENTIFIC EXCELLENCE. We have earned our long-standing reputation for scientific excellence by consistently delivering high-quality research models supported by exceptional technical service and support for over 50 years. As a result, the Charles River brand name is synonymous with premium quality products and services and scientific excellence in the life sciences. We have nearly 100 science professionals on staff with D.V.M.s, Ph.D.s and M.D.s, in areas including laboratory animal medicine, molecular biology, pathology, immunology, toxicology and pharmacology.

EXTENSIVE GLOBAL INFRASTRUCTURE AND CUSTOMER RELATIONSHIPS. Our operations are globally integrated throughout North America, Europe and Asia. Our extensive investment in worldwide infrastructure allows us to standardize our products and services across borders when required by our multinational customers, while also offering a customized local presence when needed. We currently operate 66 facilities in 15 countries worldwide, serving a customer base spanning over 50 countries.

BIOSECURITY TECHNOLOGY EXPERTISE. In our research models business, our commitment to and expert knowledge of biosecurity technology distinguishes us from our competition. We maintain rigorous biosecurity standards in all of our facilities to maintain the health profile and consistency of our research models. These qualities are crucial to the integrity and timeliness of our customers' research.

PLATFORM ACQUISITION AND INTERNAL DEVELOPMENT CAPABILITIES. We have a proven track record of successfully identifying, acquiring and developing complementary businesses and new technologies. With this experience, we have developed internal expertise in sourcing acquisitions and further developing new technologies. We believe this expertise will continue to differentiate us from our competitors as we seek to further expand our business.

EXPERIENCED AND INCENTIVIZED MANAGEMENT TEAM. Our senior management team has an average of 17 years of experience with our company, and has evidenced a strong commitment and capability to deliver reliable performance and steady growth. Our Chairman and Chief Executive Officer, James C. Foster, has been with us for 25 years. Our management team owns or has options to acquire securities representing over % of our equity on a fully diluted basis before giving effect to this offering.

OUR STRATEGY

Our business strategy is to build upon our core research model business and to actively invest in higher-growth opportunities where our proven capabilities and strong relationships allow us to achieve and maintain a leadership position. Our growth strategies include:

BROADEN THE SCOPE OF OUR DISCOVERY AND DEVELOPMENT SERVICES. Primarily through acquisitions and alliances, we have improved our ability to offer new services that complement our existing drug-discovery and development services. We have targeted services that support transgenic research activities as a high-growth area. We intend to provide the additional critical support services needed to create, define, characterize and scientifically validate new genetic models expected to arise out of the Human Genome and Mouse Genome Projects. In addition, we plan to broaden our international presence in genetic services, specialized pathology and drug efficacy analysis. We also continue to add new capabilities in the biotech safety testing area.

ACQUIRE NEW TECHNOLOGIES IN RESEARCH MODELS. We intend to acquire novel technologies in transgenics and cloning to increase sales in our research models business and related transgenic services operations. We also expect to offer additional genetically modified models for research of specific disease conditions. These higher-value research models are often highly specialized and are priced to reflect their greater intrinsic value. In particular, we intend to acquire and develop transgenic rat technology, where development has been slow compared to mice. We believe there is a growing need for genetically engineered rats, which are larger and more accessible research models than mice.

EXPAND OUR PRECLINICAL OUTSOURCING SERVICES. Many of our pharmaceutical and biotechnology customers outsource a wide variety of research activities that are not directly associated with their scientific innovation process. We believe the trend of outsourcing preclinical or early-stage research will continue to increase rapidly. We are well positioned to exploit both existing and new outsourcing opportunities, principally through our discovery and development services offerings. We believe our early successes in the transgenic services area have increased customer demand for outsourcing and have created significant opportunities. Our research support services provide pharmaceutical and biotechnology companies with significant cost and resource allocation advantages over their existing internal operations. We intend to focus our marketing efforts on stimulating demand for further outsourcing of preclinical research. We also intend to expand our opportunities by increasing our international presence.

EXPAND OUR NON-ANIMAL TECHNOLOGIES. IN VITRO testing technologies are in their early stages of development, but we plan to continue to acquire and introduce new IN VITRO products and services as they become scientifically validated and commercially viable. We are particularly focused on acquiring new technologies that allow for high through-put screening and testing of new drug candidates in early stages of development, using such materials and techniques as human cells and tissues and predictive database software.

PURSUE STRATEGIC ACQUISITIONS AND ALLIANCES. Over the past decade, we have successfully completed 13 acquisitions and alliances. Several of our operations began as platform acquisitions, which we were able to grow rapidly by developing and marketing the acquired products or services to our extensive global customer base. We intend to further pursue strategic platform acquisitions and alliances to drive our long-term growth.

BUSINESS DIVISIONS

Our business is divided into two segments: research models and biomedical products and services.

RESEARCH MODELS

Research models is our historical core business and accounted for 61.2% of our 2000 net sales and 65.9% of our 1999 net sales. The business is comprised of the commercial production and sale of animal research models, principally purpose-bred rats, mice and other rodents for use by researchers. We are the commercial leader in the small animal research model area, supplying rodents for research since 1947. Our research models include:

- outbred animals, which have genetic characteristics of a random population;

- inbred animals, which have essentially identical genes;

- hybrid animals, which are the offspring of two different inbred parents;

- spontaneous mutant animals, which contain a naturally occurring genetic mutation (such as immune deficiency); and

- transgenic animals, which contain genetic material transferred from another source.

With over 130 research models, 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 such as guinea pigs and 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 all major pharmaceutical and biotechnology companies as well as hospitals and academic institutions.

The use of animal models is critical to both the discovery and development of a new drug. The FDA requires 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. Increasingly, genetically defined rats and mice are the model of choice in early discovery and development work as a more specifically targeted research tool. Outbred rats are frequently used in safety assessment studies. Our models are also used in 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. We also provide larger animal models, including miniature swine and primates, to the research community, principally for use in drug development and testing studies.

We believe that over the next several years, many new research models will be developed and used in biomedical research, such as transgenic models, cloned models with identical genes, knock-out models with one or more disabled genes and models that incorporate or exclude a particular mouse, rat or human gene. These more highly defined and characterized models will allow researchers to further focus their investigations into disease conditions and potential new therapies or interventions. We intend to build upon our position as the leader in transgenic services to expand our presence in this market for higher value models, through internal development, licensing, partnerships and alliances, and acquisitions.

BIOMEDICAL PRODUCTS AND SERVICES

Our biomedical products and services business consists of our newer, higher-growth operations, which we organize as follows:

DISCOVERY SERVICES	DEVELOPMENT SERVICES	IN VITRO DETECTION SYSTEMS	VACCINE SUPPORT PRODUCTS
- Transgenic Services	- Drug Safety Assessment	- Endotoxin Detection Systems	- Animal Health
- Research Support Services	- Biotech Safety Testing	- BioActivity Software	- Human Health
- Infectious Disease and Genetic Testing	- Medical Device Testing		
- Contract Site Management			

DISCOVERY SERVICES

Discovery represents the earliest stages of research and development in the life sciences directed to the identification and selection of a lead compound for future drug development. Discovery is followed by development activities, which are directed at validation of the selected drug candidates. Discovery and development represent most of the preclinical activities in drug development.

Initiated in 1995, the discovery services area of our business addresses the growing need among pharmaceutical and biotechnology companies to outsource the non-core aspects of their drug-discovery activities. These discovery services capitalize on the technologies and relationships developed through our research model business. We currently offer four major categories of discovery services: transgenic services, research support services, infectious disease and genetic testing and contract site management.

TRANSGENIC SERVICES. In this rapidly growing area of our business, we assist our customers in validating, maintaining, improving, breeding and testing models purchased or created by them for biomedical research activities. While the creation of a transgenic, knock-out or cloned model can be a critical scientific event, it is only the first step in the discovery process. Productive utilization of research models requires significant additional technical expertise. We provide transgenic breeding expertise, model characterization and colony development, genetic characterization, quarantine, embryo cryopreservation, embryo transfer, rederivation, and health and genetic monitoring. We provide these services to more than 150 laboratories around the world from pharmaceutical and biotechnology companies to hospitals and universities. We maintain nearly 500 different types of research models for our customers. We expect that the demand for our services will grow as the use of transgenic, knock-out and cloned animal models continues to grow within the research community.

RESEARCH SUPPORT SERVICES. Our research support services provide advanced or specialized research model studies for our customers. These projects capitalize on our strong research model capabilities and also exploit more recently developed capabilities in protocol development, animal micro-surgery, dosing techniques, drug effectiveness testing and data management and analysis. We believe these services, particularly in oncology and cardiovascular studies, offer added value to our research customers, who rely on our extensive expertise, infrastructure and resources. We also manage under contract a genetically defined, biosecure herd of miniature swine to provide organs for human transplantation research, known as xenotransplantation.

INFECTIOUS DISEASE AND GENETIC TESTING. We assist our customers in monitoring and analyzing the health and genetics of the research models used in their research protocols. We developed this capability internally by building upon the scientific foundation created by the diagnostic laboratory needs of our research model business. Depending upon a customer's needs, we may serve as its sole source testing laboratory, or as an alternative source supporting its internal laboratory capabilities. We believe that the continued growth in development and utilization of transgenic, knock-out and cloned

models will drive our future growth as the reference laboratory of choice for genetic testing of special models.

CONTRACT SITE MANAGEMENT. Building upon our core capabilities as a leading provider of high quality research models, we manage animal care operations on behalf of government, academic, pharmaceutical and biotechnology organizations. Increasing demand for our services reflects the growing necessity of these large institutions to outsource internal functions or activities that are not critical to the core scientific innovation and discovery process. In addition, we believe that our expertise in managing the laboratory animal environment enhances the productivity and quality of our customers' research facilities. This area leads to additional opportunities for us to provide other products and services to our customers. Site management does not require us to make any incremental investment, thereby generating a particularly strong return.

DEVELOPMENT SERVICES

Our development services enable our customers to outsource their non-core drug development activities to us. These activities are typically required for the identification of the lead compound in order to support the regulatory filings necessary to obtain FDA approval. We currently offer development services in three main areas: drug safety assessment, biotech safety testing and medical device testing.

DRUG SAFETY ASSESSMENT. We offer drug safety assessment services to pharmaceutical, medical device and biotechnology companies that are principally focused on conducting regulatory compliance studies producing data to support FDA submissions. These studies require highly specialized scientific capabilities. We have expertise in conducting critical developmental studies on new drug candidates and medical devices that use research models, including long- and short-term evaluations of potential new treatments for human or animal disease conditions. We have unique expertise in several areas of safety assessment and are continuously evaluating and selecting new services areas to add to our portfolio. We focus on high-end niches of this market where our scientific capabilities are strongly valued by our customers.

BIOTECH SAFETY TESTING. We provide specialized non-clinical quality control testing that is frequently outsourced by both pharmaceutical and biotechnology companies. These services allow our customers to determine if the human protein drug candidates, or the process for manufacturing those products, are essentially free of residual biological materials. The bulk of this testing work is required by the FDA for obtaining new drug approval, maintaining an FDA-licensed manufacturing capability or releasing approved products for use on patients. Our scientific staff consults with customers in the areas of process development, validation, manufacturing scale-up and biological testing. As more biotechnology drug candidates with stronger potential enter and exit the development pipeline, we expect to continue to experience strong demand for these testing services.

MEDICAL DEVICE TESTING. The FDA requires companies introducing medical devices to test the biocompatibility of any new materials that have not previously been approved for contact with human tissue. We provide a wide variety of medical device testing services from prototype feasibility testing to long-term GLP, or good laboratory practices, studies, primarily in large research models. These services include cardiovascular surgery, biomaterial reactivity studies, orthopedic studies and related laboratory services. We maintain state-of-the-art surgical suites where our skilled professional staff implement custom surgery protocols provided by our customers.

IN VITRO DETECTION SYSTEMS

While we do not foresee significant replacement of animal models from the use of IN VITRO techniques, we believe that these techniques may offer a strong refinement or complement to animal

test systems after the extended period of scientific validation is successfully completed. We intend to pursue this area to the extent alternatives become commercially viable.

ENDOTOXIN DETECTION SYSTEMS. We are a market leader in endotoxin testing, 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 endotoxins. Endotoxins are fever producing pathogens or 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 an 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 amebocyte lysate, or LAL. The LAL test is the first and only major FDA-validated IN VITRO alternative to an animal model test for testing the safety and efficiency of new drug candidates. 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, reagents, software, accessories, instruments and associated services to pharmaceutical and biotechnology companies for medical devices and other products worldwide. We have filed for a patent relating to our next generation of endotoxin testing technology.

BIOACTIVITY SOFTWARE. In the life sciences, we have an exclusive strategic alliance with Multicase, Inc. under which we offer their unique database software program. This program allows researchers to evaluate the potential toxicity and pharmacological activity of new chemical compounds. This program uses a proprietary artificial intelligence capability and nearly twenty years of data collected from public sources including the FDA. This IN SILICO, or software, alternative to the use of research animals is in the early stages of commercialization. We expect that bioactivity software that allows researchers to more accurately predict defined outcomes for potential new drug candidates will complement rather than replace the use of research models. We plan to evaluate adding other software tools through licensing and partnerships that allow researchers to improve the efficiency and effectiveness of drug discovery and development.

VACCINE SUPPORT PRODUCTS

ANIMAL HEALTH. We are the global leader for the supply of specific pathogen-free, or SPF, chickens and fertile chicken eggs. SPF chicken embryos are used by animal health companies as self-contained "bioreactors" for the manufacturing of live and killed viruses. These viruses are used as a raw material in poultry and potential human vaccine applications. The production of SPF eggs is done under biosecure conditions, similar to our research model production. We have a worldwide presence that includes several SPF egg 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 avian laboratory in the United States, which provides in-house testing and support services to our customers.

HUMAN HEALTH. We are also applying our SPF egg technology to human vaccine markets. We have entered into an agreement with a company that is in the late stages of the FDA approval process for a nasal spray-delivered vaccine for human flu. If FDA-approved and commercially successful, this human flu vaccine may significantly increase demand for our SPF eggs.

CUSTOMERS

Our customers consist primarily of large pharmaceutical companies, including the ten largest pharmaceutical companies based on 2000 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 1990 remain our customers today.

During 2000, in both our research models and our biomedical products and services businesses, approximately two-thirds of our sales were to pharmaceutical and biotechnology companies, and the balance were to hospitals, universities and the government. Our top 20 global customers represent only about 30% of our 2000 net sales, with no individual customer accounting for more than 3% of net sales.

SALES, MARKETING AND CUSTOMER SUPPORT

We sell our products and services principally through our direct sales force. As of December 30, 2000, we had approximately 55 employees engaged in field sales, of which 34 were in the United States, 12 were in Europe and nine were with Charles River Japan. The direct sales force is supplemented by a network of international distributors for some areas of our biomedical products and services business.

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, recording over 500,000 hits each month. Our website is not incorporated by reference in this prospectus.

We maintain both a customer service and technical assistance departments, 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 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 collaborations with universities or other institutions. Our dedicated research and development spending was $1.4 million in 1998, $0.5 million in 1999 and $0.9 million in 2000. 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. One of our businesses dedicates a portion of its net sales, through a royalty, to support similar programs and initiatives.

EMPLOYEES

As of December 30, 2000, we had approximately 2,500 employees, including over 100 science professionals with advanced degrees including D.V.M.s, Ph.D.s and M.D.s. 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 and geographic areas.

In our research models business division, our main competitors include three smaller competitors in North America, several smaller ones in Europe, and two smaller ones 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 and services offerings and pharmaceutical and biotechnology industry relationships.

We have many 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 and may have greater capital, technical or other resources than we do; however, many are smaller and more regionalized. We have a small relative share in the biotech safety testing market, where the market leader is a well-established company, and in medical device testing, where there are many larger competitors.

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. As a result of disputes with federal, state and local authorities and private environmental groups regarding damage to mangrove plants on two islands in the Florida Keys, we agreed to refoliate the islands at our cost. Although we have not been able to completely replant, principally due to the presence of a free-range animal population and storms, we believe that the cost of refoliation will not have a material adverse effect on our business.

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

REGULATORY MATTERS

The Animal Welfare Act governs the treatment of particular species intended for use in research. The AWA imposes a wide variety of specific regulations on producers and users of these species, most notably cage size, shipping conditions and environmental enrichment methods. We comply with licensing and registration requirement standards set by the USDA for handling regulated species, including breeding, maintenance and transportation. However, rats, mice and chickens are not currently regulated under the AWA. As a result, most of our United States small animal research model activities and our vaccine support services operations are not subject to regulation under the AWA. 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 chickens within its coverage. 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 business is also generally regulated by the USDA, and in the case of our endotoxin detection systems, 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 and Good Manufacturing Practices. These regulations require that we manufacture our products and maintain our documents in a prescribed manner with respect to manufacturing, testing and control activities. In 1999, we received a "warning letter" from the FDA for quality control deficiencies with regard to our Charleston, South Carolina facility. We have since taken corrective action satisfactory to the FDA with respect to these deficiencies.

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 2001 to 2005.

SITES--OWNED

COUNTRY	NO. OF SITES	TOTAL SQUARE FEET	PRINCIPAL FUNCTIONS
Belgium	1	16,140	Office, Production
Canada	1	59,194	Office, Production, Laboratory
China	1	19,372	Office, Production, Laboratory
France	5	663,689	Office, Production, Laboratory
Germany	3	131,096	Office, Production, Laboratory
Italy	1	46,700	Office, Production, Laboratory
Japan	2	116,340	Office, Production, Laboratory
United Kingdom	2	58,240	Office, Production, Laboratory
United States	22	793,408	Office, Production, Laboratory
Total	38	1,904,179	

SITES--LEASED

COUNTRY	NO. OF SITES	TOTAL SQUARE FEET	PRINCIPAL FUNCTIONS
Australia	1	8,518	Office, Production
Czech Republic	2	8,802	Office, Production, Laboratory
Hungary	2	11,567	Office, Production, Laboratory
Japan	6	61,917	Office, Production, Laboratory
Netherlands	1	11,841	Office, Production
Spain	1	3,228	Sales Office
Sweden	1	8,072	Sales Office
United States	14	283,808	Office, Production, Laboratory
Total	28	397,753	

MANAGEMENT

The following table sets forth the name, age and position of each of our executive officers, key members of management, and directors.

NAME	AGE	POSITION
James C. Foster	49	Chairman, Chief Executive Officer, President and Director
Thomas F. Ackerman	45	Senior Vice President and Chief Financial Officer
David P. Johst	38	Senior Vice President, Human Resources and Administration
Real H. Renaud	52	Senior Vice President and General Manager, European and North American Animal Operations
Dennis R. Shaughnessy	42	Senior Vice President, Corporate Development, General Counsel and Secretary
Julia D. Palm	52	Vice President and General Manager, Biomedical Products and Services
Robert Cawthorn	65	Director
Stephen D. Chubb	56	Director
Thompson Dean	42	Director
Stephen C. McCluski	47	Director
Reid S. Perper	40	Director
Douglas E. Rogers	46	Director
Samuel O. Thier	63	Director
William Waltrip	62	Director
Henry Wendt III	67	Director

JAMES C. FOSTER joined us in 1976 as General Counsel. Over the past 25 years, Mr. Foster has held various staff and managerial positions, with Mr. Foster being named our President in 1991, our Chief Executive Officer in 1992 and our Chairman in 2000. Mr. Foster also serves on the Board of Directors of BioTransplant, Inc. Mr. Foster received a B.A. from Lake Forest College, a M.S. from the Sloan School of Management at the Massachusetts Institute of Technology, and a J.D. from Boston University School of Law.

THOMAS F. ACKERMAN joined us in 1988 with over eleven years of combined public accounting and international finance experience. He was named Controller, North America in 1992 and became our Vice President and Chief Financial Officer in 1996. In 1999, he was named a Senior Vice President. He is currently responsible for overseeing our Accounting and Finance Department, as well as our Information Technology Group. Prior to joining us, Mr. Ackerman was an accountant at Arthur Anderson & Co. Mr. Ackerman received a B.S. in Accounting from the University of Massachusetts and is a certified public accountant.

DAVID P. JOHST joined us in 1991 as Corporate Counsel and was named Vice President, Human Resources in 1995. He became Vice President, Human Resources Administration in 1996, and a Senior Vice President in 1999. He is responsible for overseeing our Human Resources Department, as well as several other corporate staff departments. He also serves as our counsel on labor relations matters. Prior to joining us, Mr. Johst was a corporate associate at Boston's Hale and Dorr. Mr. Johst is a graduate of Dartmouth College, holds an M.B.A. from Northeastern University and received his J.D. from Harvard University Law School.

REAL H. RENAUD joined us in 1964 and has 35 years of small animal production and related management experience. In 1986, Mr. Renaud became our Vice President of Production, with

responsibility for overseeing our North American small animal operations, and was named Vice President, Worldwide Production in 1990. Mr. Renaud became Vice President and General Manager, European and North American Animal Operations in 1996, following a two-year European assignment during which he provided direct oversight to our European operations. In 1999 he became a Senior Vice President. Mr. Renaud attended Columbia University's executive education program, and has also studied at the Lyon Veterinary School and the Montreal Business School.

DENNIS R. SHAUGHNESSY joined us in 1988 as Corporate Counsel and was named Vice President, Business Affairs in 1991. He became Vice President, Corporate Development and General Counsel in 1994 and is responsible for overseeing our business development initiatives on a worldwide basis, as well as handling our overall legal affairs. He became a Senior Vice President in 1999. Mr. Shaughnessy also serves as our Corporate Secretary. Prior to joining us, Mr. Shaughnessy was a corporate associate at Boston's Testa, Hurwitz & Thibeault and previously served in government policy positions. Mr. Shaughnessy has a B.A. from The Pennsylvania State University, an M.S. from The University of Michigan, an M.B.A. from Northeastern University, and a J.D. from The University of Maryland School of Law.

JULIA D. PALM joined us in 1995 with nearly 20 years of management and marketing experience in the medical device and biotechnology industries. Prior to joining us, she held various marketing positions with Becton Dickinson, National Medical Care and W.R. Grace, and served as President of W.R. Grace's Amicon Division immediately prior to joining us. Ms. Palm has responsibility for overseeing a portfolio of most of our biomedical products and services companies on a worldwide basis. Ms. Palm holds a B.A. in Biology from Denison University, and an M.B.A. from Farleigh Dickinson University.

ROBERT CAWTHORN is an independent consultant to Global Health Care Partners, a group at DLJ Merchant Banking, Inc., having been a Managing Director from 1997 to 1999. 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 was the first President of Biogen Inc. Mr. Cawthorn serves as Chairman of Actelion S.A. and NextPharma Technologies S.A. and also serves as a director of H(2)O Technologies, Inc, PharmaNet Inc. and PharmaMarketing Ltd.

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. Mr. Chubb serves as a director of i-Stat Corporation and CompuCyte Corp.

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 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 Managing Director of DLJ Merchant Banking, Inc. since January 2000. Mr. Perper was a Principal of DLJ Merchant Banking, Inc. from 1996 to January 2000 and a Vice President from 1993 to 1996. Mr. Perper was formerly a director of IVAC Holdings, Inc. and Fiberite Holdings, Inc.

DOUGLAS E. ROGERS has been a Managing Director of Global Health Care Partners since 1996. Previously, Mr. Rogers was a 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.

SAMUEL O. THIER has been Chief Executive Officer of Partners HealthCare System, Inc. since July 1996 and President of Partners HealthCare System since 1994. Previously, he served as President of The Massachusetts General Hospital from 1994 through 1997. He has served as President of the Institute of Medicine of the National Academy of Sciences and Chairman of the American Board of Internal Medicine, and he is a Fellow of the American Academy of Arts and Sciences. He is a director of Merck & Co., Inc.

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. 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. He is a director of Teachers Insurance and Annuity Association and Thomas & Betts Corporation and Technology Solutions Company.

HENRY WENDT III served as Chairman of Global Health Care Partners from 1996 until January 2001. 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 Computerized Medical Systems, The Egypt Investment Company, Focus Technologies, West Marine Products and Wilson Greatbatch Ltd.

Each of our directors serves until the next annual meeting of stockholders and until a successor is duly elected and qualified or until his earlier death, resignation or removal. All members of our board of directors, other than Mr. Thier, were elected at the time of the recapitalization pursuant to the investors' agreement that was entered into in connection with that transaction. See "Relationships and Transactions with Related Parties--Investors' Agreement." Mr. Thier was elected as a director in April 2000. There are no family relationships between any of our directors or executive officers. Our executive officers are elected by, and serve at the discretion of, the board of directors.

COMMITTEES OF THE BOARD OF DIRECTORS

Our board of directors has an audit committee and a compensation committee. The board may also establish other committees to assist in the discharge of its responsibilities.

The audit committee makes recommendations to the board of directors regarding the independent accountants to be nominated for election by the stockholders and reviews the independence of such accountants, approves the scope of the annual audit activities of the independent accountants, approves the audit fee payable to the independent accountants and reviews such audit results with the independent accountants. The audit committee is currently comprised of Messrs. Chubb, Thier and Waltrip. PricewaterhouseCoopers LLP presently serves as our independent accountants.

The duties of the compensation committee are to provide a general review of our compensation and benefit plans to ensure that they meet corporate objectives. In addition, the compensation committee reviews the chief executive officer's recommendations on compensation of all of our officers and adopting and changing major compensation policies and practices, and reports its recommendations to the entire board of directors for approval and authorization. The compensation committee also administers our stock plans. The compensation committee is currently comprised of Messrs. Cawthorn, Dean, Waltrip and Wendt.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT; SELLING STOCKHOLDERS

The following table shows information regarding the beneficial ownership of our common stock as of December 30, 2000 and as adjusted to reflect the sale of the shares offered by us and the selling stockholders in this offering:

- each person or group of affiliated persons known by us to own beneficially more than 5% of the outstanding shares of common stock;
- each director and named executive officer; and
- all directors and executive officers as a group.

We have determined beneficial ownership in the table in accordance with the rules of the Securities and Exchange Commission. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have deemed shares of common stock subject to options or warrants held by that person that are currently exercisable or will become exercisable within 60 days of , 2000, assuming that this offering occurs in that 60-day period, to be outstanding, but we have not deemed these shares to be outstanding for computing the percentage ownership of any other person. To our knowledge, except as set forth in the footnotes below, each stockholder identified in the table possesses sole voting and investment power with respect to all shares of common stock shown as beneficially owned by that stockholder. Beneficial ownership percentage is based on 35,920,369 shares of our common stock outstanding as of December 30, 2000 and 39,420,369 shares of our common stock outstanding after completion of this offering.

The address for each listed director and officer is c/o Charles River Laboratories International, Inc., 251 Ballardvale Street, Wilmington, MA 01887.

				PERCENTAGE OF SHARES OUTSTANDING	
NAME OF BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED	NUMBER OF SHARES BEING OFFERED	NUMBER OF SHARES BENEFICIALLY OWNED AFTER OFFERING	BEFORE OFFERING	AFTER OFFERING
DLJ Merchant Banking Partners II, L.P. and related investors(1).....	(2)			%	%
Bausch & Lomb Incorporated(3).....					
James C. Foster.....					
Real H. Renaud.....					
Dennis R. Shaughnessy..					
David P. Johst.....					
Thomas F. Ackerman.....					
Robert Cawthorn(4).....					
Stephen D. Chubb.....					
Thompson Dean(4).....					
Stephen C. McCluski(3)..					
Reid S. Perper(4).....					
Douglas E. Rogers(4)...					
Samuel O. Thier.....					
William Waltrip.....					
Henry Wendt III(4).....					
Officers and directors as a group.....					

(1) Consists of shares held directly or indirectly 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., DLJ Investment Funding, Inc., Sprout Capital VIII, L.P. and Sprout Venture Capital, L.P. See "Relationships and Transactions with Related Parties." 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.

(2) Includes shares underlying currently exercisable warrants.

(3) Represents shares beneficially owned by B&L through a wholly owned subsidiary. Mr. McCluski is Senior Vice President and Chief Financial Officer of Bausch & Lomb Incorporated.

(4) Messrs. Cawthorn, Dean, Perper, Rogers and Wendt are officers of DLJ Merchant Banking, Inc., an affiliate of the DLJMB Funds. 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.

RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES

FINANCIAL ADVISORY FEES AND AGREEMENTS

Donaldson, Lufkin & Jenrette Securities Corporation, an affiliate of each of the DLJMB Funds and Credit Suisse First Boston Corporation, received customary fees and expense reimbursement for its services as financial advisor for the recapitalization and as the initial purchaser of the units. DLJ Capital Funding, an affiliate of each of the DLJMB Funds and Credit Suisse First Boston Corporation, received customary fees and reimbursement of expenses in connection with the arrangement and syndication of our credit facility and as a lender under the facility. 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. We paid a fee to the lenders under our existing credit facility, including DLJ Capital Funding, in connection with amendments to that facility and to DLJ Capital Funding for an irrevocable commitment to provide us with a new credit facility. The aggregate fees payable to DLJ Capital Funding in connection with such consent and commitment were approximately $1.1 million. DLJ Securities Corporation, which was acquired by Credit Suisse First Boston Corporation, was a co-managing underwriter in our initial public offering and received customary fees of approximately $4.4 million, and DLJDIRECT, Inc., which was acquired by Credit Suisse First Boston Corporation, was an underwriter and received fees of approximately $0.1 million. We also paid a premium of approximately $24.5 million to DLJMB and other investors for early repayment of our senior discount debentures due 2010. Credit Suisse First Boston Corporation is acting as a managing underwriter in this offering and will receive the fees and expense reimbursement described under "Underwriting" for its services.

Under the investors' agreement described below, for a period of five years from the date of the investors' agreement, we have agreed to engage Credit Suisse First Boston Corporation or its affiliates as our exclusive financial and investment banking advisor. We expect that Credit Suisse First Boston 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 any such engagement. We expect that any such arrangement will include provisions for the indemnification of Credit Suisse First Boston Corporation against some liabilities, including liabilities under the federal securities laws.

CRL ACQUISITION LLC

Effective June 21, 2000, our current stockholders, including CRL Acquisition LLC, transferred all of their shares to us in exchange for newly issued shares of our common stock. Each old share was exchanged for 1.927 new shares. Immediately thereafter as part of that transaction and prior to our initial public offering, CRL Acquisition LLC terminated its existence as a corporation for tax purposes distributed a substantial portion of these shares to its limited liability company unit holders.

INVESTORS' AGREEMENT

Our company, CRL Acquisition LLC, CRL Holdings, Inc. (a subsidiary of B&L), management and other of our investors are parties to an investors' agreement entered into in connection with the recapitalization and amended on June 20, 2000. The investors' agreement provides, among other things, that any person acquiring shares of our common stock who is required by the investors' agreement or by any other agreement or plan of our company 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 our common stock by CRL Holdings Inc., management and some other investors and some future shareholders. The agreement provides for, among other things:

- the ability of some shareholders to participate in particular sales of our shares;

- the ability of DLJMB Funds or CRL Acquisition LLC to require the other shareholders to sell shares of our common stock held by them in particular circumstances if the DLJMB Funds or CRL Acquisition LLC choose to sell shares owned by them;

- some registration rights with respect to shares of our common stock, including rights to indemnification against some liabilities, including liabilities under the Securities Act; and

- pre-emptive rights of all the parties, other than CRL Acquisition LLC and its permitted transferees, to acquire its pre-emptive portion of our common stock in particular instances when we propose to issue common stock.

The investors' agreement also provides that our Board of Directors will consist of at least nine but no more than 12 members, seven of whom (including the chairman) will be appointed by DLJ Merchant Banking Partners II, L.P. for so long as the aggregate number of shares of our common stock held by the DLJMB Funds is at least 10% of the initial aggregate number of shares purchased by the DLJMB Funds in the recapitalization. The investors' agreement also provides that B&L CRL, Inc. has the right to appoint one director and that the chief executive officer appointed by the board will serve as a director.

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 $300,000 and each of Real H. Renaud, Thomas F. Ackerman and Dennis R. Shaughnessy borrowed $200,000. Two weeks after the consummation of the recapitalization, the loans matured and were repaid. Following the repayment, the officers borrowed the following amounts from us: Mr. Foster ($300,000), Mr. Renaud ($150,000), Mr. Shaughnessy ($175,000) and Mr. Ackerman ($175,000). The loans mature in 10 years and interest accrues at 6.75%, the applicable federal rate. Each loan is fully recourse to the officer. Any after-tax proceeds from the sale of these shares and options by each officer will be used to repay his loan until it is repaid in full. Each note accelerates upon the termination of the borrower's employment with us for any reason.

DESCRIPTION OF CAPITAL STOCK

GENERAL MATTERS

Upon completion of this offering, the total amount of our authorized capital stock will consist of 120,000,000 shares of common stock, $.01 par value per share, and 20,000,000 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 our board of directors may determine. As of December 30, 2000, we had outstanding 35,920,369 shares of common stock and no shares of preferred stock.

After giving effect to this offering, we will have 39,420,369 shares of common stock outstanding and no other shares of any series of preferred stock outstanding. As of December 30, 2000, we had outstanding options to purchase 2,246,132 shares of our common stock, of which 75,958 were currently exercisable. The following summary of provisions of our capital stock describes all material provisions of, but does not purport to be complete and is subject to, and qualified in its entirety by, our restated certificate of incorporation and our amended and restated by-laws, which are included as exhibits to the registration statement of which this prospectus forms a part, and by the provisions of applicable law.

COMMON STOCK

The issued and outstanding shares of common stock are, and the shares of common stock to be issued by us in connection with the offering will be, validly issued, fully paid and nonassessable. Holders of our common stock are entitled to share equally, share for share, if dividends are declared on our common stock, whether payable in cash, property or our securities. The shares of common stock are not convertible and the holders thereof have no preemptive or subscription rights to purchase any of our securities. Upon liquidation, dissolution or winding up of our company, the holders of common stock are entitled to share equally, share for share, in our assets which are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of any series of preferred stock then outstanding. Each outstanding share of common stock is entitled to one vote on all matters submitted to a vote of stockholders. There is no cumulative voting. Except as otherwise required by law or the restated certificate, the holders of common stock vote together as a single class on all matters submitted to a vote of stockholders.

Our common stock is listed on the New York Stock Exchange under the symbol "CRL."

PREFERRED STOCK

Our board of directors may, without further action by our stockholders, from time to time, direct the issuance of shares of preferred stock in series and may, at the time of issuance, determine the rights, preferences and limitations of each series. Satisfaction of any dividend preferences of outstanding shares of preferred stock would reduce the amount of funds available for the payment of dividends on shares of common stock. Holders of shares of preferred stock may be entitled to receive a preference payment in the event of any liquidation, dissolution or winding-up of our company before any payment is made to the holders of shares of common stock. In some circumstances, the issuance of shares of preferred stock may render more difficult or tend to discourage a merger, tender offer or proxy contest, the assumption of control by a holder of a large block of our securities or the removal of incumbent management. Upon the affirmative vote of a majority of the total number of directors then in office, our board of directors, without stockholder approval, may issue shares of preferred stock with voting and conversion rights which could adversely affect the holders of shares of common stock.

We have no current intention to issue any of our unissued, authorized shares of preferred stock. However, the issuance of any shares of preferred stock in the future could adversely affect the rights of the holders of common stock.

WARRANTS

As of December 30, 2000, we had outstanding warrants to purchase 1,139,551 shares of common stock at an exercise price of $5.19 per share, subject to customary antidilution adjustment. The warrants are exercisable at any time on or after October 21, 2001. Unless exercised, the warrants will automatically expire at 5:00 p.m., New York City time, on October 1, 2009. The warrant agreement related to these warrants contains an error in that it fails to provide that the warrants cannot be exercised prior to October 21, 2001. We have notified the warrant agent of this error and instructed it not to permit exercises prior to October 21, 2001. Nonetheless, we cannot assure you that a holder of these warrants could not successfully assert his or her right to exercise these warrants prior to October 21, 2001.

As of December 30, 2000, we also had outstanding warrants to purchase 1,831,094 shares of 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 above warrants) and other customary terms. These warrants are exercisable at any time prior to 5:00 p.m., New York City time, on April 1, 2010.

REGISTRATION RIGHTS

Pursuant to the Investors' Agreement, we granted holders of approximately 17,000,000 shares of our common stock demand registration rights to cause us to file a registration statement under the Securities Act covering resales of their shares. We also have granted holders of approximately 23,600,000 shares of our common stock "piggyback" registration rights to include their shares in a registration of securities by us, subject to the right of the managing underwriter of the offering to exclude some or all of the shares if and to the extent their inclusion would adversely affect the marketing of the shares being offered by us. The DLJMB Funds are entitled to particular registration rights related to their warrants. We have agreed to indemnify all holders whose shares are registered pursuant to exercise of these rights against specified liabilities, including liabilities under the Securities Act, and to pay their expenses in connection with these registrations.

PROVISIONS OF DELAWARE LAW GOVERNING BUSINESS COMBINATIONS

Following the consummation of this offering, we will be subject to the "business combination" provisions of the Delaware General Corporation Law. In general, such provisions prohibit a publicly held Delaware corporation from engaging in various "business combination" transactions with any "interested stockholder" for a period of three years after the date of the transaction in which the person became an "interested stockholder," unless:

- the transaction is approved by the board of directors prior to the date the "interested stockholder" obtained such status;

- upon consummation of the transaction which resulted in the stockholder becoming an "interested stockholder," the "interested stockholder" owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned by (a) persons who are directors and also officers and (b) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- on or subsequent to such date the "business combination" is approved by the board of directors and authorized at an annual or special meeting of stockholders by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the "interested stockholder."

A "business combination" is defined to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder. In general, an "interested stockholder" is a person who, together with affiliates and associates, owns 15% or more of a corporation's voting stock or within three years did own 15% or more of a corporation's voting stock. The statute could prohibit or delay mergers or other takeover or change in control attempts.

CHARTER AND BYLAW PROVISIONS RELATING TO CHANGES IN CONTROL

Our Certificate of Incorporation and Bylaws contain provisions that could have the effect of delaying, deterring, or preventing the acquisition of control of us by means of tender offer, open market purchases, proxy contest or otherwise. Set forth below is a description of those provisions.

SPECIAL MEETINGS OF STOCKHOLDERS. Our Certificate of Incorporation provides that special meetings of stockholders may be called only by (1) the Chairman of the Board of Directors, (2) the Chief Executive Officer (or, if there is no Chief Executive Officer, the President) or (3) by the Board of Directors, pursuant to a written resolution passed by a majority of the total number of directors then in office. Stockholders are not permitted to call a special meeting or to require that the Board of Directors call a special meeting. The business permitted to be conducted at any special meeting of stockholders is limited to matters relating to the purposes stated in the notice of meeting. Accordingly, a stockholder could not force stockholder consideration of a proposal over the opposition of the Board of Directors by calling a special meeting of stockholders prior to the next annual meeting or prior to such time that the Board of Directors believes such consideration to be appropriate. This change limits a potential acquirer's ability to choose an advantageous time to launch a takeover bid.

NO ACTION BY STOCKHOLDER CONSENT. Our bylaws provide that actions required or permitted to be taken at any annual or special meeting of the stockholders may not be taken by written consent of the stockholders. This provision prevents the holders of the requisite voting power of our common stock from using the written consent procedure to take stockholder action without a meeting. This provision may effectively deter or delay certain actions by a person or a group acquiring a substantial percentage of our stock, even though such actions might be desired by, or be beneficial to, the holders of a majority of our common stock.

LIMITATIONS ON LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Our restated certificate of incorporation limits the liability of directors to the fullest extent permitted by the Delaware General Corporation Law. In addition, our restated certificate of incorporation provides that we will indemnify our directors and officers to the fullest extent permitted by such law. We are entering into indemnification agreements with our current directors and executive officers prior to the completion of the offering and expect to enter into a similar agreement with any new directors or executive officers. We expect to obtain directors' and officers' insurance prior to the completion of this offering.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common stock is EquiServe Trust Company, N.A.

SHARES ELIGIBLE FOR FUTURE SALE

The sale of a substantial amount of our common stock in the public market after this offering could adversely affect the prevailing market price of our common stock and our ability to raise equity capital in the future.

Upon completion of this offering, we will have outstanding an aggregate of 39,420,369 shares of our common stock, assuming no exercise of outstanding options and warrants. Of these shares, all shares previously sold in registered offerings, including the 16,100,000 shares sold in our initial public offering and all of the shares sold in this offering, will be freely tradable without restriction or further registration under the Securities Act, unless the shares are purchased by "affiliates" as that term is defined in Rule 144 under the Securities Act. Any shares purchased by an affiliate may not be resold except pursuant to an effective registration statement or an applicable exemption from registration, including an exemption under Rule 144 of the Securities Act. The remaining shares of common stock held by existing stockholders are "restricted securities" as that term is defined in Rule 144 under the Securities Act. These restricted securities may be sold in the public market only if they are registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act. These rules are summarized below.

In connection with this offering, persons owning an aggregate of shares of our common stock after this offering have agreed with the underwriters that, subject to exceptions, they will not sell or dispose of any of their shares for 90 days after the date of this prospectus. Credit Suisse First Boston Corporation may, in its sole discretion and at any time without notice, release all or any portion of the shares subject to such restrictions. The shares of common stock outstanding upon closing of this offering will be available for sale in the public market as follows:

APPROXIMATE NUMBER OF SHARES	DESCRIPTION
	After the date of this prospectus, including 7,000,000 freely tradable shares sold in this offering.
	After 90 days from the date of this prospectus, the lock-up period will expire and these shares will be saleable under Rule 144 (subject, in some cases, to volume limitations).

LOCK-UP AGREEMENTS

We, our executive officers, directors, all of our existing stockholders and optionholders have agreed not to offer, sell, contract to sell or otherwise dispose of any shares of our common stock for a period of 90 days after the date of this prospectus without the prior written consent of Credit Suisse First Boston Corporation, except, in the case of our company, for the shares of common stock to be issued in connection with the offering or pursuant to employee benefit plans existing on the date of this prospectus or sales or dispositions to our company, permitted transfers to related parties that agree to be bound by the foregoing restrictions, and permitted sales of shares acquired in the open market following the completion of the offering.

RULE 144

In general, under Rule 144 as currently in effect, beginning September 22, 2000 (ninety (90) days after the date of the prospectus for our initial public offering), a person who has beneficially owned shares of our common stock for at least one year from the later of the date those shares of common

stock were acquired from us or from an affiliate of ours would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- one percent of the number of shares of common stock then outstanding, which will equal approximately 359,204 shares prior to this offering and 394,203 shares immediately after this offering; or

- the average weekly trading volume of the common stock on the NYSE during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale of any shares of common stock.

The sales of any shares of common stock under Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

RULE 144(k)

Under Rule 144(k), a person who is not one of our affiliates at any time during the three months preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years from the later of the date such shares of common stock were acquired from us or from an affiliate of ours, including the holding period of any prior owner other than an affiliate, is entitled to sell those shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144. Therefore, unless otherwise restricted pursuant to the lock-up agreements or otherwise, those shares may be sold immediately upon the completion of this offering.

RULE 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases shares from us in connection with a compensatory stock plan or other written agreement is eligible to resell those shares ninety (90) days after June 23, 2000, the effective date of our initial public offering, in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144.

No precise prediction can be made as to the effect, if any, that market sales of shares or the availability of shares for sale will have on the market price of our common stock prevailing from time to time. We are unable to estimate the number of our shares that may be sold in the public market pursuant to Rule 144 or Rule 701 because this will depend on the market price of our common stock, the personal circumstances of the sellers and other factors. Nevertheless, sales of significant amounts of our common stock in the public market could adversely affect the market price of our common stock.

STOCK PLANS

We have filed a registration statement under the Securities Act covering 3,073,384 shares of common stock reserved for issuance under our 2000 incentive plan, 1999 management incentive plan and 2000 directors stock plan. This registration statement is expected to be filed as soon as practicable after the effective date of this offering.

As of December 30, 2000, there were options to purchase 1,726,332 shares outstanding under our 1999 management incentive plan, 459,800 options outstanding under our 2000 management incentive plan and 60,000 options under our 2000 directors stock plan. All of these shares will be eligible for sale in the public market from time to time, subject to vesting provisions, Rule 144 volume limitations applicable to our affiliates and, in the case of some of the options, the expiration of lock-up agreements and the investors' agreement.

CERTAIN UNITED STATES FEDERAL TAX CONSIDERATIONS FOR NON-UNITED STATES HOLDERS OF COMMON STOCK

The following is a general discussion of the material U.S. federal income and estate tax consequences of the ownership and disposition of our common stock by a non-U.S. holder. In general, a non-U.S. holder is:

- an individual who is a nonresident alien of the U.S.;
- a corporation or other entity taxed as a corporation organized or created under non-U.S. law;
- an estate that is not taxable in the U.S. on its worldwide income; or
- a trust that is either not subject to primary supervision over its administration by a U.S. court or not subject to the control of a U.S. person with respect to substantial trust decisions.

If a partnership holds common stock, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner of a partnership holding common stock, we suggest that you consult your tax advisor.

If you are an individual, you may, in many cases, be deemed to be a resident alien, as opposed to a nonresident alien, by virtue of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year (counting for such purposes all of the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year). Resident aliens are subject to U.S. federal income tax as if they were U.S. citizens.

This discussion is based on the Internal Revenue Code of 1986, as amended, or Code, and administrative interpretations of the Code as of the date of this prospectus, all of which are subject to change, including changes with retroactive effect.

This discussion does not address all aspects of U.S. federal taxation, and in particular is limited in the ways that follow:

- the discussion assumes that you hold your common stock as a capital asset (that is, for investment purposes), and that you do not have a special tax status.
- the discussion does not consider tax consequences that depend upon your particular tax situation in addition to your ownership of the common stock.
- the discussion does not consider special tax provisions that may be applicable to you if you have relinquished U.S. citizenship or residence.
- the discussion is based on current law. Changes in the law may change the tax treatment of the common stock, possibly on a retroactive basis.
- the discussion does not cover state, local or foreign law, and
- we have not requested a ruling from the Internal Revenue Service ("IRS") on the tax consequences of owning the common stock. As a result, the IRS could disagree with portions of this discussion.

Each prospective purchaser of common stock is advised to consult a tax advisor with respect to current and possible future tax consequences of purchasing, owning and disposing of our common stock as well as any tax consequences that may arise under the laws of any United States state, municipality or other taxing jurisdiction.

DISTRIBUTIONS

Distributions paid on the shares of common stock generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent that the amount of any distributions exceeds our current or accumulated earnings and profits for a taxable year, the distribution first will be treated as a tax-free return of your basis in the shares of common stock, causing a reduction in the adjusted basis of the common stock, and the balance in excess of adjusted basis will be taxed as capital gain recognized on a disposition of the common stock (as discussed below).

Subject to the discussion below, dividends paid to a non-U.S. holder of common stock generally will be subject to withholding tax at a 30% rate or a reduced rate specified by an applicable income tax treaty.

Unless non-U.S. holders comply with certain IRS certification or documentary evidence procedures, they generally will be subject to U.S. backup withholding tax at a 31% rate under the backup withholding rules described below, rather than at the 30% or reduced tax treaty rate. The certification requirement may be fulfilled by providing IRS Form W-8BEN or W-8ECI. You should consult your own tax advisor concerning the effect, if any, of the rules affecting dividends on your possible investment in common stock.

The withholding tax does not apply to dividends paid to a non-U.S. holder that provides a Form W-8ECI certifying that the dividends are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States. Instead, the effectively connected dividends generally will be subject to regular U.S. income tax as if the non-U.S. holders were a U.S. resident. If the non-U.S. holder is eligible for the benefits of a tax treaty between the U.S. and the holder's country of residence, any effectively connected income will be subject to U.S. federal income tax only if it is attributable to a permanent establishment in the U.S. maintained by the holder and such treaty-based tax position is disclosed to the IRS. A non-U.S. corporation receiving effectively connected dividends also may be subject to an additional "branch profits tax" imposed at a rate of 30% (or a lower treaty rate) on an earnings amount that is net of the regular tax.

You may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund along with the required information with the IRS.

GAIN ON DISPOSITION OF COMMON STOCK

A non-U.S. holder generally will not be subject to U.S. federal income tax on gain realized on a sale or other disposition of common stock unless:

- the gain is effectively connected with the trade or business of the non-U.S. holder in the United States and, if certain tax treaties apply, is attributable to a permanent establishment in the U.S. maintained by such holder;

- in the case of certain non-U.S. holders who are non-resident alien individuals and hold the common stock as a capital asset, the individuals are present in the United States for 183 or more days in the taxable year of the disposition and certain conditions are met; or

- we are or have been a U.S. real property holding corporation at any time within the five-year period preceding the disposition or during the non-U.S. holder's holding period, whichever period is shorter.

The tax relating to stock in a U.S. real property holding corporation does not apply to a non-U.S. holder whose holdings, actual and constructive, at all times during the applicable period, amount to 5% or less of the common stock of a U.S. real property holding corporation, provided that the common

stock is regularly traded on an established securities market. Generally, a corporation is a U.S. real property holding corporation if the fair market value of its U.S. real property interests, as defined in the code and applicable regulations, equals or exceeds 50% of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. We may be, or may prior to a non-U.S. holder's disposition of common stock become, a U.S. real property holding corporation.

INFORMATION REPORTING REQUIREMENTS AND BACKUP WITHHOLDING

We must report annually to the IRS the amount of dividends paid, the name and address of the recipient, and the amount of any tax withheld. A similar report is sent to the non-U.S. holder. Under tax treaties or other agreements, the IRS may make its reports available to tax authorities in the recipient's country of residence. A non-U.S. holder will be required to certify its non-U.S. status in order to avoid backup withholding at a 31% rate on dividends.

U.S. information reporting and backup withholding generally will not apply to a payment of proceeds of a disposition of common stock where the transaction is effected outside the United States through a non-U.S. office of a non-U.S. broker.

However, information reporting requirements, but not backup withholding, generally will apply to such a payment if the broker is:

- a U.S. person;
- a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the U.S.;
- a controlled foreign corporation as defined in the Code; or
- a foreign partnership with certain U.S. connections.

Information reporting requirements will not apply in the above cases if the broker has documentary evidence in its records that the holder is a non-U.S. holder and certain conditions are met or the holder otherwise establishes an exemption.

A non-U.S. holder will be required to certify its non-U.S. status, in order to avoid information reporting and backup withholding at a 31% rate on disposition proceeds, where the transaction is effected by or through a U.S. office of a broker.

Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. When withholding results in an overpayment of taxes, a refund may be obtained if the required information is furnished to the IRS.

FEDERAL ESTATE TAX

An individual non-U.S. holder who is treated as the owner of, or has made certain lifetime transfers of, an interest in the common stock will be required to include the value of the stock 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.

THE FOREGOING DISCUSSION IS ONLY A SUMMARY OF CERTAIN U.S. FEDERAL INCOME AND ESTATE TAX CONSEQUENCES OF THE OWNERSHIP, SALE OR OTHER DISPOSITION OF COMMON STOCK BY NON-U.S. HOLDERS. YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES TO YOU OF OWNERSHIP AND DISPOSITION OF COMMON STOCK, INCLUDING THE EFFECT OF ANY STATE, LOCAL, FOREIGN OR OTHER TAX LAWS, AND ANY APPLICABLE INCOME OR ESTATE TAX TREATIES.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated February , 2001, we and the selling stockholders have agreed to sell to the underwriters named below, for whom Credit Suisse First Boston Corporation, Lehman Brothers Inc., SG Cowen Securities Corporation, U.S. Bancorp Piper Jaffray Inc., and CSFBDIRECT Inc. are acting as representatives, the following respective numbers of shares of common stock:

UNDERWRITERS:	NUMBER OF SHARES
Credit Suisse First Boston Corporation.....	
Lehman Brothers Inc.....	
SG Cowen Securities Corporation.....	
U.S. Bancorp Piper Jaffray Inc.....	
CSFBDIRECT Inc.....	
Total.....	7,000,000

The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in the offering if any are purchased, other than those shares covered by the over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

We and the selling stockholders have granted to the underwriters a 30-day option to purchase on a pro rata basis up to 1,050,000 additional shares from the selling stockholders at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common stock.

The underwriters propose to offer the shares of common stock at the public offering price on the cover page of this prospectus and to selling group members at that price less a selling concession of $ per share. The underwriters and selling group members may allow a discount of $ per share on sales to other broker/dealers. After the public offering the representatives may change the public offering price and concession and discount to broker/dealers.

The following table summarizes the compensation and estimated expenses we and the selling stockholders will pay:

	PER SHARE		TOTAL	
	WITHOUT OVER-ALLOTMENT	WITH OVER-ALLOTMENT	WITHOUT OVER-ALLOTMENT	WITH OVER-ALLOTMENT
Underwriting discounts and commissions paid by us.....	$	$	$	$
Expenses payable by us.....	$	$	$	$
Underwriting discounts and commissions paid by selling stockholders....	$	$	$	$
Expenses payable by the selling stockholders.....	$	$	$	$

The representatives have informed us that they do not expect discretionary sales to exceed 5% of the shares of common stock being offered.

We and the selling stockholders have agreed to indemnify the underwriters against liabilities under the Securities Act, or to contribute to payments that the underwriters may be required to make in that respect.

Credit Suisse First Boston Corporation, one of the underwriters, may be deemed to be our affiliate. Credit Suisse First Boston Corporation and certain of its affiliates have the right to designate certain members of our Board of Directors. See "Relationships and Transactions with Related Parties--Investors' Agreement."

We, certain of our shareholders and our executive officers and directors who are holders of our common stock have agreed that, subject to some exceptions for a period of 90 days from the date of this prospectus, we will not, without the prior written consent of Credit Suisse First Boston Corporation:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock;

- purchase any option or contract to sell any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock;

- grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or

- enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any common stock or any securities convertible into or exercisable or exchangeable for common stock (regardless of whether any of the transactions described above is to be settled by the delivery of common stock, or such other securities, in cash or otherwise).

In connection with the offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

- Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any short position by either exercising their over-allotment option and/or purchasing shares in the open market.

- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on The New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

A prospectus in electronic format may be made available on the web sites maintained by one or more of the underwriters participating in this offering. The representatives may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters that will make internet distributions on the same basis as other allocations. CSFBDIRECT Inc., a co-manager of this offering and an affiliate of Credit Suisse First Boston Corporation, is an on-line broker dealer which will effect an on-line distribution of the securities.

NOTICE TO CANADIAN RESIDENTS

RESALE RESTRICTIONS

The distribution of the common stock in Canada is being made only on a private placement basis exempt from the requirement that we and the selling stockholders prepare and file a prospectus with the securities regulatory authorities in each province where trades of common stock are made. Any resale of the common stock in Canada must be made under applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the common stock.

REPRESENTATIONS OF PURCHASERS

By purchasing common stock in Canada and accepting a purchase confirmation a purchaser is representing to us, the selling stockholders and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the common stock without the benefit of a prospectus qualified under those securities laws,

- where required by law, that the purchaser is purchasing as principal and not as agent, and

- the purchaser has reviewed the text above under Resale Restrictions.

ENFORCEMENT OF LEGAL RIGHTS

All of the issuer's directors and officers as well as the experts named herein and the selling stockholders may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the issuer or such persons. All or a substantial portion of the assets of the issuer and such persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the issuer or such persons in Canada or to enforce a judgment obtained in Canadian courts against such issuer or persons outside of Canada.

NOTICE TO BRITISH COLUMBIA RESIDENTS

A purchaser of common stock to whom the SECURITIES ACT (British Columbia) applies is advised that the purchaser is required to file with the British Columbia Securities Commission a report within 10 days of the sale of any common stock acquired by the purchaser in this offering. The report must be in the form attached to British Columbia Securities Commission Blanket Order BOR #95/17, a copy of which may be obtained from us. Only one report must be filed for common stock acquired on the same date and under the same prospectus exemption.

TAXATION AND ELIGIBILITY FOR INVESTMENT

Canadian purchasers of common stock should consult their own legal and tax advisors with respect to the tax consequences of an investment in the common stock in their particular circumstances and about the eligibility of the common stock for investment by the purchaser under relevant Canadian legislation.

LEGAL MATTERS

The validity of the shares of our common stock offered hereby will be passed upon for us by Davis Polk & Wardwell, New York, New York. Certain legal matters will be passed upon for the underwriters by Latham & Watkins, New York, New York.

EXPERTS

The consolidated financial statements of Charles River Laboratories International, Inc. as of December 30, 2000 and December 25, 1999 and for each of the three years in the period ended December 30, 2000 included in this prospectus have been included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-3 under the Securities Act with respect to the common stock to be sold in this offering. 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 and our common stock 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 us, 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.

INCORPORATION OF DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you directly to those documents. The information incorporated by reference is considered to be part of this prospectus. In addition, information we file with the SEC in the future will automatically update and supersede information contained in this prospectus and any accompanying prospectus Supplement. We incorporate by reference the documents listed below, each of which is filed under SEC File No. 001-15943, and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities we are offering:

- Our annual report on Form 10-K for the year ended December 25, 1999 (Note that the financial statements included in the 1999 annual report on Form 10-K do not reflect the exchange of each existing share of our common stock for 1.927 new shares effective June 21, 2000. Our financial statements for the year ended December 30, 2000, which do give effect to this exchange, are contained in our report on Form 8-K dated February 15, 2001.);

- Our quarterly reports on Form 10-Q for the fiscal quarters ended March 25, 2000, June 24, 2000 and September 23, 2000; and

- Our current reports on Form 8-K dated December 22, 2000, January 9, 2001 and February 15, 2001.

We will provide free copies of any of those documents, if you write or telephone us at:
251 Ballardvale Street, Wilmington, Massachusetts, 01887, (978) 658-6000.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, changes in shareholders' equity and cash flows present fairly, in all material respects, the financial position of Charles River Laboratories International, Inc. and its subsidiaries (the "Company") at December 30, 2000 and December 25, 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 30, 2000, in conformity with accounting principles generally accepted in the United States. In addition, in our opinion, the financial statement schedules appearing as Exhibit 99.1 present 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 schedules are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and the financial statement schedules based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, 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

February 9, 2001

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(DOLLARS IN THOUSANDS)

	FISCAL YEAR ENDED		
	DECEMBER 26, 1998	DECEMBER 25, 1999	DECEMBER 30, 2000
Net sales related to products	$ 181,137	$ 192,406	$ 229,217
Net sales related to services	23,924	39,007	77,368
Total net sales	205,061	231,413	306,585
Costs and expenses			
Cost of products sold	118,906	121,065	136,161
Cost of services provided	15,401	25,664	50,493
Selling, general and administrative	34,142	39,765	51,204
Amortization of goodwill and intangibles	1,287	1,956	3,666
Operating income	35,325	42,963	65,061
Other income (expense)			
Interest income	986	536	1,644
Other income and expense	--	89	390
Interest expense	(421)	(12,789)	(40,691)
Loss from foreign currency, net	(58)	(136)	(319)
Income before income taxes, minority interests, earnings from equity investments and extraordinary item	35,832	30,663	26,085
Provision for income taxes	14,123	15,561	7,837
Income before minority interests, earnings from equity investments and extraordinary item	21,709	15,102	18,248
Minority interests	(10)	(22)	(1,396)
Earnings from equity investments	1,679	2,044	1,025
Income before extraordinary item	23,378	17,124	17,877
Extraordinary loss, net of tax benefit of $15,670	--	--	(29,101)
Net income/(loss)	$ 23,378	$ 17,124	$ (11,224)
Earnings per common share before extraordinary item			
Basic	$ 1.18	$ 0.86	$ 0.64
Diluted	$ 1.18	$ 0.86	$ 0.56
Earnings/(loss) per common share after extraordinary item			
Basic	$ 1.18	$ 0.86	$ (0.40)
Diluted	$ 1.18	$ 0.86	$ (0.35)
Weighted average number of common shares outstanding			
Basic	19,820,369	19,820,369	27,737,677
Diluted	19,820,369	19,820,369	31,734,354

See Notes to Consolidated Financial Statements.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

CONSOLIDATED BALANCE SHEETS

(DOLLARS IN THOUSANDS)

	DECEMBER 25, 1999	DECEMBER 30, 2000
ASSETS		
Current assets		
Cash and cash equivalents	$ 15,010	$ 33,129
Trade receivables, less allowances of $978 and $1,036, respectively	36,293	45,949
Inventories	30,534	33,890
Deferred tax asset	632	2,055
Due from affiliates	1,233	83
Other current assets	5,293	4,631
Total current assets	88,995	119,737
Property, plant and equipment, net	85,413	117,001
Goodwill and other intangibles, less accumulated amortization of $7,220 and $10,810, respectively	36,958	41,893
Investments in affiliates	21,722	2,442
Deferred tax asset	97,600	105,027
Deferred financing costs	14,015	7,979
Other assets	14,393	16,529
Total assets	$ 359,096	$ 410,608
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Current portion of long-term debt	$ 3,290	231
Current portion of capital lease obligations	253	181
Accounts payable	9,291	10,767
Accrued compensation	10,792	16,997
Deferred income	7,643	5,223
Accrued liabilities	18,479	24,187
Accrued interest	8,935	3,451
Accrued income taxes	2,738	3,283
Total current liabilities	61,421	64,320
Long-term debt	381,706	201,957
Capital lease obligations	795	543
Accrued ESLIRP	8,315	10,116
Other long-term liabilities	3,499	3,415
Total liabilities	455,736	280,351
Commitments and contingencies (Note 14)		
Minority interests	304	13,330
Redeemable common stock	13,198	--
Shareholder's equity		
Common stock (Note 6)	198	359
Capital in excess of par value	206,940	451,404
Retained earnings	(307,351)	(318,575)
Loans to officers	(920)	(920)
Accumulated other comprehensive income	(9,009)	(15,341)
Total shareholder's equity	(110,142)	116,927
Total liabilities and shareholder's equity	$ 359,096	$ 410,608

See Notes to Consolidated Financial Statements.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(DOLLARS IN THOUSANDS)

	FISCAL YEAR ENDED		
	DECEMBER 26, 1998	DECEMBER 25, 1999	DECEMBER 30, 2000
CASH FLOWS RELATING TO OPERATING ACTIVITIES			
Net income/(loss)	$ 23,378	$ 17,124	$ (11,224)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	10,895	12,318	16,766
Amortization of debt issuance costs and discounts	--	681	2,104
Accretion of debenture and discount note	--	2,644	6,500
Provision for doubtful accounts	181	148	121
Extraordinary loss, net of tax	--	--	29,101
Earnings from equity investments	(1,679)	(2,044)	(1,025)
Minority interests	10	22	1,396
Deferred income taxes	(3,133)	8,625	(887)
Gain on sale of facilities	--	(1,441)	--
Property, plant and equipment disposals	--	1,803	1,243
Other non-cash items	333	610	(1,021)
Changes in assets and liabilities			
Trade receivables	(1,712)	(3,333)	(1,021)
Inventories	(1,250)	133	(2,343)
Due from affiliates	538	(251)	178
Other current assets	(241)	(2,911)	682
Other assets	(4,309)	(1,943)	(4,837)
Accounts payable	2,853	(2,374)	(1,141)
Accrued compensation	2,090	868	6,757
Accrued ESLIRP	821	570	1,801
Deferred income	1,278	4,223	(2,420)
Accrued interest	--	8,930	(5,556)
Accrued liabilities	2,351	3,111	(467)
Accrued income taxes	5,605	(11,264)	(619)
Other long-term liabilities	(629)	1,319	(320)
Net cash provided by operating activities	37,380	37,568	33,768
CASH FLOWS RELATING TO INVESTING ACTIVITIES			
Proceeds from sale of facilities	--	1,860	--
Proceeds from sale of animal colony			7,000
Dividends received from equity investments	681	815	--
Capital expenditures	(11,909)	(12,951)	(15,565)
Contingent payments for prior year acquisitions	(681)	(841)	--
Acquisition of businesses net of cash acquired	(11,121)	(23,051)	(6,011)
Net cash used in investing activities	(23,030)	(34,168)	(14,576)
CASH FLOWS RELATING TO FINANCING ACTIVITIES			
Loans to officers	--	(920)	--
Payments of deferred financing costs	--	(14,442)	(694)
Proceeds from long-term debt	199	339,007	--
Payments on long-term debt and net payments on revolving credit facility	(1,247)	(252)	(202,632)
Premiums paid for early retirement of debt	--	--	(31,532)
Payments on capital lease obligations	(48)	(307)	(324)
Net activity with Bausch & Lomb	(6,922)	(29,415)	--
Proceeds from issuance of warrants	--	10,606	--
Proceeds from issuance of common stock, net of transaction fees	--	92,387	235,964
Recapitalization transaction costs	--	(8,168)	--
Recapitalization consideration	--	(400,000)	--
Net cash used in financing activities	(8,018)	(11,504)	782
Effect of exchange rate changes on cash and cash equivalents	564	(1,697)	(1,855)
Net change in cash and cash equivalents	6,896	(9,801)	18,119
Cash and cash equivalents, beginning of year	17,915	24,811	15,010
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 24,811	$ 15,010	$ 33,129
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid for taxes	$ 4,681	$ 4,656	$ 8,539
Cash paid for interest	177	538	$ 37,638

See Notes to Consolidated Financial Statements.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(DOLLARS IN THOUSANDS)

	TOTAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	COMMON STOCK	CAPITAL IN EXCESS OF PAR	LOANS TO OFFICERS
BALANCE AT DECEMBER 27, 1997	$ 149,364	$ 139,652	($ 8,125)	$ 1	$ 17,836	$ 0
Components of comprehensive income (net of tax):						
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	$ 156,108	$ (5,686)	$ 1	$ 17,836	$ 0
Components of comprehensive income (net of tax):						
Net income	17,124	17,124	--	--	--	--
Foreign currency translation	(3,437)	--	(3,437)	--	--	--
Minimum pension liability adjustment	114	--	114	--	--	--
Total comprehensive income	13,801	--	--	--	--	--
Net activity with Bausch & Lomb	(29,415)	(29,415)	--	--	--	--
Loans to officers	(920)	--	--	--	--	(920)
Transaction costs	(8,168)	(8,168)	--	--	--	--
Deferred tax asset	99,506	--	--	--	99,506	--
Issuance of common stock	92,387	--	--	102	92,285	--
Recapitalization consideration	(443,000)	(443,000)	--	--	--	--
Redeemable common stock classified outside of equity	(13,198)	--	--	--	(13,198)	--
Warrants	10,606	--	--	--	10,606	--
Exchange of stock	--	--	--	95	(95)	--
BALANCE AT DECEMBER 25, 1999	($110,142)	($307,351)	($ 9,009)	$198	$206,940	($920)
Components of Comprehensive Income (net of tax):						
Net loss	(11,224)	(11,224)	--	--	--	--
Foreign currency translation	(5,299)	--	(5,299)	--	--	--
Minimum Pension Liability Adjustment	(1,033)	--	(1,033)	--	--	--
Total comprehensive income	(17,556)	--	--	--	--	--
Deferred tax asset	(4,537)	--	--	--	(4,537)	--
Issuance of common stock	235,964	--	--	161	235,803	--
Redeemable common stock classified outside of equity	13,198	--	--	--	13,198	--
BALANCE AT DECEMBER 30, 2000	$ 116,927	($318,575)	($15,341)	$359	$451,404	($920)

See Notes to Consolidated Financial Statements.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

Charles River Laboratories Holdings, Inc. changed its name to Charles River Laboratories International, Inc in the year ended December 30, 2000. The consolidated financial statements and related notes presented herein reflect this name change.

Charles River Laboratories International, Inc. (together with its subsidiaries the "Company") is a holding company with no operations or assets other than its ownership of 100% of the outstanding common stock of Charles River Laboratories, Inc. For the periods presented in these consolidated financial statements that are prior to September 29, 1999, Charles River Laboratories International, Inc. and Charles River Laboratories, Inc. were 100% owned by Bausch & Lomb Incorporated ("B&L"). The assets, liabilities, operations and cash flows relating to Charles River Laboratories, Inc. and its subsidiaries were held by B&L and certain of its affiliated entities. As more fully described in Note 3, effective September 29, 1999, pursuant to a recapitalization agreement all such assets, liabilities and operations were contributed to an existing dormant subsidiary which was subsequently renamed Charles River Laboratories, Inc. Under the terms of the recapitalization, Charles River Laboratories, Inc. became a wholly owned subsidiary of Charles River Laboratories International, Inc. These financial statements include all such assets, liabilities, results of operations and cash flows on a combined basis for all periods prior to September 29, 1999 and on a consolidated basis thereafter.

On June 5, 2000, a 1.927 exchange of stock was approved by the Board of Directors of the Company in connection with the Company's initial public offering (Note 2). This exchange of stock was effective June 21, 2000. All earnings per common share amounts, references to common stock and shareholders' equity have been restated as if the exchange of stock had occurred as of the earliest period presented.

DESCRIPTION OF BUSINESS

The Company is a leading provider of critical research tools and integrated support services that enable innovative and efficient drug discovery and development. The Company's fiscal year is the twelve-month period ending the last Saturday in December.

PRINCIPLES OF CONSOLIDATION

The financial statements include all majority-owned 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 12).

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.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Costs for primates are accumulated in inventory until the primates are sold.

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: buildings, 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 5 to 20 years. Intangible assets consist primarily of goodwill and customer lists.

OTHER ASSETS

Other assets consist primarily of the cash surrender value of life insurance policies, the net value of primate breeders and a defined benefit plan pension asset. During fiscal 2000 the Company sold all of its primate breeders and no longer owns primate breeders. Primate breeders were amortized over 20 years on a straight line basis. Total amortization expense for primate breeders was $323, $300 and $0 for 1998, 1999 and 2000, respectively, and is included in costs of products sold.

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). The Company adopted FASB Interpretation No. 44 "Accounting

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

for Certain Transactions Involving Stock Compensation an Interpretation of APB Opinion No. 25 Accounting for Stock Issued to Employees" (FIN 44) in 2000 with no material impact on the results of operations or financial position of the Company.

REVENUE RECOGNITION

Sales are recorded net of returns. The Company adopted Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements" (SAB 101) in 2000 with no material impact on the results of operations or financial position of the Company. Revenue is recognized with respect to product sales upon transfer of title, when the risk and rewards of ownership pass to the customer. This is generally on delivery of products to the customer's site. Revenues with respect to services are recognized as these services are performed.

In accordance with the Emerging Issues Task Force final consensus Issue 00-10 "Accounting for Shipping and Handling Revenues and Costs", which requires amounts billed for shipping and handling to be classified as revenues in the statement of operations, the Company has reclassified $11,760, $12,137 and $13,236 in 1998, 1999 and 2000, respectively, to revenues from cost of sales. Shipping and handling costs are recorded as cost of sales in the statement of operations.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the Company's significant financial instruments, which include accounts receivable and debt, approximates their fair values at December 25, 1999 and December 30, 2000.

INCOME TAXES

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (FAS 109). The asset and liability approach underlying FAS 109 requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and tax basis of the Company's assets and liabilities.

FOREIGN CURRENCY TRANSLATION

In accordance with the Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation," 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 shareholders' equity at historical exchange rates. The resulting translation adjustment is recorded as a component of accumulated other comprehensive income in the accompanying balance sheet. Exchange gains and losses on foreign currency transactions are recorded as other income or expense.

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

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 accounts for comprehensive income in accordance with Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," (FAS 130). 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

In accordance with Financial Accounting Standards No. 131, "Disclosures About Segments of an Enterprise and Related Information" (FAS131), the Company discloses financial and descriptive information about its 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.

EARNINGS PER SHARE

Basic earnings per common share is calculated by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per common share is calculated by adjusting the weighted average number of common shares outstanding to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued (Note 5).

PENDING ACCOUNTING PRONOUNCEMENTS

The Company will be required to adopt FASB Statement No. 133 "Accounting for Derivative Instruments and for Hedging Activities" (FAS 133) in the first quarter of 2001. Based on the analysis prepared by the Company to date, the adoption of this statement will not have a material impact on the Company's results of operations or financial position.

RECLASSIFICATIONS

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

2. INITIAL PUBLIC OFFERING

On June 28, 2000, the Company consummated an initial public offering ("the Offering") of 16,100,000 shares of its common stock at a price of $16.00 per share. The number of shares includes the exercise of an over-allotment option by the underwriters. The Company received proceeds of $235,964, net of underwriter's commissions and offering costs. Proceeds from the Offering were used to pay down a portion of the Company's existing debt as described below.

(DOLLARS IN THOUSANDS)

2. INITIAL PUBLIC OFFERING (CONTINUED)

The Company used the proceeds from the Offering plus cash on hand of $300 to repay $204,732 of its existing debt, including issuance discounts. Premiums totaling $31,532 were paid as a result of the early repayment of the senior discount debentures and a portion of the senior subordinated notes.

The sources and uses of cash from the Offering are as follows:

SOURCES OF FUNDS:	
Proceeds from offering	$257,600
Cash on hand	300
USES OF FUNDS:	
Redemption of senior subordinated notes	(52,500)*
Premium on redemption of principal amount of senior subordinated notes	(7,088)
Repayment of subordinated discount note	(46,884)
Repayment of senior discount debentures	(42,348)*
Premium on early extinguishment of senior discount debentures	(24,444)
Repayment of term loan A	(14,500)
Repayment of term loan B	(43,500)
Repayment of revolver	(5,000)
Transaction fees and expenses	(21,636)
Net adjustment to cash	$ --

- ------------------------

* Includes issuance discount.

An extraordinary loss before tax of $44,771 was recorded due to the payment of premiums relating to the early extinguishment of debt, ($31,532); the write-off of issuance discounts ($8,537) and deferred financing costs ($5,226); offset by a book gain of $524 on the subordinated discount note. This extraordinary loss has been recorded net of a tax benefit of $15,670.

3. RECAPITALIZATION AND RELATED FINANCING

On September 29, 1999 CRL Acquisition LLC, an affiliate of DLJ Merchant Banking Partners II, L.P. and affiliated funds ("DLJMB Funds"), consummated a transaction in which it acquired 87.5% of the common stock of Charles River Laboratories, Inc. from B&L for approximately $443 million. This transaction was effected through Charles River Laboratories International, Inc. and was accounted for as a leveraged recapitalization, which had no impact on the historical basis of assets and liabilities. The transaction did, however, affect the capitalization structure of the Company as further described below. In addition, concurrent with the transaction, and as more fully described in Note 4, the Company purchased all of the outstanding shares of common stock of SBI Holdings, Inc. ("Sierra"), a pre-clinical biomedical services company, for $23.3 million.

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

- issuance of 150,000 units, each consisting of a $1,000 principal amount of a 13.5% senior subordinated note and one warrant to purchase 7.596 shares of common stock of the Company;

- borrowings by the Company of $162.0 million under a new senior secured credit facility;

- an equity investment of $92.4 million;

(DOLLARS IN THOUSANDS)

3. RECAPITALIZATION AND RELATED FINANCING (CONTINUED)

- issuance of $37.6 million senior discount debentures with warrants; and

- issuance of a $43.0 million subordinated discount note to B&L.

The Company incurred approximately $14,442 in debt issuance costs related to these transactions. As further described in Note 2, $5,226 of these costs were written off in 2000 as a result of the repayment of debt in connection with the Offering. These costs have been capitalized as long-term assets and are being amortized over the terms of the indebtedness. Amortization expense of $426 and $1,503 was recorded in the accompanying combined financial statements for the years ended December 25, 1999 and December 30, 2000, respectively. In addition, the Company also incurred transaction costs of $8,168, which were recorded as an adjustment to retained earnings in 1999.

Subsidiaries of B&L retained 12.5% of their equity investment in the Company in the recapitalization. The Company estimated the fair value attributable to this equity to be $13,198 which was reclassified in 1999 from additional paid in capital to the mezzanine section of the balance sheet due to the existence of a put option held by subsidiaries of B&L. As a result of the Offering on June 28, 2000, the put option expired. Accordingly, this amount has been reclassified as permanent equity in additional paid in capital in the December 30, 2000 balance sheet.

RECONCILIATION OF RECAPITALIZATION TRANSACTION

The funding to consummate the 1999 recapitalization transaction was as follows:

Funding:

Available cash	$ 4,886
Senior subordinated notes with Warrants	150,000
Senior secured credit facility	162,000
Senior discount debentures with warrants	37,600
DLJMB funds, management and other investor equity	92,387
Total cash funding	446,873
Subordinated discount note	43,000
Equity retained by subsidiaries of B&L	13,198
Total funding	$503,071

Uses of funds:	
Recapitalization consideration	$443,000
Equity retained by subsidiaries of B&L	13,198
Cash consideration for Sierra acquisition (Note 4)	23,343
Debt issuance costs	14,442
Transaction costs	8,168
Loans to officers	920
Total uses of funds	$503,071

3. RECAPITALIZATION AND RELATED FINANCING (CONTINUED)

SENIOR SUBORDINATED NOTES AND WARRANTS

As part of the recapitalization transaction, the Company issued 150,000 units, each comprised of a $1,000 senior subordinated note and a warrant to purchase 7.596 shares of common stock of Charles River Laboratories International, Inc. for total proceeds of $150,000. The senior subordinated notes will mature on October 1, 2009. The Company allocated the $150,000 offering proceeds between the senior subordinated notes ($147,872) and the warrants ($2,128), based upon the estimated fair value. The discount on the senior subordinated notes is being amortized over the life of the notes and amounted to $53 and $186 in 1999 and 2000, respectively. The portion of the proceeds allocated to the warrants is reflected as capital in excess of par in the accompanying consolidated financial statements. Each warrant entitles the holder, subject to certain conditions, to purchase 7.596 shares of common stock of Charles River Laboratories International, Inc. at an exercise price of $5.19 per share of common stock, subject to adjustment under some circumstances. Upon exercise, the holders of warrants would be entitled to purchase 1,139,551 shares of common stock of Charles River Laboratories International, Inc. representing approximately 3.6% of the outstanding shares of stock of Charles River Laboratories International, Inc., on a fully diluted basis as of December 30, 2000. The warrants will be exercisable on or after October 1, 2001 and will expire on October 1, 2009.

During the third quarter of 2000 the Company used a portion of the proceeds from the Offering (Note 2) to repay $52,500, including $671 of discount of the senior subordinated notes. A premium of $7,088 was also paid as a result of this redemption. At December 30, 2000 $96,291 was outstanding.

As a result of the Offering, the senior subordinated notes are subject to redemption at any time at the option of the issuer at redemption prices set forth in the senior subordinated notes. Interest on the senior subordinated notes accrues at a rate of 13.5% per annum and is paid semiannually in arrears on October 1 and April 1 of each year. The payment of principal and interest on the senior subordinated notes are subordinated in right to the prior payment of all senior debt.

Upon the occurrence of a change in control, the Company will be obligated to make an offer to each holder of the senior subordinated notes to repurchase all or any part of such holder's senior subordinated notes at an offer price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest. Restrictions under the senior subordinated notes include certain sales of assets, certain payments of dividends and incurrence of debt, and limitations on certain mergers and transactions with affiliates. The Company is also required to maintain compliance with certain covenants with respect to the notes.

SENIOR SECURED CREDIT FACILITY

The senior secured credit facility includes a $40,000 term loan A facility, a $120,000 term loan B facility and a $30,000 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 and revolving credit facility accrues at either a base rate plus 1.75% or LIBOR plus 3.0%, at the Company's option (8.14% at December 30, 2000). Interest on the term loan B accrues at either a base rate plus 2.50% or LIBOR plus 3.75% (10.39% at December 30, 2000). Interest is paid quarterly in arrears. At December 30, 2000, the Company had no outstanding borrowings on its revolving credit facility. A commitment fee in an amount equal to 0.50%

(DOLLARS IN THOUSANDS)

3. RECAPITALIZATION AND RELATED FINANCING (CONTINUED)
per annum on the daily average unused portion of the revolving credit facility is paid quarterly in arrears. The credit facility requires the Company to remain in compliance with certain financial ratios as well as other restrictive covenants. During the third quarter of 2000 the Company used a portion of its proceeds from the Offering (Note 2) to repay $14,500 of the term loan A facility and $43,500 of term loan B facility.

During the first quarter of 2000 the Company obtained a waiver and amended the credit agreement to allow for the additional 16% equity investment in Charles River Japan (Note 4). In the third quarter of 2000 the Company obtained a waiver and amended the credit agreement to permit the consummation of the initial public offering.

OTHER FINANCING

In connection with the acquisition of an additional 16% of its joint venture company, Charles River Japan on February 28, 2000 (Note 4), the Company entered into a 400 million yen (or $3,670) three year promissory note with Ajinomoto Co., Inc.. The note is denominated in Japanese Yen and translated to U.S. dollars for financial statement purposes. The note bears interest at the long term prime rate in Japan, and is secured by the additional 16% of shares acquired.

As part of the recapitalization in 1999, the Company issued senior discount debentures with other warrants ("the DLJMB Warrants") to the "DLJMB Funds" and other investors for $37,600. The Company has estimated the fair value of the warrants to be $8,478 and allocated the $37,600 in proceeds between the discount debentures ($29,122) and the warrants ($8,478). The senior discount debentures were repaid in full during the third quarter of 2000 (Note 2). As a result of the repayment, the Company paid $24,444 in premiums. The portion of the proceeds allocated to the DLJMB warrants is reflected as capital in excess of par in the accompanying consolidated financial statements. Each of the 950,240 DLJMB warrants will entitle the holders thereof to purchase one share of common stock of the Company at an exercise price of not less than $0.01 per share subject to customary antidilution provisions and other customary terms. The DLJMB Warrants are exercisable at any time through April 1, 2010.

The $43,000 subordinated discount note issued by the Company in connection with the recapitalization transaction was repaid in full during the third quarter of 2000 (Note 2).

MINIMUM FUTURE PRINCIPAL REPAYMENTS

Minimum future principal payments of long-term debt at December 30, 2000 are as follows:

FISCAL YEAR	
2001	$ 231
2002	210
2003	3,821
2004	3,710
2005	10,326
Thereafter	183,890
Total	$202,188

(DOLLARS IN THOUSANDS)

3. RECAPITALIZATION AND RELATED FINANCING (CONTINUED)

The estimated fair values of the senior subordinated notes and the senior secured credit facility at December 30, 2000 approximate recorded book value.

4. BUSINESS ACQUISITIONS AND DISPOSALS

ACQUISITIONS

The Company acquired several businesses during the three-year period ended December 30, 2000. All acquisitions have been accounted for under the purchase method of accounting. The results of operations of the acquired business are included in the combined financial statements from the date of acquisition.

Significant acquisitions include the following:

On February 28, 2000, the Company acquired an additional 16% of the equity (340,840 common shares) of its 50% equity joint venture company, Charles River Japan, from Ajinomoto Co., Inc. The purchase price for the equity was 1.4 billion yen, or $12,844. One billion yen, or $9,174, was paid at closing, and the balance of 400 million yen, or $3,670, was deferred pursuant to a three-year balloon promissory note secured by a pledge of the additional 16% of shares. Effective with the acquisition of this additional interest, the Company has control of and is consolidating the operations of Charles River Japan. The estimated fair value of the incremental net assets acquired is $6,207. Goodwill of $6,637 has been recorded in the accompanying consolidated financial statements and is being amortized over its estimated useful life of 15 years.

On September 29, 1999, Charles River Laboratories, Inc acquired 100% of the outstanding stock of SBI Holdings, Inc. ("Sierra"), a pre-clinical biomedical services company, for $23,343 in cash of which $6,000 was used to repay existing debt. The estimated fair value of assets acquired and liabilities assumed relating to the Sierra acquisition are summarized below:

ALLOCATION OF PURCHASE PRICE:

Net current assets (including cash of $292)		$ 1,807
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	852	16,535
		23,794
Less long-term liabilities assumed		451
		$23,343

Goodwill and other intangibles related to the Sierra acquisition are being amortized on a straight-line basis over their established lives, which range from 5 to 15 years. As the transaction was effected through the acquisition of the stock of Sierra, the historical tax basis of Sierra continues and a deferred tax liability and offsetting goodwill of $4,374 were recorded.

4. BUSINESS ACQUISITIONS AND DISPOSALS (CONTINUED)

In conjunction with the Sierra acquisition, the Company is obligated to pay additional consideration as of December 30, 2000 of $2,000 to the former shareholders, as Sierra achieved specified financial targets in the year ended December 30, 2000. The additional consideration of $2000 was recorded as additional goodwill in the year ended December 30, 2000. In addition, during 1998 and 1999 the Company made contingent payments of $681, $841, respectively, and is obligated to pay $250 as of December 30, 2000, to the former owners of acquired businesses in connection with additional purchase price commitments.

The Company has agreed to pay up to $10,000 in performance-based bonuses to employees if specified financial objectives are reached over the five years following the acquisition date. At the time these contingencies become probable, the bonuses, if any, are recorded as compensation expense. The Company has entered into employment agreements with certain key scientific and management personnel of Sierra 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 Company has recorded compensation expense of $1,435 in fiscal year 1999 relating to the first payment which was made on December 31, 1999 and $963 in fiscal year 2000 relating to the payment due on June 30, 2001. The remaining $602 will be expensed ratably through June 30, 2001.

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.

(DOLLARS IN THOUSANDS)

4. BUSINESS ACQUISITIONS AND DISPOSALS (CONTINUED)

The following selected unaudited pro forma consolidated results of operations are presented as if each of the acquisitions had occurred as of the beginning of the period immediately preceding the period of acquisition after giving effect to certain adjustments 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 27, 1998	DECEMBER 25, 1999	DECEMBER 30, 2000
Net sales	$228,613	$247,447	$313,987
Operating income	37,917	43,852	67,056
Income before extraordinary items	24,094	19,652	18,005
Net income/(loss)	24,094	19,652	(11,096)
Earnings per common share before extraordinary item			
Basic	$ 1.22	$ 0.99	$ 0.65
Diluted	$ 1.22	$ 0.99	$ 0.57
Earnings/(loss) per common share after extraordinary item			
Basic	$ 1.22	$ 0.99	$ (0.40)
Diluted	$ 1.22	$ 0.99	$ (0.35)

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

DISPOSALS

The Company had the following disposals during the fiscal year 2000:

During December of 2000 the Board of Directors approved and announced its plans close a subsidiary in France. As a result, pre-tax restructuring charges of $1,290 were recorded in selling, general and administrative expenses in the accompanying consolidated statement of operations for the year ended December 30, 2000. The major components of the plans are summarized in the table below:

	2000
Employee separations	$ 993
Asset writedowns	212
Other	85
	$1,290

The overall purpose of the restructuring charges was to reduce costs and improve profitability by closing excess capacity. Approximately 60 employees are expected to be terminated as a result of this restructuring. As of December 30, 2000 the Company has disposed of assets of $212 and expects to incur the employee separation and other costs in the first quarter of 2001.

4. BUSINESS ACQUISITIONS AND DISPOSALS (CONTINUED)

On March 10, 2000 the Company announced the closure of its Shamrock primate import and conditioning business in Small Dole, England. This closure was completed during the second quarter of 2000. The Company does not expect that the animal sales previously made by Shamrock will be significantly affected by the closure. A charge of $751 related to the closure was recorded in selling, general and administrative expenses in the first quarter of 2000. This reserve was fully utilized in the second quarter of 2000.

During January 2000, the Company sold a product line within its research model business segment. The selling price of $7,000 approximated the net book value of the underlying assets at the time of the sales. In addition, the Company had approximately $900 of deferred revenue which related to cash payments received in advance of shipping the research models. Under the terms of the sale agreement, the Company is no longer obligated to ship research models and, accordingly, recorded this amount as income in the first quarter of 2000. Fiscal 1999 sales associated with this product line approximated $2,800.

5. EARNINGS (LOSS) PER SHARE

As more fully described in Note 3, pursuant to the recapitalization agreement effective September 29, 1999, all of the assets, liabilities, operations and cash flows relating to Charles River Laboratories, Inc., were contributed to an existing dormant subsidiary which was subsequently renamed Charles River Laboratories, Inc. Under the terms of the recapitalization, Charles River Laboratories, Inc., became a wholly owned subsidiary of Charles River Laboratories International, Inc. The capital structure in place for periods prior to September 29, 1999 was significantly different than the capital structure of the Company after the recapitalization. The consolidated statement of operations for years ended December 26, 1998 and December 25, 1999 also include operations of certain B&L entities which were not historically supported by the combined capital structure of Charles River Laboratories International, Inc. and Charles River Laboratories, Inc. As a result, the presentation of historical earnings per share data determined using the combined historical capital structure for the years ended December 26, 1998 and December 25, 1999, would not be meaningful and has not been included in these consolidated financial statements. Rather, earnings per share for the years ended December 26, 1998 and December 25, 1999 have been computed assuming that the shares outstanding after the recapitalization had been outstanding for these periods.

As a result of the recapitalization DLJ Merchant Banking Partners II, L.P. and affiliated funds, management and other investors indirectly owned 87.5% of the capital stock of the Company, and subsidiaries of B&L owned the remaining 12.5% as of September 25, 1999. Based upon the amounts invested, shares outstanding of common stock in Charles River Laboratories International, Inc. at the date of the recapitalization totaled 19,820,369. Basic earnings per share for the year ended December 26, 1998 and December 25, 1999 were computed by dividing earnings available to common shareholders for these periods, by the weighted average number of common shares outstanding in the period subsequent to the recapitalization. Basic earnings (loss) per share for the year ended December 30, 2000 was computed by dividing earnings available to common shareholders for these periods by the weighted average number of common shares outstanding in the respective periods.

For purposes of calculating diluted earnings per share for the years ended December 26, 1998 and December 25, 1999, the weighted average number of common shares used in the basic earnings per

(DOLLARS IN THOUSANDS)

5. EARNINGS (LOSS) PER SHARE (CONTINUED)

share computation described above has not been adjusted to include common stock equivalents, as these common stock equivalents were issued in connection with the recapitalization financing and are not assumed to be outstanding for purposes of computing earnings per share in these periods. The weighted average number of common shares outstanding for the year ended December 30, 2000 has been adjusted to include common stock equivalents for the purpose of calculating diluted earnings per share before and after the extraordinary item for this period.

The following table illustrates the reconciliation of the numerator and denominator of the basic and diluted earnings per share before and after the extraordinary item computations:

	DECEMBER 26, 1998	DECEMBER 25, 1999	DECEMBER 30, 2000
Numerator--basic and diluted earnings per share:			
Income before extraordinary item	$ 23,378	$ 17,124	$ 17,877
Extraordinary loss	--	--	(29,101)
Income (loss) after extraordinary item	23,378	17,124	(11,224)
Denominator:			
Basic earnings per share--weighted average shares outstanding	19,820,369	19,820,369	27,737,677
Effect of dilutive securities--stock options and warrants	--	--	3,996,677
Diluted earnings per share--weighted average shares outstanding	19,820,369	19,820,369	31,734,354
Basic earnings per share before extraordinary item	$ 1.18	$ 0.86	$ 0.64
Diluted earnings per share before extraordinary item	$ 1.18	$ 0.86	$ 0.56
Basic loss per share on extraordinary item	--	--	$ (1.04)
Diluted loss per share on extraordinary item	--	--	$ (0.91)
Basic earnings/(loss) per share after extraordinary item	$ 1.18	$ 0.86	$ (0.40)
Diluted earnings/(loss) per share after extraordinary item	$ 1.18	$ 0.86	$ (0.35)

In the computation of the diluted loss per share on the extraordinary loss and net loss, the common stock equivalents have an antidilutive impact. They have been included in the computation as they are dilutive with respect to income from continuing operations.

6. SHAREHOLDERS' EQUITY

As more fully described in Note 1, the capital structure of the Company is presented on a consolidated basis at December 25, 1999 and December 30, 2000. Capital stock information at each date is as follows:

DECEMBER 25, 1999	
Common stock $0.01 par value, 77,079,207 shares authorized, 19,820,369 shares issued and outstanding	$198

(DOLLARS IN THOUSANDS)

6. SHAREHOLDERS' EQUITY (CONTINUED)

The Company had 250,000 shares of $0.01 par value Series A Redeemable Preferred Stock and 10,000,000 shares of $0.01 par value preferred stock authorized. At December 25, 1999 no shares were issued and outstanding.

DECEMBER 30, 2000
- -----------------

Common stock $0.01 par value, 120,000,000 shares authorized, 35,920,369 shares issued and outstanding.....	$359

The Company had 20,000,000 shares of $0.01 par value preferred stock authorized. At December 30, 2000 no shares were issued and outstanding.

7. SUPPLEMENTAL BALANCE SHEET INFORMATION

The composition of inventories is as follows:

	DECEMBER 25, 1999	DECEMBER 30, 2000
Raw materials and supplies.....	$ 4,196	$ 4,052
Work in process.....	1,608	910
Finished products.....	24,730	28,928
Inventories.....	$30,534	$33,890

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

	DECEMBER 25, 1999	DECEMBER 30, 2000
Land.....	$ 7,022	$ 9,367
Buildings.....	90,730	142,569
Machinery and equipment.....	82,131	95,407
Leasehold improvements.....	4,668	5,747
Furniture and fixtures.....	1,826	1,992
Vehicles.....	2,689	2,378
Construction in progress.....	4,679	5,102
	193,745	262,562
Less accumulated depreciation.....	(108,332)	(145,561)
Net property, plant and equipment.....	$ 85,413	$ 117,001

Depreciation and amortization expense for the years ended 1998, 1999, and 2000 was $9,168, $10,062, and $13,099, respectively.

(DOLLARS IN THOUSANDS)

8. LEASES

CAPITAL LEASES

The Company has one capital lease for a building and numerous capital leases for equipment. These leases are capitalized using interest rates considered appropriate at the inception of each lease. Assets under capital lease are not significant.

Capital lease obligations amounted to $1,048 and $724 at December 25, 1999 and December 30, 2000, respectively, with maturities through 2005 at interest rates ranging from 9.5% to 14.6%. Future minimum lease payments under capital lease obligations at December 30, 2000 are as follows:

2001	$ 289
2002	282
2003	442
2004	12
Total minimum lease payments	1,025
Less amount representing interest	(301)
Present value of net minimum lease payments	$ 724

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 $5,926 in 2000, $4,453 in 1999, 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 30, 2000:

2001	$ 5,894
2002	4,740
2003	3,192
2004	2,310
2005	1,812
Thereafter	5,373
	$23,321

9. INCOME TAXES

In the year ended December 26, 1998 and for the nine-month period ended September 29, 1999, the Company was not a separate taxable entity for federal and state income tax purposes and its income for these periods was included in the consolidated B&L income tax returns. The Company accounted for income taxes for these periods under the separate return method in accordance with FAS 109. Under the terms of the recapitalization agreement, B&L has assumed all income tax consequences associated with the periods through September 29, 1999. Accordingly, all current and deferred income tax attributes reflected in the Company's consolidated financial statements on the effective date of the recapitalization will ultimately be settled by B&L. In line with this the domestic

(DOLLARS IN THOUSANDS)

9. INCOME TAXES (CONTINUED)
income tax attributes have been included in the net activity with B&L and have been charged off against retained earnings. Foreign subsidiaries are responsible for remitting taxes in their local jurisdictions. Payments associated with periods prior to September 29, 1999 will ultimately be reimbursed by B&L, and this reimbursement will be recorded as an adjustment to retained earnings at the time of such reimbursement.

In addition, in connection with the recapitalization transaction, the Company elected under Internal Revenue Code Section 338(h)(10) to treat the transaction as a purchase resulting in a step-up in the tax basis of the underlying assets. The election resulted in the recording of a deferred tax asset in 1999, net of valuation allowance, of approximately $99,506, representing the estimated future tax benefits associated with the increased tax basis of its assets. The Company expects to realize the net benefit of the deferred tax asset over a 15 year period. For financial reporting purposes the benefit was treated as a contribution to capital in 1999.

During the second quarter of 2000, the tax purchase price allocation pertaining to the Section 338(h)(10) election described above was finalized. An adjustment was recorded to reduce the deferred tax asset balance by $5,395 and the related valuation allowance by $858, with the offset of $4,537 being recorded to capital in excess of par in the second quarter of 2000.

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 26, 1998	DECEMBER 25, 1999	DECEMBER 30, 2000
INCOME BEFORE INCOME TAXES, MINORITY INTERESTS, EARNINGS FROM EQUITY INVESTMENTS AND EXTRAORDINARY ITEM			
U.S.	$22,364	$14,608	$14,407
Non-U.S.	13,468	16,055	11,678
	$35,832	$30,663	$26,085
INCOME TAX PROVISION			
Current:			
Federal	$ 7,730	$ 9,522	$ --
Foreign	6,171	6,035	5,646
State and local	1,833	1,895	--
Total current	15,734	17,452	5,646
Deferred:			
Federal	$ (597)	$(2,000)	$ 6,688
Foreign	(887)	53	(447)
State	(127)	56	(4,050)
Total deferred	(1,611)	(1,891)	2,191
	$14,123	$15,561	$ 7,837

(DOLLARS IN THOUSANDS)

9. INCOME TAXES (CONTINUED)

The Company recorded an extraordinary loss before tax of $44,771 on the consummation of the Offering (Note 2). The tax benefit associated with this loss (recorded in the third quarter of 2000) was $15,670.

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

	DECEMBER 25, 1999		DECEMBER 30, 2000	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Current:				
Accruals	632	--	2,055	--
	632	--	2,055	--
Non-current:				
Goodwill and other intangibles	100,657	--	88,531	--
Net operating loss and credit carryforwards	2,220	--	22,756	--
Depreciation and amortization	162	--	626	--
Accrued Interest	854	--	--	--
Other	844	1,030	(2,362)	--
	104,737	1,030	109,551	--
Valuation allowance	(7,137)	--	(4,524)	--
	97,600	1,030	105,027	--
Total deferred taxes	$ 98,232	$1,030	$107,082	$ --

As of December 30, 2000, the Company has net operating loss carryforwards for federal and state income tax purposes of approximately $50,117 expiring between 2004 and 2020. Additionally, the Company has foreign tax credit carryforwards of $2,320 expiring in 2004 and 2005. As a result of the Offering, the Company expects to be significantly more profitable in the future, due to reduced interest costs. Accordingly, during the second quarter of 2000 the Company reassessed the need for a valuation allowance relating to state income taxes associated with the deferred tax asset balance recorded on the recapitalization transaction discussed above. As a result of this reassessment, $4,762 of the valuation allowance relating to state tax benefits was released in the second quarter of 2000, and recorded as a tax benefit. This release of the valuation allowance was offset by an increase of $3,007, pertaining mainly to the realization of state income tax benefits associated with the extraordinary loss recorded in the third quarter of 2000. The Company has recorded the balance of the net deferred tax asset on the 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 taxable income, and tax planning strategies.

(DOLLARS IN THOUSANDS)

9. INCOME TAXES (CONTINUED)

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

	FISCAL YEAR ENDED		
	DECEMBER 26, 1998	DECEMBER 25, 1999	DECEMBER 30, 2000
Tax at statutory U.S. tax rate	35.0%	35.0%	35.0%
Foreign tax rate differences	1.6	7.4	3.8
Non-deductible goodwill amortization	0.6	0.5	1.5
State income taxes, net of federal tax benefit	3.1	3.6	2.3
Change in valuation allowance before extraordinary item	--	2.4	(16.1)
High yield debt interest	--	0.1	2.4
Other	(0.8)	1.7	1.1
	39.5%	50.7%	30.0%

During the year ended December 25, 1999, substantially all of the accumulated earnings of the Company's foreign subsidiaries through September 29, 1999 were repatriated to the United States to B&L in connection with the recapitalization transaction. Accordingly, a provision for U.S. federal and state income taxes, net of foreign tax credits, has been provided on such earnings in the year ended December 25, 1999. In addition, for periods subsequent to September 29, 1999, the Company elected to treat certain foreign subsidiaries in Germany and the United Kingdom as disregarded entities for U.S. federal and state income tax purpose and, accordingly, is providing for U.S. federal and state income taxes on such earnings. The Company's other foreign subsidiaries have accumulated earnings subsequent to September 29, 1999. These earnings are considered to be indefinitely reinvested and, accordingly, no provision for U.S. income taxes has been provided thereon. Upon distribution of those earnings in the form of dividends or otherwise, the Company would be subject to both U.S. taxes and withholdings taxes payable to the various foreign countries.

10. EMPLOYEE BENEFITS

The Company sponsors one defined contribution plan and three defined benefit plans. The Company's defined contribution plan, the Charles River Laboratories Employee Savings Plan, qualifies under section 401(k) of the Internal Revenue Code. It covers substantially all U.S. employees and contains a provision whereby the Company matches employee contributions. The costs associated with the defined contribution plan totaled $498, $588 and $716 in 1998, 1999, and 2000, respectively.

One of the Company's sponsored defined benefit plans, the 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. The Charles River Japan defined benefit pension plan is a non-contributory plan that covers all employees. Benefits are based upon length of service and final salary.

(DOLLARS IN THOUSANDS)

10. EMPLOYEE BENEFITS (CONTINUED)

Under another defined benefit plan, the Company provides some executives with supplemental retirement benefits. This plan, the 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 Company has, however, taken out several key person life insurance policies with the intention of using its cash surrender value to fund the ESLIRP Plan. At December 30, 2000, the cash surrender value of these policies was $8,595.

The following table provides reconciliations of the changes in benefit obligations, fair value of plan assets and funded status of the three defined benefit plans. Note that due to Charles River Japan being consolidated with the Company's financial results beginning February 28, 2000, the Charles River Japan pension plan is incorporated into the fiscal year 2000 disclosures below and not included in fiscal year 1999.

	FISCAL YEAR	
	1999	2000
RECONCILIATION OF BENEFIT OBLIGATION		
Benefit/obligation at beginning of year	$25,112	$31,045
Service cost	958	1,386
Interest cost	1,738	2,040
Benefit payments	(738)	(958)
Actuarial loss (gain)	(73)	3,060
Effect of foreign exchange	--	(75)
Benefit/obligation at end of year	$26,997	$36,498
RECONCILIATION OF FAIR VALUE OF PLAN ASSETS		
Fair value of plan assets at beginning of year	$26,493	$53,600
Actual return on plan assets	24,781	(5,820)
Employer contributions	259	665
Benefit payments	(738)	(958)
Fair value of plan assets at end of year	$50,795	$47,487
FUNDED STATUS		
Funded status	$23,797	$10,989
Unrecognized transition obligation	423	336
Unrecognized prior-service cost	(24)	(29)
Unrecognized gain	(29,108)	(12,970)
Accrued benefit (cost)	$(4,912)	$(1,674)
AMOUNTS RECOGNIZED IN THE CONSOLIDATED BALANCE SHEET		
Accrued benefit cost	$(7,237)	$(5,237)
Intangible asset	215	143
Accumulated other comprehensive income	2,110	3,240
Net amount recognized	$(4,912)	$(1,674)

(DOLLARS IN THOUSANDS)

10. EMPLOYEE BENEFITS (CONTINUED)

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

	FISCAL YEAR ENDED		
	DECEMBER 26, 1998	DECEMBER 25, 1999	DECEMBER 30, 2000
Discount rate	7%	7%	6.5%
Expected return on plan assets	10%	10%	10%
Rate of compensation increase	4.75%	4.75%	4.75%

The following table provides the components of net periodic benefit cost for the three defined benefit plans for 1998, 1999 and 2000:

	DEFINED BENEFIT PLANS		
	1998	1999	2000
Components of net periodic benefit cost/(income):			
Service cost	$ 795	$ 958	$ 1,386
Interest cost	1,588	1,738	2,040
Expected return on plan assets	(1,901)	(2,623)	(5,132)
Amortization of transition obligation	141	141	154
Amortization of prior-service cost	(3)	(4)	(5)
Amortization of net gain	(85)	(301)	(1,625)
Net periodic benefit cost/(income)	$ 535	$ (91)	$(3,182)

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 $8,761, $8,315, and $0 at December 25, 1999 and $14,493, $12,312 and $2,780, as of December 30, 2000.

The Company had an adjusted minimum pension liability of $2,110 $(1,266, net of tax) and $3,420 $(2,299 net of tax) as of December 25, 1999 and December 30, 2000 respectively, which represented the excess of the minimum accumulated net benefit obligation over previously recorded pension liabilities.

11. STOCK COMPENSATION PLANS

As part of the recapitalization, the equity investors agreed and committed to establish a stock option plan for the Company, for the purpose of providing significant equity incentives to management. The 1999 Management Incentive Plan (the "1999 Plan") is administered by the Company's Compensation Committee of the Board of Directors. A total of 1,784,384 shares were reserved for the exercise of option grants under the Plan. Awards of 1,726,332 non-qualified stock options, of which 75,958 are currently exercisable, were awarded in the year ended December 25, 1999. Options to purchase shares of Charles River Laboratories International, Inc. granted pursuant to the 1999 Plan are subject to a vesting schedule based on three distinct measures. Certain options vest solely with the passage of time (incrementally over five years so long as the optionee continues to be employed by the Company). The remainder of the options vest over time but contain clauses providing for the acceleration of vesting upon the achievement of certain performance targets or the occurrence of

11. STOCK COMPENSATION PLANS (CONTINUED)
certain liquidity events. All options expire on September 29, 2009. The exercise price of all of the options initially granted under the Plan is $5.33, the fair value of the underlying common stock at the time of the grant.

Effective June 5, 2000 the Board of Directors adopted and the Company's shareholders approved the 2000 Incentive Plan (the "2000 Plan"), which provides for the grant of incentive and nonstatutory stock options, stock appreciation rights, restricted or unrestricted common stock and other equity awards. The 2000 Plan has a total of 1,189,000 shares available to be granted. Options to purchase shares of Charles River Laboratories International, Inc. granted pursuant to the 2000 Plan vest incrementally over three years so long as the employee continues to be employed by the Company. All options granted expire on or before December 31, 2010. The exercise price of all the options granted under the 2000 Plan is the fair value of the underlying common stock at the time of grant. A total of 476,300 stock option awards were made under the 2000 plan in 2000. No awards granted under the 2000 Plan are currently exercisable.

In conjunction with the 2000 Plan the Board of Directors adopted, and the Company's shareholders approved, the 2000 Directors Stock Plan ("Directors Plan"), which provides for the grant of both automatic and discretionary nonstatutory stock options to our non-employee directors. Pursuant to the plan, each independent director will be automatically granted an option to purchase 20,000 shares of our common stock on the date he or she is first elected or named a director. On the day of each annual meeting of stockholders, each independent director who served during the prior year will be awarded an option to purchase 4,000 shares of our common stock (pro-rated if the director did not serve for the entire preceding year). The Directors Plan has a total of 100,000 shares available to be granted. Awards of 60,000 stock options, none of which are currently exercisable, were ratified and granted by the Compensation Committee on June 5, 2000. Options to purchase shares of Charles River Laboratories International, Inc. granted pursuant the Directors Plan cliff vest upon the earlier of the first anniversary of the date of grant or the business day prior to the date of the Company's next annual meeting. All options granted expire on June 23, 2005. The exercise price of the options granted under the Directors Plan is $16.00, the fair value of the underlying common stock at the time of grant.

(DOLLARS IN THOUSANDS)

11. STOCK COMPENSATION PLANS (CONTINUED)

The following table summarizes stock option activity under the 1999 Plan, the 2000 Plan, and the Directors Plan:

	SHARES	EXERCISE PRICE	WEIGHTED AVERAGE EXERCISE PRICE
Options outstanding as of December 26, 1998.....	0	--	--
Options Granted.....	1,726,332	$5.33	$ 5.33
Options Exercised.....	0		
Options Canceled.....	0		
Options outstanding as of December 25, 1999.....	1,726,332	$5.33	$ 5.33
Options Granted.....	536,300	$16.00-$27.38	$16.60
Options Exercised.....	0		
Options Canceled.....	16,500	$16.00	$16.00
Options Outstanding as of December 30, 2000.....	2,246,132	$5.33-$27.38	$ 7.94
Options Exercisable as of December 30, 2000.....	75,958	$5.33	$ 5.33

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	OUTSTANDING AS OF DECEMBER 30, 2000	WEIGHTED AVERAGE REMAINING CONTRACTURAL LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	EXERCISABLE AS OF DECEMBER 30, 2000	WEIGHTED AVERAGE EXERCISE PRICE
$ 5.00 - $10.00.....	1,726,332	8.7	$ 5.33	75,958	$5.33
$10.01 - $20.00.....	491,600	8.8	$16.00	0	$0.00
$20.01 - $30.00.....	28,200	10.0	$27.38	0	$0.00
	2,246,132		$ 7.94		$5.33

The company accounts for stock-based compensation plans under the provisions of APB 25. Because the exercise price of the 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 under the fair value method of that Statement.

For purposes of this disclosure, the fair value of the fixed option grants were estimated using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants outstanding:

Risk-free interest rate.....	6.37%
Volatility factor.....	49.83%
Weighted average expected life (years).....	6

(DOLLARS IN THOUSANDS)

11. STOCK COMPENSATION PLANS (CONTINUED)

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 the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in 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 (loss) for the years ended December 25, 1999 and December 30, 2000 would have been reduced to the pro forma amounts indicated below:

	1999	2000
Reported net income (loss)	$17,124	$(11,224)
Proforma net income (loss)	17,030	(11,948)
Reported diluted earnings (loss) per common share	$ 0.86	$ (0.35)
Proforma diluted earning (loss) per common share	$ 0.86	$ (0.38)

Until September 29, 1999, employees of the Company participated in a stock option plan sponsored by B&L. As a result of the recapitalization transaction described in Note 2, employees participating in the B&L Stock Option Plan exercised all vested options and were compensated for all unvested options. The Company recorded compensation expense of $1,300 in the fourth quarter of 1999 based upon the amount that B&L compensated these employees. The Company received a capital contribution by B&L for this amount during the fourth quarter of 1999, which has been recorded as part of the net activity with B&L. As management's participation in the B&L plan was discontinued in 1999, and the Company has established its own plan based on current facts and circumstances, the historical FAS 123 disclosures relating to the B&L plan are not considered relevant.

12. 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 markets. For the year ended December 30, 2000 the financial results of three of the joint ventures are consolidated into the Company's results as the Company has the ability to exercise control over these entities. On February 28, 2000 the Company acquired an additional equity interest in Charles River Japan (Note 4). Upon consummation of the additional equity investment, the Company had control and began consolidating the operations of Charles River Japan. The interests of the outside joint venture partners in these joint ventures has been recorded as minority interests totaling $304 at December 25, 1999 and $13,330 at December 30, 2000.

Prior to the additional equity investment on February 28, 2000, Charles River Japan was accounted for under the equity method. Charles River Japan is a 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 prior to the additional equity investmant amounted to $601 in 1998, $815 in 1999, and $0 in 2000. The Company also has another joint venture, Charles River Mexico, which is accounted for under

(DOLLARS IN THOUSANDS)

12. JOINT VENTURES (CONTINUED)
the equity method. Charles River Mexico, 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:

Note that the condensed income statement information for the year ended December 30, 2000 includes only two months of Charles River Japan activity and the balance sheet as of December 30, 2000 excludes Charles River Japan.

	FISCAL YEAR ENDED		
	DECEMBER 26, 1998	DECEMBER 25, 1999	DECEMBER 30, 2000
CONDENSED COMBINED STATEMENTS OF INCOME			
Net sales	$39,798	$44,826	$13,541
Operating income	6,756	7,658	2,922
Net income	3,445	4,221	2,132

	DECEMBER 25, 1999	DECEMBER 30, 2000
CONDENSED COMBINED BALANCE SHEETS		
Current assets	$20,486	$1,180
Non-current assets	39,720	2,932
	$60,206	$4,112
Current liabilities	$11,330	$ 333
Non-current liabilities	6,163	42
Shareholders' equity	42,713	3,737
	$60,206	$4,112

13. COMMITMENTS AND CONTINGENCIES

INSURANCE

The Company maintains insurance for workers' compensation, auto liability, employee medical and general liability. The per claim loss limits are $250, with annual aggregate loss limits of $1,500. Related accruals were $2,813 and $3,461 on December 25, 1999 and December 30, 2000, respectively. Separately, the Company has provided a letter of credit in favor of the insurance carriers in the amount of $350.

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.

13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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. The Company continues to hold discussions with the state of Florida authorities regarding the extent of refoliation required on the islands and believes the reserves recorded in the accompanying consolidated financial statements are sufficient to provide for the estimated exposure in connection with the refoliation. The Company has provided a letter of credit in regards to the completion of the refoliation on the island for $350.

14. RELATED PARTY TRANSACTIONS

As more fully described in Note 3, the Company completed a recapitalization in September 1999 and became a stand-alone entity. Until the recapitalization, the Company historically had operated autonomously from B&L. Some costs and expenses including insurance, information technology and other miscellaneous expenses were charged by B&L to the Company on a direct basis, however, management believes these charges were based upon assumptions that were reasonable under the circumstances. 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 $250 and $88 for these items are included in costs of products sold and services rendered and selling, general and administrative expense in the accompanying consolidated financial statements for the years ended 1998 and for the nine months ended 1999, respectively. The Company does not expect its stand-alone costs to be significantly different from the historical costs allocated by B&L due to the autonomy with which the Company operated.

As more fully described in Note 3, the accompanying consolidated financial statements include a line item "net activity with Bausch and Lomb" which comprises the above referenced intercompany allocations, net distributions made by the Company to B&L, and settlements with B&L as a result of the recapitalization.

On October 11, 1999 the Company loaned to certain officers $920 to purchase stock in Charles River International, Inc. through CRL Acquisition LLC. These loans are full recourse and bear interest at a rate of 6.75%. The year-end balance of $920 is classified as a reduction from shareholders equity.

15. 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 1998, 1999 and 2000. 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

(DOLLARS IN THOUSANDS)

15. GEOGRAPHIC AND BUSINESS SEGMENT INFORMATION (CONTINUED)
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	JAPAN	OTHER NON U.S.	CONSOLIDATED
1998					
Sales to unaffiliated customers.....	$122,267	$27,968	N/A	$54,826	$205,061
Long-lived assets.....	76,289	12,751	N/A	23,743	112,783
1999					
Sales to unaffiliated customers.....	$144,617	$30,523	N/A	$56,273	$231,413
Long-lived assets.....	103,261	12,234	N/A	20,191	135,686
2000					
Sales to unaffiliated customers.....	$192,919	$28,474	$36,624	$48,568	$306,585
Long-lived assets.....	118,271	10,618	39,720	17,235	185,844

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 1998, 1999 and 2000. 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.

	1998	1999	2000
Research models			
Net sales.....	$144,841	$152,494	$187,643
Operating income.....	30,517	33,663	43,067
Total assets.....	180,983	269,034	313,763
Depreciation and amortization.....	5,534	8,008	9,840
Capital expenditures.....	8,127	6,983	7,502
Biomedical products and services			
Net sales.....	$ 60,220	$ 78,919	$118,942
Operating income.....	11,117	14,428	24,103
Total assets.....	53,271	90,062	96,845
Depreciation and amortization.....	5,361	4,310	6,926
Capital expenditures.....	3,782	5,968	8,063

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

	FISCAL YEAR ENDED		
	DECEMBER 26, 1998	DECEMBER 25, 1999	DECEMBER 30, 2000
Total segment operating income.....	$41,634	$48,091	$67,170
Unallocated corporate overhead.....	(6,309)	(5,128)	(2,109)
Consolidated operating income.....	$35,325	$42,963	$65,061

(DOLLARS IN THOUSANDS)

15. GEOGRAPHIC AND BUSINESS SEGMENT INFORMATION (CONTINUED)

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

	DECEMBER 25, 1999	DECEMBER 30, 2000
Research Models	$ 69,257	$117,046
Biomedical Products and Services	66,429	68,798
	$135,686	$185,844

16. SUBSEQUENT EVENTS (UNAUDITED)

Effective January 8, 2001 we purchased 100% of the common stock of Pathology Associates International Corporation ("PAI"). Consideration of $37,000 was paid with respect to this acquisition, consisting of $25,000 in cash and a $12,000 callable convertible note. The convertible note has a five year term and bears interest at 2% per annum. Under certain conditions the note is convertible into shares of the Company's common stock at a premium to the Company's stock price on the date the note was issued. This acquisition will be recorded as a purchase business combination.

We signed a definitive agreement to acquire Primedica Corporation for consideration of approximately $52,000 on February 7, 2001. The consideration is comprised of $26,000 in cash, $16,500 in restricted stock and $9,500 in assumed debt. This acquisition will be recorded as a purchase business combination. In connection with the anticipated Primedica acquisition the Company amended its credit facility to add a $25,000 term C loan facility and to increase the interest rate on the term A loan facility.

[LOGO]

We have not authorized any dealer, salesperson or other person to give you written information other than this prospectus or to make representations as to matters not stated in this prospectus. You must not rely on unauthorized information. This prospectus is not an offer to sell these securities or our solicitation of your offer to buy the securities in any jurisdiction where that would not be permitted or legal. Neither the delivery of this prospectus nor any sales made hereunder after the date of this prospectus shall create an implication that the information contained herein or our affairs have not changed since the date hereof.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

All of the expenses in connection with the offering are as follows:

Securities and Exchange Commission registration fee.....	$50,695
Legal fees and expenses.....	*
Printing and engraving fees.....	*
Accountants' fees and expenses.....	*
Miscellaneous.....	*
Total.....	$ *

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* To be filed by amendment.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933, as amended (the "Securities Act").

As permitted by the Delaware General Corporation Law, the Registrant's certificate of incorporation includes a provision that eliminates the personal liability of its directors for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Registrant or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under section 174 of the Delaware General Corporation Law (regarding unlawful dividends and stock purchases) or (iv) for any transaction from which the director derived an improper personal benefit.

As a result of this provision, the ability of the Registrant, 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 Registrant's certificate of incorporation provides for mandatory indemnification rights, subject to limited exceptions, to any director or executive officer of the Registrant 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.

Reference is also made to Section 7 of the Underwriting Agreement, which provides for the indemnification of officers, directors and controlling persons of the Registrant against certain liabilities. The indemnification provisions in the Registrant's certificate of incorporation, by-laws and the indemnification agreements entered into between the Registrant and each of its directors and executive officers may be sufficiently broad to permit indemnification of the Registrant's directors and executive officers for liabilities arising under the Securities Act.

Charles River Laboratories, Inc. provides insurance from commercial carriers against some liabilities incurred by the directors and officers of the Registrant.

ITEM 16. EXHIBITS.

NUMBER	DESCRIPTION
1.1*	Form of Underwriting Agreement.
2.1***	Recapitalization Agreement, dated as of July 25, 1999, among Charles River Laboratories, Inc., Charles River Laboratories International, 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.
2.3**	Agreement and Plan of Reorganization, dated as of June 6, 2000, among Charles River Laboratories International, Inc., CRL Acquisition LLC and B&L CRL, Inc.
2.4****	Stock Purchase Agreement by and among Pathology Associates International Corporation, Science Applications International Corp., and Charles River Laboratories, Inc. dated December 21, 2000.
2.5****	Stock Purchase Agreement by and among Charles River Laboratories, Inc., Primedica Corporation, TSI Corporation, and Genzyme Transgenics Corporation.
4.1*	Form of certificate representing shares of common stock, $0.01 per value per share.
4.2**	Amended and Restated Investors' Agreement, dated as of June 20, 2000, among Charles River Laboratories International, Inc. and the shareholders named therein.
5.1*	Opinion of Davis Polk & Wardwell.
10.1****	Amended and Restated Credit Agreement dated February 2, 2001 among Charles River Laboratories, Inc., Various Financial Institutions, Union Bank of California, N.A., Credit Suisse First Boston, and National City Bank.
23.1*	Consent of Davis Polk & Wardwell (contained in their opinion filed as Exhibit 5.1).
23.2****	Consent of PricewaterhouseCoopers LLP.
24.1	Power of Attorney pursuant to which amendments to this registration statement may be filed. (Included in Part II of the Registration Statement under the caption "Signatures")
99.1****	Condensed Financial Information

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* To be filed by amendment.

** Previously filed as an exhibit to Amendment No. 2 to the Company's Registration Statement on Form S-1 (File No. 333-35524) filed June 23, 2000.

*** Previously filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 333-92383) filed December 8, 1999.

****Filed herewith.

ITEM 17. UNDERTAKINGS.

The undersigned Registrant hereby undertakes:

1. That, for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by a registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

2. That, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Boston, State of Massachusetts, on the 15th day of February, 2001.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

By: _____
Thomas F. Ackerman
CHIEF FINANCIAL OFFICER

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on February 15, 2001.

SIGNATURE	TITLE
* James C. Foster	President, Chief Executive Officer (Principal Executive Officer) and Chairman
* Thomas F. Ackerman	Chief Financial Officer (Principal Financial Officer) and Senior Vice President, Finance and Administration (Principal Accounting Officer)
* Robert Cawthorn	Director
* Stephen D. Chubb	Director
* Thompson Dean	Director
* Stephen C. McCluski	Director
* Reid S. Perper	Director

SIGNATURE	TITLE
*	
Douglas E. Rogers	Director
*	
Samuel Thier	Director
*	
William Waltrip	Director
*	
Henry C. Wendt	Director

* By /s/ THOMAS F. ACKERMAN
Thomas F. Ackerman
Attorney-in-fact

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints Thomas F. Ackerman and James C. Foster, and each of them, his true and lawful attorneys-in-fact and agents with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to sign any registration statement for the same offering covered by this Registration Statement that is to be effective on filing pursuant to Rule 462(b) promulgated under the Securities Act of 1933, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or their substitutes, may lawfully do or cause to be done by virtue hereof.

SIGNATURE	TITLE	DATE
/s/ JAMES C. FOSTER James C. Foster	President, Chief Executive Officer (Principal Executive Officer) and Director	February 15, 2001
/s/ THOMAS F. ACKERMAN Thomas F. Ackerman	Chief Financial Officer (Principal Financial Officer) and Vice President, Finance and Administration (Principal Accounting Officer)	February 15, 2001
/s/ ROBERT CAWTHORN Robert Cawthorn	Director	February 15, 2001

SIGNATURE	TITLE	DATE
/s/ STEPHEN D. CHUBB Stephen D. Chubb	Director	February 15, 2001
/s/ THOMPSON DEAN Thompson Dean	Director	February 15, 2001
/s/ STEPHEN C. MCCLUSKI Stephen C. McCluski	Director	February 15, 2001
/s/ REID S. PERPER Reid S. Perper	Director	February 15, 2001
/s/ DOUGLAS E. ROGERS Douglas E. Rogers	Director	February 15, 2001
/s/ SAMUEL THIER Samuel Thier	Director	February 15, 2001
/s/ WILLIAM WALTRIP William Waltrip	Director	February 15, 2001
/s/ HENRY C. WENDT Henry C. Wendt	Director	February 15, 2001

EXHIBIT INDEX

NUMBER	DESCRIPTION
1.1*	Form of Underwriting Agreement
2.1***	Recapitalization Agreement, dated as of July 25, 1999, among Charles River Laboratories, Inc., Charles River Laboratories International, 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.
2.3**	Agreement and Plan of Reorganization, dated as of June 6, 2000, among Charles River Laboratories, International Inc., CRL Acquisition LLC and B&L CRL, Inc.
2.4****	Stock Purchase Agreement by and among Pathology Associates International Corporation, Science Applications International Corp., and Charles River Laboratories, Inc. dated December 21, 2000.
2.5****	Stock Purchase Agreement by and among Charles River Laboratories, Inc., Primedica Corporation, TSI Corporation, and Genzyme Transgenics Corporation.
4.1*	Form of certificate representing shares of common stock, $0.01 per value per share.
4.2**	Amended and Restated Investors' Agreement, dated as of June 20, 2000, among Charles River Laboratories International, Inc. and the shareholders named therein.
5.1*	Opinion of Davis Polk & Wardwell.
10.1****	Amended and Restated Credit Agreement dated February 2, 2001 among Charles River Laboratories, Inc., Various Financial Institutions, Union Bank of California, N.A., Credit Suisse First Boston, and National City Bank.
23.1*	Consent of Davis Polk & Wardwell (contained in their opinion filed as Exhibit 5.1).
23.2****	Consent of PricewaterhouseCoopers LLP.
24.1	Power of Attorney pursuant to which amendments to this registration statement may be filed. (Included in Part II of the Registration Statement under the caption "Signatures")
99.1****	Condensed Financial Information

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* To be filed by amendment.

** Previously filed as an exhibit to Amendment No. 2 to the Company's Registration Statement on Form S-1 (File No. 333-35524) filed June 23, 2000.

*** Previously filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 333-92383) filed December 8, 1999.

****Filed herewith.

Exhibit 2.4

STOCK PURCHASE AGREEMENT

by and among

PATHOLOGY ASSOCIATES INTERNATIONAL CORPORATION

(the "Company"),

SCIENCE APPLICATIONS INTERNATIONAL CORP.

(the "Stockholder")

and

CHARLES RIVER LABORATORIES, INC.

("Buyer")

Dated as of December 21, 2000

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STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is made and entered into as of December 21, 2000 by and among PATHOLOGY ASSOCIATES INTERNATIONAL CORPORATION (the "Company"), SCIENCE APPLICATIONS INTERNATIONAL CORPORATION (the "Stockholder") and CHARLES RIVER LABORATORIES, INC. ("Buyer").

WHEREAS, the Stockholder is the sole owner of all of issued and outstanding capital stock of the Company (the "Company Shares"), which consists of 100 shares of common stock, $0.01 par value per share, of the Company (the "Common Stock"); and

WHEREAS, subject to the terms and conditions set forth herein, the Stockholder desires to sell to Buyer, and Buyer desires to purchase from the Stockholder, all of the Company Shares.

NOW, THEREFORE, in consideration of the mutual representations, warranties and agreements, and upon the terms and subject to the conditions hereinafter set forth, the parties hereto hereby agree as follows:

SECTION 1. CERTAIN DEFINITIONS.

For purposes of this Agreement:

"Adjusted Purchase Price" means the Purchase Price as adjusted to reflect the Working Capital Adjustment.

"Code" means the Internal Revenue Code of 1986, as amended.

"Consent" means any approval, consent, ratification, permission, waiver or authorization (including any Governmental Authorization).

"Contract" means any written, oral or other agreement, contract, subcontract, lease, understanding, instrument, note, warranty, insurance policy, benefit plan or legally binding commitment or undertaking of any nature.

"Encumbrance" means any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, claim, infringement, interference, option, right of first refusal, preemptive right or restriction of any nature (including any restriction on the voting of any security, any restriction on the transfer of any security or other asset, any restriction on the receipt of any income derived from any asset, any restriction on the use of any asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset).

"Entity" means any corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including limited liability company or joint stock company), firm or other enterprise, association, organization or entity.

"GAAP" means generally accepted accounting principles as in effect in the United States applied on a consistent basis for all relevant periods.

"Governmental Authority" means any (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; or (c) governmental or quasi-governmental authority of any nature (including any governmental division, department, agency, commission, instrumentality, official, organization, unit, body or Entity and any court or other tribunal).

"Governmental Authorization" means any (a) permit, license, certificate, franchise, permission, clearance, registration, qualification or authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Authority or pursuant to any Law or (b) right under any Contract with any Governmental Authority.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indebtedness" means, with respect to any Person, any and all obligations of such Person (i) for borrowed money, (ii) evidenced by notes, bonds, debentures or similar instruments, (iii) under or relating to letters of credit (including any obligation to reimburse the letter of credit issuer with respect to amounts drawn on such instruments), (iv) for the deferred purchase price of goods or services (excluding trade payables incurred in the ordinary course of business), (v) under capital leases, (vi) with respect to bank overdrafts or otherwise reflected as negative cash in financial statements of such Person, (vii) to pay any accrued dividends or dividends that have otherwise been declared and not yet paid, (viii) to guarantee obligations or liabilities of any other Person, and (ix) which are required by GAAP to be shown as debt on the balance sheet of such Person.

"Independent Accountant" means such "Big 5" accounting firm as is mutually agreed upon by the Stockholder and Buyer.

"Law" means any federal, state, local, municipal, foreign or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Authority.

"Liability" means any liability or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether incurred directly or consequential and whether due or to become due), including any Tax or other liability arising out of applicable statutory, regulatory or common law, any contractual obligation and any obligation arising out of tort.

"Person" means any individual, Entity or Governmental Authority.

"Working Capital Adjustment" means any increase or decrease, as the case may be, of the Purchase Price on a dollar for dollar basis for the amount by which the Working Capital Value of the Company as of the Closing Date exceeds or is less than the Working Capital Target.

"Working Capital Target" means $7,848,000, the calculation of which is set forth in Exhibit A hereto.

"Working Capital Value" means the book value of the Company's assets (net of depreciation or amortization) less its liabilities as of the Closing Date, determined (i) in accordance with GAAP consistent with the Company's past practices and (ii) adjusted under the following circumstances: (a) as specifically provided in this Agreement or any exhibit or schedule hereto, and (b) to reflect those adjustments mutually agreed to by the Stockholder and Buyer or as resolved by the Independent Accountant pursuant to Section 2.3(b) if the Stockholder and Buyer are unable to agree. The fees and expenses described in Section 12.11 hereof shall be fully paid or accrued as of the Closing Date and shall be fully reflected in the determination of Working Capital Value.

SECTION 2. PURCHASE AND SALE OF THE COMPANY SHARES.

2.1 Purchase and Sale of the Company Shares. At the Closing, on the terms and conditions set forth in this Agreement, the Stockholder shall sell, assign, transfer and deliver to Buyer, and Buyer shall purchase, acquire and accept from the Stockholder, the Company Shares. At the Closing, the Stockholder shall deliver to Buyer certificates representing all of the Company Shares duly endorsed in blank for transfer or shall be presented with stock powers duly executed in blank, with such other documents as may be reasonably required by Buyer to effect a valid transfer of the Company Shares by the Stockholder to Buyer, free and clear of any and all Encumbrances.

2.2 Purchase Price. In consideration of the transfer by the Stockholder to Buyer of the Company Shares, Buyer shall pay or cause to be paid to the Stockholder aggregate consideration of $40,579,600 (the "Purchase Price"), subject to adjustment as set forth in Section 2.3, comprised of (i) cash in the amount of $28,579,600 (the "Initial Cash Payment") and (ii) an Unsecured Subordinated Convertible Note in the original principal amount of $12,000,000 in substantially the form of Exhibit B hereto (the "Note"). The Initial Cash Payment shall be paid by Buyer at the Closing by wire transfer of immediately available funds to an account which shall be specified by the Stockholder at least three business days prior to the Closing or, if not so specified, by certified check. The Note shall be duly executed and delivered by Buyer to the Stockholder at the Closing.

2.3 Adjustment to Purchase Price. As soon as practicable after the Closing, but in no event later than sixty (60) days after the Closing Date, Buyer shall review the books and records of the Company. Within said period, Buyer also shall (i) calculate the Working Capital Value of the Company as of the Closing Date, (ii) prepare a statement setting forth a detailed calculation of the Working Capital Adjustment and the Adjusted Purchase Price (the "Purchase Price Statement"), and (iii) within three (3) days after completion of the Purchase Price Statement, deliver the Purchase Price Statement to the Stockholder. For purposes of calculating the Working Capital Adjustment, Buyer may only make adjustments for items occurring after August 31, 2000. The Stockholder shall have thirty (30) days after receipt of the Purchase Price

Statement to give Buyer written notice of its objection to any item or calculation contained in the Purchase Price Statement. If the Stockholder does not give Buyer written notice of its objection to the Purchase Price Statement within such thirty (30) day period, such Purchase Price Statement shall be deemed final and conclusive with respect to the determination of the Working Capital Adjustment and the Adjusted Purchase Price and shall be binding on the parties for such purposes. If, however, the Stockholder objects to any items or calculations contained in the Purchase Price Statement, the parties shall meet and shall attempt in good faith to resolve such objections. If the parties are unable to resolve the Stockholder's objections within thirty (30) days following such objection, such objections and Buyer's responses thereto will be reviewed by the Independent Accountant, who shall resolve all such objections, make any necessary revisions to the Purchase Price Statement, and deliver the Purchase Price Statement (as so revised, if applicable) to Buyer and the Stockholder within fifteen (15) days after receiving written instructions to resolve such objections. The Purchase Price Statement as finalized by the Independent Accountant shall be deemed final and conclusive with respect to the Working Capital Adjustment and the Adjusted Purchase Price and shall be binding on the parties for such purposes. The fees and expenses of the Independent Accountant in resolving all such objections shall be borne (x) one-half by Buyer and (y) one-half by the Stockholder.

If the Adjusted Purchase Price exceeds the Purchase Price, Buyer shall pay to the Stockholder in cash the amount of such excess within seven (7) days after final determination of the Adjusted Purchase Price pursuant to this Section 2.3. If the Purchase Price exceeds the Adjusted Purchase Price, the Stockholder shall pay to Buyer in cash the amount of such excess within seven (7) days after final determination of the Adjusted Purchase Price pursuant to this Section 2.3.

2.4 Closing. The closing of the sale of the Company Shares by the Stockholder to Buyer pursuant to the terms of this Agreement (the "Closing") shall take place at the offices of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111 at 10:00 a.m. local time on the first business day after all of the conditions to closing set forth in Section 9 hereof are satisfied or, if applicable, waived, or at such other time, date and place as may be otherwise mutually agreed upon by the Company and Buyer (the "Closing Date").

2.5 Further Assurances. The Stockholder shall, from time to time after the Closing at the request of Buyer, without further consideration, execute and deliver further instruments of transfer and assignment and take such other action as Buyer may reasonably request to more effectively transfer and assign to, and vest in, Buyer the Company Shares and all rights thereto, and to otherwise fully implement the provisions of this Agreement.

2.6 Transfer Taxes. All sales and transfer taxes, fees and duties, if any, under applicable law incurred in connection with the sale and transfer of the Company Shares pursuant to this Agreement will be borne and paid by the Stockholder, and the Stockholder shall promptly reimburse each of Buyer and the Company for any such tax, fee or duty which it is required to pay under applicable law.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE STOCKHOLDER.

3.1 General. As a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated hereby, the Company and the Stockholder, jointly

and severally, hereby make to Buyer the representations and warranties contained in this Section 3, subject to such exceptions as are specifically disclosed in the section of the disclosure schedule attached hereto and made a part hereof (the "Disclosure Schedule") corresponding to the Section of this Agreement to which such exception is intended to apply. For purposes of this Agreement, information shall be deemed to be "known" to or to the "knowledge" of the Company or the Stockholder if that information is actually known, or reasonably should be known after reasonable inquiry or investigation, by any officer or director of the Company or Kevin E. Murphy, John H. Nelson or Stephen D. Rockwood.

3.2 Organization and Qualification of the Company. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with full corporate power and authority to own and lease its properties and to conduct its business in the manner and in the places where such properties are owned and leased or such business is currently conducted. The copies of the Company's Certificate of Incorporation, as amended to date, certified by the Delaware Secretary of State (the "Company Certificate of Incorporation"), and of the Company's by-laws, as amended to date, certified by the Company's Secretary, and heretofore delivered to Buyer's counsel, are complete and correct at the date hereof, and no amendments thereto are pending. The Company is not in violation of any provision of the Company Certificate of Incorporation or by-laws. The Company is duly qualified to do business as a foreign corporation in each jurisdiction where the nature of its properties or the conduct of its business makes its qualification so necessary, except where the failure to be so qualified could not reasonably be expected to have a material adverse effect on the business, assets, properties, results of operations or financial condition (a "Material Adverse Effect") of the Company.

3.3 Capitalization of the Company. The authorized capital stock of the Company consists solely of 1,000 shares of Common Stock, 100 shares of which are outstanding and none of which are held in treasury. All of the issued and outstanding shares of Common Stock are validly issued, fully paid and nonassessable and free of preemptive or similar rights. There are no outstanding options, warrants, rights, commitments, preemptive rights or agreements of any kind for the issuance or sale of any additional shares of capital stock of the Company, and there are no outstanding securities convertible into such shares or outstanding warrants, options or other rights to acquire any such convertible securities. No capital stock of the Company has ever been issued in violation of any federal or state law or in violation of any preemptive rights or any other rights of any other Person. There are no voting trusts, voting agreements, proxies or other agreements, instruments or undertakings with respect to the voting of any capital stock of the Company to which the Company or the Stockholder is a party and none of the outstanding shares of capital stock of the Company is subject to a right of first refusal or similar right. The Stockholder owns of record and beneficially, all of the issued and outstanding shares of capital stock of the Company.

3.4 Subsidiaries or Other Investments. The Company does not have any subsidiaries and does not own, and has not agreed to purchase, any stock or equity interest in any Entity.

3.5 Authority; Binding Nature; No Conflict.

(a) The Company has full right, power and authority to enter into this Agreement and each agreement, document and instrument to be executed and delivered by the Company pursuant to this Agreement (each a "Company Ancillary Agreement" and collectively, the "Company Ancillary Agreements") and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by the Company of this Agreement and each Company Ancillary Agreement have been duly authorized by all necessary action on the part of the Company and the Stockholder and no other action on the part of the Company or the Stockholder is required in connection therewith. This Agreement and each Company Ancillary Agreement constitutes, or when executed and delivered will constitute, legal, valid and binding obligations of the Company enforceable in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting generally the enforcement of creditors' rights and except as the remedy of specific performance and other injunctive relief may be unavailable in certain cases.

(b) The execution, delivery and performance by the Company of this Agreement and each Company Ancillary Agreement does not and will not: (i) violate any provision of the Company's Certificate of Incorporation or by-laws; (ii) violate any Laws or require the Company to obtain any Consent from, or make any material filing with, any Person that has not been obtained or made, except as will be obtained or made prior to the Closing as set forth in Section 3.5 of the Disclosure Schedule; and (iii) result in a breach of, constitute a default under, accelerate any obligation under, or give rise to a right of termination of any indenture or loan or credit agreement or any other Contract, instrument, mortgage, lien, lease, permit, authorization, order, writ, judgment, injunction, decree, determination or arbitration award to which the Company is a party or by which the property of the Company is bound or affected, or result in the creation or imposition of any Encumbrance on any of the Company's assets or capital stock.

3.6 Real Property. Except as set forth in Section 3.6 of the Disclosure Schedule, the Company does not own and has never owned any real property. All of the real property leased by the Company is identified in Section 3.6(a) of the Disclosure Schedule (the "Leased Real Property").

(a) Status of Leases and Leasehold Interests. Section 3.6(a) of the Disclosure Schedule contains a complete and accurate list of all presently effective leases, lease amendments or modifications, subleases, assignments, licenses, guaranties and other agreements relating to the Company's use or occupancy of the Leased Real Property (each a "Lease" and collectively, the "Leases") and true and complete copies thereof have been delivered to Buyer or made available to its counsel. Each Lease has been duly authorized and executed by the Company and, to the knowledge of the Company and the Stockholder, the other parties to each Lease, and each Lease is in full force and effect. The Company is not in default under any provision of any Lease, nor has any event occurred which, with notice or the passage of time, or both, would give rise to such a default. To the Company's or Stockholder's knowledge, no other party to any Lease is in default under any material provision of any such Lease, nor has any event occurred which, with notice or the passage of time, or both, would give rise to such a default. The Company has good and valid leasehold title to the Leased Real Property, free and clear from all Encumbrances, except for (x) Encumbrances for current Taxes not yet due and payable and (y) minor Encumbrances that have arisen in the ordinary course of business and that do not (in any individual case or in the aggregate) materially detract from the value of the assets

subject thereto or materially impair the operations of the Company. Except for rent amounts due pursuant to the Leases in the ordinary course of business, no fees, security deposits, advances or other amounts are due but not yet paid on with respect Leases.

(b) Consents. Except as set forth in Section 3.6(b) of the Disclosure Schedule, (a) no Consent is required with respect to the transactions contemplated by this Agreement from any other party to any Lease and (b) no material filing with any Governmental Authority is required in connection therewith.

(c) Condition of Real Property. To the knowledge of the Company or the Stockholder, there are no defects in the physical condition of any land, buildings or improvements constituting any of the Leased Real Property, which are material to the use of such Leased Real Property, including without limitation, structural elements, mechanical systems, parking and loading areas, and to the knowledge of the Company or the Stockholder, all such buildings and improvements are in good operating condition and repair, ordinary wear and tear excepted.

(d) Compliance with Laws. The Company has not received any notice from any Governmental Authority of any violation of any Law or Governmental Authorization issued with respect to any Leased Real Property that has not been heretofore corrected and no such violation exists which, individually or in the aggregate, could have a material adverse effect on the Company or the operation or value of any Leased Real Property. The use and operation by the Company of all improvements located on or constituting part of the Leased Real Property are in compliance with all applicable Laws and Governmental Authorizations. The Company has not received any notice of any real estate tax deficiency or assessment that has not been satisfied. To the knowledge of the Company or the Stockholder, there exists no proposed material deficiency, claim or assessment with respect to any of the Leased Real Property, nor is there any pending or threatened condemnation of any Leased Real Property.

3.7 Title to Assets. The Company owns and has good and valid title to, all assets purported to be owned by it, except for such imperfections of title which are not material in character, amount or extent, and which do not materially detract from the value, or materially interfere with the present use, of the assets subject thereto or affected thereby. All of such assets are owned by the Company and are free and clear of all Encumbrances, except for (x) any Encumbrance for current Taxes not yet due and payable and (y) minor Encumbrances that have arisen in the ordinary course of business and that do not (in any individual case or in the aggregate) materially detract from the value of the assets subject thereto or materially impair the operations of the Company.

3.8 Sufficiency of Assets. Section 3.8 of the Disclosure Schedule lists all material items of equipment, machinery and other tangible assets owned, leased or licensed by the Company. Such equipment, machinery and other assets are adequate for the uses to which they are being put, are in good operating condition and repair (ordinary wear and tear excepted) and are adequate for the conduct of the business of the Company in the manner in which such business is currently being conducted.

3.9 Financial Statements.

(a) The Company has delivered to Buyer unaudited balance sheets of the Company as of January 31, 2000 (the "Base Balance Sheet") and statements of income for the fiscal year then ended (the "FY2000 Financial Statements"). The Company has delivered to Buyer an unaudited balance sheet (the "Interim Balance Sheet") of the Company as of August 31, 2000 and statements of income for the seven-month period then ended (the "Interim Financial Statements" and, together with the FY2000 Financial Statements, the "Financial Statements"). All of the Financial Statements have been prepared in accordance with GAAP consistent with past practices, except that the Interim Balance Sheet is subject to normal non-material year-end adjustments. All of the Financial Statements are complete and correct in all material respects and present fairly in all material respects the financial condition of the Company at the dates of such Financial Statements and the results of its operations for the periods covered thereby.

(b) The Company has no Liabilities of any nature, except Liabilities (i) stated or adequately reserved against on the Interim Balance Sheet, (ii) set forth in Section 3.9(b) of the Disclosure Schedule, (iii) incurred in the ordinary course of business of the Company consistent with past practice since the date of the Interim Balance Sheet or (iv) incurred by the Company in connection with the transactions contemplated by and consistent with the terms of this Agreement.

3.10 Taxes.

(a) The Company has timely paid or caused to be paid all federal, state, local, foreign and other taxes, including without limitation, income taxes, estimated taxes, alternative minimum taxes, excise taxes, sales taxes, use taxes, value-added taxes, gross receipts taxes, franchise taxes, capital stock taxes, employment and payroll-related taxes, withholding taxes, stamp taxes, transfer taxes, windfall profit taxes, environmental taxes and property taxes, whether or not measured in whole or in part by net income, and all deficiencies, or other additions to tax, interest, fines and penalties owed by it (collectively, "Taxes"), required to be paid by it through the date hereof whether or not disputed.

(b) The Company has timely filed all federal, state, local and foreign tax returns (collectively, "Tax Returns") required to be filed by it through the date hereof, has paid all Taxes shown as due on such Tax Returns and all such returns correctly and accurately set forth the amount of any Taxes relating to the applicable period. Except as set forth in Section 3.10(b) of the Disclosure Schedule, no extension of time with respect to any date on which a Tax Return was or is to be filed by the Company is in force, and no waiver or agreement by the Company is in force for the extension of time for the assessment or payment of any Taxes.

(c) No tax assessment or deficiency has been made or proposed against the Company nor has the Company received any notice of any proposed tax audit, assessment or deficiency. Except as set forth in Section 3.10 of the Disclosure Schedule, no claim or proceeding is pending or, to the knowledge of the Company or the Stockholder, has been threatened against or with respect to the Company in respect of any Taxes. There is no Contract covering any employee or independent contractor or former employee or independent contractor of the Company that, considered individually or considered collectively with any other such Contracts, will, or could reasonably be expected to, give rise directly or indirectly to the payment of any amount that would not be deductible pursuant to Section 280G or Section 162 of the Code.

Except as set forth in Section 3.10(c) of the Disclosure Schedule, the Company is not and has never been, a party to or bound by any tax indemnity agreement, tax sharing agreement, tax allocation agreement or similar agreement. The Company has not filed a consent pursuant to the collapsible corporation provisions of Section 341(f) of the Code (or any corresponding provision of state, local or foreign tax law). The Company has not made a distribution of stock of a controlled corporation to which Section 355(e) of the Code applies. The Company has never entered into a closing agreement pursuant to Section 7121 of the Code.

3.11 Collectability of Accounts Receivable. Except as set forth in Section 3.11 of the Disclosure Schedule, all existing accounts receivable of the Company (including those accounts receivable reflected on the Interim Balance Sheet that have not yet been collected and those accounts receivable that have arisen since the date of the Interim Balance Sheet and have not yet been collected) (i) represent valid obligations of customers of the Company arising from bona fide transactions entered into in the ordinary course of business and (ii) are current, valid and enforceable and will be collected in full when due, without any counterclaim or set off. The Company has no accounts or loans receivable from any Person which is affiliated with the Company or from any director, officer or employee of the Company.

3.12 Absence of Certain Changes. Except as set forth in Section 3.12 of the Disclosure Schedule, since the date of the Interim Balance Sheet there has not been:

(a) any change in the financial condition, properties, assets, liabilities, business or operations of the Company, which change by itself or in conjunction with all other such changes, whether or not arising in the ordinary course of business, has had, or could reasonably be expected to have, a Material Adverse Effect on the Company;

(b) any Liability incurred by the Company as guarantor or otherwise with respect to the obligations of others or any cancellation of any Indebtedness or claim owing to, or waiver of any material right of, the Company;

(c) any Encumbrance placed on any of the properties or assets of the Company which remains in existence on the date hereof or will remain in existence on the Closing Date, except for minor Encumbrances that have arisen in the ordinary course of business and that do not (in any individual case or in the aggregate) materially detract from the value of the properties or assets or the Company;

(d) any purchase, sale or other disposition, or any agreement or other arrangement for the purchase, sale or other disposition, of any of the properties or assets of the Company other than in the ordinary course of business;

(e) any material loss, damage or destruction to, or any material interruption in the use of, any material assets of the Company;

(f) any declaration, setting aside or payment of any dividend by the Company, or the making of any other distribution in respect of the capital stock of the Company, or any direct or indirect redemption, purchase or other acquisition by the Company of its capital stock;

(g) any sale, issuance or authorization of the issuance of (i) any capital stock or other security of the Company, (ii) any option or right to acquire any capital stock or any other security of the Company or (iii) any instrument convertible into or exchangeable for any capital stock or other security of the Company;

(h) any labor trouble or claim of unfair labor practices involving the Company; any change in the compensation payable or to become payable by the Company to any of its officers, employees, agents or independent contractors other than normal increases in accordance with its usual practices; or any bonus payment or arrangement made to or with any of such officers, employees, agents or independent contractors other than normal bonuses in accordance with its usual practices which were less than $10,000 individually or $25,000 in the aggregate;

(i) any change in the corporate officers or senior management of the Company;

(j) any payment or discharge of a Liability or Encumbrance of the Company which was not shown on the Interim Balance Sheet or incurred in the ordinary course of business thereafter;

(k) any obligation or Liability incurred by the Company to any of its officers, directors, stockholders or employees, or any loans or advances made by the Company to any of its officers, directors, stockholders or employees, except normal compensation, benefits and expense allowances payable to officers or employees;

(l) any material change in accounting methods or practices, credit practices or collection policies used by the Company;

(m) any capital expenditure by the Company exceeding $25,000 individually or $100,000 in the aggregate;

(n) any formation or acquisition of any subsidiary or equity interest or other interest in any other Entity by the Company;

(o) any waiver of any material terms of any Contract (or series of related Contracts) to which the Company is a party or by which it is bound, which Contract involves or is likely to involve payment by or to the Company in excess of $50,000;

(p) any acceleration, termination or cancellation of any Contract (or series of related Contracts) to which the Company is a party or by which it is bound, the acceleration, termination or cancellation of which has had or could reasonably be expected to have a Material Adverse Effect;

(q) any delay or postponement of the payment of (i) any accounts payable or (ii) any other Liabilities outside the ordinary course of the business;

(r) any termination or, to the knowledge of the Company or the Stockholder, any oral or written threat or indication of intent by one or more material distributors, customers, licensors or suppliers of the Company to terminate its respective business relationships with the Company or that it will not continue to do business with the Company on such terms and subject to

conditions at least as favorable to the Company as the terms and conditions currently provided to the Company;

(s) any grant of any license or sublicense of any rights or material modification of any rights under or with respect to, or settlement regarding any infringement, misappropriation or alleged infringement or misappropriation of rights in any Proprietary Rights;

(t) any entry into or termination of employment contracts or collective bargaining agreements, whether written or oral, or material modifications of the terms of any existing employment contract or collective bargaining agreement;

(u) any adoption, amendment, modification or termination of or payment (other than routine payments of claims) pursuant to any Employee Plan or Contract for the benefit of any director, officer or employee of the Company (or other action with respect to any other Employee Plan) other than in the ordinary course of business;

(v) any charitable pledge or other contribution or gift by the Company outside the ordinary course of the business; and

(w) any agreement or understanding whether in writing or otherwise, for the Company to take any of the actions specified in paragraphs (a) through (v) above.

3.13 Ordinary Course. Since the date of the Interim Balance Sheet, the Company has conducted its business only in the ordinary course and consistently with its prior practices.

3.14 Depositories; Powers of Attorney. Sections 3.14(a) and (b) of the Disclosure Schedule set forth, respectively, (a) the name and a brief description of all bank accounts, lock-boxes, safe deposit boxes, money market funds, certificates of deposit, stocks, bonds, notes and other securities in the name of or owned by the Company and the names of all persons authorized to draw thereon or to have access thereto and (b) the name of each person, corporation, firm or other entity holding a general or special power of attorney from the Company (a true, complete and correct copy of which has been delivered to Buyer).

3.15 Proprietary Rights.

(a) The Company has exclusive ownership of, or the valid right to use, all Proprietary Rights that are used in the business of the Company as presently conducted. For purposes of this Agreement, "Proprietary Rights" shall mean patents, trademarks, service marks, trade names and copyrights; all applications to register any of the foregoing; all franchises, trade secrets, inventions, customer lists, manufacturing or other processes, designs, computer software, data compilations, research results and other confidential or legally protected information. There are no claims or demands of any other Person pertaining to any of the Proprietary Rights and no proceedings have been instituted, are pending or, to the knowledge of the Company or the Stockholder, threatened, which challenge the rights of the Company in respect thereof.

(b) The Company does not own or lease any patents, patent applications, trademark applications, trademark registrations or registered copyrights.

(c) The Company is the owner by assignment or as a "work for hire" of all Proprietary Rights created by the Company's employees. All employees have entered into employee proprietary information and inventions agreements with the Company (the "Inventions Agreements") in the form previously provided to Buyer. The Inventions Agreements are in full force and effect. Neither the Company nor, to the knowledge of the Company or the Stockholder, any other party thereto is in default thereunder, and all of the rights of Company thereunder will continue in full force and effect upon consummation of the transactions contemplated hereby.

(d) There are no licenses or other Contracts under which the Company has granted exclusive rights to others in Proprietary Rights owned or licensed by the Company and used in the business of the Company as presently conducted.

(e) The Company has taken all reasonably prudent action to establish and preserve its ownership of all Proprietary Rights with respect to its products, services and technology. The Company has taken reasonably prudent action to ensure that non-public information of the Company has not become available to any Person other than employees and agents of the Company except pursuant to enforceable written agreements requiring the recipients to maintain the confidentiality of such information and appropriately restricting the use thereof. To the knowledge of the Company or the Stockholder, no third party has infringed any Proprietary Rights of the Company.

(f) To the knowledge of the Company and the Stockholder, the present business, activities and products of the Company do not infringe any Proprietary Rights of any other Person. No proceeding charging the Company with infringement of any Proprietary Rights has been filed or, to the knowledge of the Company or the Stockholder, is threatened to be filed. To the knowledge of the Company or the Stockholder, the Company is not making unauthorized use of any confidential information or trade secrets of any person.

3.16 Contracts. Section 3.16 of the Disclosure Schedule sets forth all material Contracts to which the Company is a party or by which it or its properties is bound (each a "Company Contract"). Without limiting the foregoing, Section 3.16 of the Disclosure Schedule lists:

(a) each Company Contract relating to the employment of, or the performance of services by, any employee, consultant or independent contractor, and any Company Contract pursuant to which the Company is or may become obligated to make any severance, termination or similar payment to any current or former employee or director; and any Company Contract pursuant to which the Company is or may become obligated to make any bonus or similar payment (other than payments constituting base salary) to any current or former employee or director in excess of $10,000 individually or $25,000 in the aggregate;

(b) each Company Contract for the purchase of any commodity, material or equipment except purchase orders in the ordinary course;

(c) each Company Contract providing for the purchase of all or substantially all of its requirements of a particular product from a supplier;

(d) each Company Contract for the sale or lease of its products or services not made in the ordinary course of business;

(e) each Company Contract imposing any restriction on the right or ability of the Company (A) to compete with any Person; (B) to acquire any product or other asset or any services from any other Person; (C) to solicit, hire or retain any Person as an employee, consultant or independent contractor, (D) to develop, sell, supply, distribute, offer, support or service any product or any technology or other asset to or for any other Person or class or category of Persons, (E) to perform services for any other Person or class or category of Persons, or (F) to transact business or deal in any other manner with any other Person or class or category of Persons;

(f) each Company Contract for the purchase of any fixed asset for a price in excess of $25,000 whether or not such purchase is in the ordinary course of business;

(g) each indenture, mortgage, promissory note, loan agreement, guaranty or other agreement or commitment for the borrowing of money or any guarantee thereof (if applicable, a description on any prepayment penalties or similar obligations);

(h) each Company Contract with any officer, employee, director or stockholder of the Company or with any Persons controlled by or affiliated with any of them;

(i) each Company Contract creating or involving any agency relationship, distribution arrangement or franchise relationship;

(j) each Company Contract relating to the acquisition, issuance or transfer of any securities;

(k) each Company Contract creating or relating to any partnership or joint venture or any sharing of revenues, profits, losses, costs or liabilities;

(l) any Company Contract that contemplates or involves (A) the payment or delivery of cash or other consideration to the Company in an amount or having a value in excess of $50,000 in the aggregate or (B) the performance of services by the Company having a value in excess of $50,000 in the aggregate;

(m) any other Company Contract that contemplates or involves (A) the payment or delivery of cash or other consideration by the Company in an amount or having a value in excess of $10,000 in the aggregate or (B) the performance of services for the Company having a value in excess of $10,000 in the aggregate, in each case other than Company Contracts that have a term of less than 30 days or that may be terminated by the Company or its successor (without penalty) within 30 days after the delivery of a termination notice by the Company;

(n) all Contracts with Governmental Authorities; and

(o) any other Company Contract that is material to the business of the Company.

The Company has made available to Buyer accurate and complete copies of all written Company Contracts identified in Section 3.16 of the Disclosure Schedule, including all amendments thereto. Section 3.16 of the Disclosure Schedule provides an accurate description of the terms of each Company Contract that is not in written form. Each Company Contract identified in Section 3.16 of the Disclosure Schedule is in full force and effect, and is enforceable by the Company in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting generally the enforcement of creditors' rights and except as the remedy of specific performance and other injunctive relief may be unavailable in certain cases. Except as set forth in Section 3.16 of the Disclosure Schedule or as could not reasonably be expected to have a Material Adverse Effect on the Company (either individually or in the aggregate): (i) the Company has not violated or breached, or committed any default under, any Company Contract identified in Section 3.16 of the Disclosure Schedule, and, to the knowledge of the Company or the Stockholder, no other party to such Company Contract has violated or breached, or committed any default under, any such Company Contract; (ii) to the knowledge of the Company or the Stockholder, no event has occurred, and no circumstances or condition exists, that (with or without notice or lapse of time) will, or could reasonably be expected to, (A) result in a violation or breach of any of the provisions of any Company Contract identified in Section 3.16 of the Disclosure Schedule, (B) give any person the right to declare a default under or exercise any remedy for breach of any Company Contract identified in Section 3.16 of the Disclosure Schedule, (C) give any Person the right to accelerate the maturity or performance of any Company Contract or (D) give any Person the right to cancel, terminate or modify any Company Contract identified in Section 3.16 of the Disclosure Schedule; (iii) the Company has not received any notice or other communication regarding any actual or possible violation or breach of, or default under any Company Contract; and (iv) the Company has not waived any of its material rights under any Company Contract.

3.17 Government Contracts. Except as set forth in Section 3.16(n) of the Disclosure Schedule, the Company is not a party to any Contract with any Governmental Authority. The Company is not subject to any claims, penalties or causes of action, the basis of which is an actual or alleged violation of, or noncompliance with, any applicable Law (a) related to a Contract between the Company and any Governmental Authority, which Contract relates or is related to the business of the Company or (b) related to a Contract between the Company and any other Person, which Contract relates or related to the business and renders or rendered the Company a subcontractor at any tier to a prime contract with any Governmental Authority. To the knowledge of the Company or the Stockholder, there is no reasonable basis for any claim, penalty or cause of action against the Company alleging a violation of, or noncompliance with, any applicable Law related to any Contract described in clauses (a) or (b) above of this Section 3.17 to which the Company is a party and that relates or related to its business. For purposes of this Section 3.17, claims, penalties and causes of action alleging a violation of, or noncompliance with, any applicable Law include, without limitation, those purporting to be based on failure to comply with cost accounting standards, allowable costs, allocation of costs, omissions or errors in disclosure statements, omissions or errors in certifications, false or misleading statements or omissions in connection with claims for payments or defective pricing.

3.18 Litigation. Section 3.18 of the Disclosure Schedule lists all pending litigation and governmental or administrative proceedings or investigations to which the Company is a

party. Except for the matters described in Section 3.18 of the Disclosure Schedule, there is no litigation or governmental or administrative proceeding or investigation pending or, to the knowledge of the Company or the Stockholder, threatened against the Company. With respect to each matter set forth on Section 3.18 of the Disclosure Schedule, the Disclosure Schedule sets forth a description of the matter, the forum (if any) in which it is being conducted, the parties thereto and the type and amount of relief sought. For the purpose of determining whether the Buyer Indemnified Parties are entitled to indemnification under Section 11, the matters set forth in Section 3.18 of the Disclosure Schedule shall not be deemed to modify the representations and warranties set forth in this Section 3.18.

3.19 Compliance with Laws. The Company is in compliance in all material respects with all Laws which apply to the Company or to the conduct of its business.

3.20 Insurance. The Company does not maintain any insurance polices. Section 3.20 of the Disclosure Schedule identifies all insurance policies necessary to the Company's day to day operations that are maintained by the Stockholder for the benefit of the Company, identifies any material claims made thereunder, and includes a summary of the amounts and types of coverage and the deductibles under each such insurance policy. Each of the insurance policies identified in Section 3.20 of the Disclosure Schedule is in full force and effect and all premiums with respect thereto are currently paid. The Company has not received any notice or other communication regarding any actual or possible (a) cancellation or invalidation of any insurance policy, (b) refusal of any coverage or rejection of any claim under any insurance policy or (c) material adjustment in the amount of the premiums payable with respect to any insurance policy. Such insurance is sufficient for compliance by the Company with all Laws and Contracts to which the Company is a party or by which it is bound. The consummation of the transactions contemplated hereby will not cause such insurance polices to cease to be in full force and effect.

3.21 Finder's Fee. Neither the Company nor the Stockholder has taken any action or entered into any agreement pursuant to which the Company has incurred or will become liable for any broker's commission or finder's fee relating to or in connection with the transactions contemplated by this Agreement.

3.22 Governmental Authorizations; Burdensome Agreements. Section 3.22 of the Disclosure Schedule lists all Governmental Authorizations required for the Company to conduct its business as presently conducted. The Company has obtained all such Governmental Authorizations, which are valid and in full force and effect, and is operating in material compliance therewith. The Company is, and at all times has been, in substantial compliance with the terms and requirements of the Governmental Authorizations. The Company has never received any written notice or, to the Company's or Stockholder's knowledge, other communication from any Governmental Authority regarding (a) any actual or possible violation of or failure to comply with any term or requirement of any Governmental Authorizations or (b) any actual or possible revocation, withdrawal, suspension, cancellation, termination or modification of any Governmental Authorizations. The Company is not subject to or bound by any Contract, judgment, decree or order which could, if performed in accordance with its terms, reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on the Company.

3.23 Corporate Records. The corporate record books of the Company accurately reflect all corporate action taken by its stockholders and boards of directors and committees. The copies of the corporate records of the Company, as made available to Buyer for review, are true and complete copies of the originals of such documents.

3.24 Transactions with Interested Persons. None of the Company, the Stockholder, any officer, supervisory employee or director of the Company or, to the knowledge of Company or the Stockholder, any of their respective spouses or immediate family members, owns directly or indirectly on an individual or joint basis any material interest in, or serves as an officer or director or in another similar capacity of, any competitor or supplier of Company, or any organization which has a material Contract with the Company or (ii) has directly or indirectly engaged in any transaction involving any lease or other transaction of the transfer of any material (measured at the time of such transaction or as of the date hereof) cash, property or rights to or from the Company from, to or for the benefit of any affiliate or former affiliate of the Company.

3.25 Employee Benefit Programs.

(a) Section 3.25 of the Disclosure Schedule sets forth all Employee Plans (as hereinafter defined) to which the Company contributes or is obligated to contribute, under which the Company has or may have any liability for premiums or benefits, or which benefits any current or former employee, director, consultant or independent contractor of Company or any beneficiary thereof (each a "Company Plan"). For purposes of this Agreement, the term "Employee Plan" means any plan, program, agreement, policy or arrangement (a "plan"), whether or not reduced to writing, that is: (i) a welfare benefit plan within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (a "Welfare Plan"); (ii) a pension benefit plan within the meaning of Section 3(2) of ERISA; (iii) a stock bonus, stock purchase, stock option, restricted stock, stock appreciation right or similar equity-based plan; or (iv) any other deferred-compensation, retirement, welfare-benefit, bonus incentive or fringe-benefit plan whether for the benefit of a single individual or a group of individuals. With respect to each Company Plan, the Company has made available to Buyer accurate current and complete copies of each of the following: (1) the plan document together with all amendments; (2) where applicable, copies of any trust agreements, custodial agreements, insurance policies, administration agreements and similar agreements and investment management or investment advisory agreements; (3) copies of any summary plan description, employee handbooks or similar employee communications and administrative forms; (4) in the case of any plan that is intended to be qualified under Section 401(a) of the Code, a copy of the most recent determination letter from the IRS; and (5) in the case of any plan for which Forms 5500 are required to be filed, a copy of the two most recently filed Forms 5500, with schedules attached.

(b) Neither the Company nor any corporation, trust, partnership or other entity that would be considered as a single employer with the Company under Section 4001(b)(1) of ERISA or Sections 414(b), (c), (m) or (o) of the Code has ever maintained or been required to contribute to any Employee Plan subject to Title IV of ERISA.

(c) Each Company Plan that is intended to be qualified under Section 401(a) of the Code is so qualified. Each Company Plan, including any associated trust or fund, has been

administered in accordance with its terms and with applicable law, and nothing has occurred with respect to any Company Plan that has subjected or could subject the Company or any plan participant to a penalty under Section 502 of ERISA or to an excise tax under the Code.

(d) All required contributions to and premium payments on account of each Company Plan have been made or are reflected as liabilities on the Interim Balance Sheet.

(e) Section 3.25 of the Disclosure Schedule sets forth each and every pending or threatened lawsuit, claim or other controversy relating to a Company Plan, other than claims for benefits in the ordinary course. No Company Plan is the subject of an IRS or Department of Labor examination or a government sponsored amnesty, voluntary compliance, self-correction or similar program.

(f) Other than as required under Section 601 et seq. of ERISA and corresponding provisions of state law, no Company Plan that is a Welfare Plan provides benefits or coverage following retirement or other termination of employment.

(g) The Company does not contribute, and has never contributed, to any "multiemployer plan" as defined in Section 3(37) of ERISA and has no actual or potential withdrawal liability with respect to any such plan.

3.26 Environmental Matters.

(a) (i) The Company has never generated, transported, used, stored, treated, disposed of, or managed any Hazardous Material (as defined below) except in compliance with applicable Law; (ii) no Hazardous Material was spilled, released to the environment or disposed of at the property located at 15 Worman's Court, Frederick, Maryland (the "Worman's Mill Facility") that was previously owned by the Worman's Mill General Partnership, a Maryland general partnership in which the Company previously owned a partnership interest (the "Worman's Mill Partnership") prior to or during the period in which the Company was a partner of the Worman's Mill Partnership, (iii) no Hazardous Material has been spilled, released to the environment or disposed of at the Worman's Court Facility or any other site presently or formerly leased by the Company during the Company's tenancy except in compliance with applicable Law, and to the knowledge of the Company or the Stockholder, no Hazardous Material has ever been located in the soil or groundwater at any such site; (vi) no Hazardous Material has ever been transported from any site presently or formerly owned or leased by the Company for treatment, storage, or disposal at any other place except in compliance with applicable Law; (v) the Company does not presently own, lease or operate nor has it previously owned, leased or operated any underground storage tanks; and (vi) no Encumbrance has ever been imposed by any Governmental Authority on any property, facility, machinery, or equipment owned or leased by the Company in connection with the presence of any Hazardous Material.

(b) (i) The Company has no material liability under, nor has the Company ever materially violated or failed to comply with, any applicable Environmental Law (as defined below); (ii) the Company, any property owned, operated, leased, or used by the Company, and any facilities and operations of the Company thereon, are presently in compliance in all material respects with all applicable Environmental Laws; (iii) except as set forth in Section 3.26(b) of the

Disclosure Schedule, the Company has never been threatened with, entered into or been subject to any judgment, consent decree, compliance order, or administrative order with respect to any environmental or health and safety matter or received any request for information, notice, demand letter, administrative inquiry, or complaint or claim with respect to any Environmental Law matter or the enforcement of any applicable Environmental Law.

(c) To the knowledge of the Company and to the Stockholder, no site owned or leased by the Company contains any asbestos or asbestos-containing material, any polychlorinated biphenyls ("PCBs") or equipment containing PCBs, or any urea formaldehyde foam insulation.

(d) The Company has made available to Buyer copies of all documents, records, and information in the possession of the Company concerning any Environmental Law matter involving and/or naming the Company, whether generated by the Company or others, including without limitation, environmental audits, environmental risk assessments, site assessments, documentation regarding off-site disposal of Hazardous Materials, spill control plans, and reports, correspondence, permits, licenses, approvals, consents, and other authorizations related to Environmental Law matters issued by any governmental agency.

(e) For purposes of this Section 3.26, (i) "Hazardous Material" shall mean and include any hazardous waste, hazardous material, hazardous substance, petroleum product, oil, toxic substance, pollutant, contaminant, or other substance which may pose a threat to the environment or to human health or safety, as defined or regulated under any Environmental Law; and (ii) "Environmental Law" shall mean any environmental or health and safety-related law, statute, regulation, rule, ordinance, or by-law at the federal, state, or local level, whether existing as of the date hereof, or previously applicable to the Company.

3.27 Non-Foreign Status. The Company is not a "foreign person" within the meaning of Section 1445 of the Code and Treasury Regulations Section 1.1445-2.

3.28 Employees; Labor Matters. As of December 15, 2000, the Company employed 487 full-time employees and 43 part-time employees. The Company has previously provided to Buyer a true and complete list of all employees, officers and directors of, and consultants to, the Company as of December 15, 2000 together with a current job title for and current compensation (including base compensation, bonuses paid during the last 12 months and stock options or restricted stock grants) payable to each such employee, officer, director and consultant. The Company is not delinquent in payments to any of its employees for any wages, salaries, commissions, bonuses or other direct compensation for any services performed for it to the date hereof or amounts required to be reimbursed to such employees. Upon termination of the employment of any of such employees, neither the Company nor Buyer will by reason of the transactions contemplated under this Agreement or anything done prior to the Closing by the Company be liable to any of such employees for so-called "severance pay" or any other payments. The Company has no policy, practice, plan or program of paying severance pay or any form of severance compensation in connection with the termination of employment. The Company is in compliance with all applicable Laws respecting labor, employment, fair employment practices, work place safety and health, terms and conditions of employment, wages and hours, and withholding of taxes and reporting of income. There are no charges of

employment discrimination or unfair labor practices, nor are there any strikes, slowdowns, stoppages of work, or any other concerted interference with normal operations which are existing, pending or, to the knowledge of the Company or the Stockholder, threatened against or involving the Company. Except as set forth in Section 3.28 of the Disclosure Schedule, there are no grievances, complaints or charges that have been filed against the Company under any dispute resolution procedure (including, but not limited to, any proceedings under any dispute resolution procedure under any collective bargaining agreement) that could reasonably be expected to have a Material Adverse Effect on the Company, and there is no pending arbitration or similar proceeding or claim. No collective bargaining agreement is in effect or is currently being or, to the knowledge of the Company or the Stockholder, is about to be negotiated by the Company. The Company has not received any information indicating that any of its employment policies or practices is currently being audited or investigated by any Governmental Authority. The Company is, and has been, in compliance with the requirements of the Immigration Reform Control Act of 1986 at all times since the enactment of such Act.

3.29 Key Employees.

(a) Section 3.29 of the Disclosure Schedule contains a true and complete list of all employees of and consultants to the Company who are viewed by existing management of the Company as material contributors to the operating and financial condition of the Company including, without limitation, all pathologists employed by the Company (each a "Key Employee"). To the knowledge of the Company or the Stockholder, no Key Employee is in violation of any material term of any employment contract, patent disclosure agreement, proprietary information agreement, non-competition agreement, nonsolicitation agreement, confidentiality agreement or any other contract or agreement or any restrictive covenant relating to the right of any such Key Employee to be employed by the Company, or relating to the use of trade secrets or proprietary information of others, and the continued employment of the Company's Key Employees and the performance of the Company's Contracts with its independent contractors does not subject the Company to any liability with respect to any of the foregoing matters.

(b) Neither the Company nor the Stockholder has received any oral or written notice that any Key Employee has any present intention of terminating his or her employment with the Company.

3.30 Absence of Improper Payments. The Company: (a) has not made any contributions, payments or gifts of its property to or for the private use of any official, employee or agent of any Governmental Authority where either the payment or the purpose of such contribution, payment or gift is illegal under any applicable Law, (b) has not established or maintained any unrecorded fund or asset for any purpose other than promotional funds, or intentionally made any false or artificial entries on its books or records for any reason, (c) has not made any payments to any person where the Company intended or understood that any part of such payment was to be used for any other purpose other than that described in the documents supporting the payment, or (d) has not made any contribution, or reimbursed any political gift or contribution made by any other person, to candidates for public office, whether federal, state or local, where such contribution would be in violation of applicable law.

3.31 Disclosure. The representations, warranties and statements contained in this Agreement and in the certificates and schedules delivered by the Company pursuant to this Agreement to Buyer do not contain any untrue statement of a material fact, and do not omit to state a material fact required to be stated therein or necessary in order to make such representations, warranties or statements not misleading in light of the circumstances under which they were made.

SECTION 4. ADDITIONAL REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDER.

4.1 General. As a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated hereby, the Stockholder hereby makes to Buyer each of the representations and warranties set forth in this Section 4, subject to such exceptions as are specifically disclosed in the section of the Disclosure Schedule corresponding to the Section of this Agreement to which such exception is intended to apply.

4.2 Company Shares. The Stockholder owns of record and beneficially the Company Shares. Such Company Shares were, and when delivered by the Stockholder to Buyer pursuant to this Agreement will be duly authorized, validly issued, fully paid, non-assessable and free and clear of any and all Encumbrances.

4.3 Authority.

(a) The Stockholder has full right, power and authority to enter into this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of the Stockholder pursuant to this Agreement (each a "Stockholder Ancillary Agreement" and collectively, the "Stockholder Ancillary Agreements") and to consummate the transactions contemplated hereby and thereby. This Agreement and each Stockholder Ancillary Agreement will constitute legal, valid and binding obligations of the Stockholder, enforceable in accordance with their respective terms except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting generally the enforcement of creditors' rights and except as the remedy of specific performance and other injunctive relief may be unavailable in certain cases. The Stockholder has full right, power and authority to transfer, sell and deliver the Company Shares to Buyer pursuant to this Agreement.

(b) The execution, delivery and performance by the Stockholder of this Agreement and each Stockholder Ancillary Agreement does not or will not: (i) violate any provision of the organizational documents of the Stockholder, (ii) violate any Laws, or require the Stockholder to obtain any Consent or waiver from, or make any filing with, any Person that has not been obtained or made or that will be obtained or made prior to the Closing as set forth in Section 4.3 of the Disclosure Schedule; and (iii) result in a breach of, constitute a default under, accelerate any obligation under, or give rise to a right of termination of, any indenture or loan or credit agreement or any other Contract, instrument, mortgage, lien, lease, permit, authorization, order, writ, judgment, injunction, decree, determination or arbitration award to which the Stockholder is a party or by which the property of the Stockholder is bound or affected, or result in the creation or imposition of any Encumbrance on any assets of the Company or Company Shares.

4.4 Agreements. Except as set forth in Section 4.4 of the Disclosure Schedule, there are no agreements to which the Stockholder is a party relating to the business of the Company or to the Stockholder's rights and obligations as a stockholder of the Company. The Stockholder does not own, directly or indirectly any material interest in any customer, competitor or supplier of the Company, or any Entity which has a Contract with the Company. The Stockholder has not at any time transferred any of the stock of the Company held by or for such holder to any employee of the Company. The execution, delivery and performance of this Agreement by the Stockholder will not violate or result in a default or acceleration of any obligation under any Contract involving the Company to which the Stockholder is a party.

4.5 Investment Representations.

(a) The Note and the shares of Common Stock, $0.01 par value per share, of Charles River Laboratories International, Inc. (together with the Note, the "Securities") to be issued upon conversion of the Note will be acquired for investment for the Stockholder's own account, not as a nominee or agent, and not with a view toward distribution of any part thereof, and the Stockholder has no present plan or intention of selling, granting participation in, or otherwise disposing of or distributing any of the Securities.

(b) The Stockholder acknowledges and understands that the Securities will not be registered under the Securities Act of 1933, as amended (the "Securities Act") in reliance on an exemption from registration under the Securities Act, and that the reliance by Buyer on such exemption is predicated on the representations of the Stockholder set forth herein.

(c) The Stockholder understands that none of Securities may be sold, transferred or otherwise disposed of without registration under the Securities Act or an exemption therefrom, and that in the absence of an effective registration statement covering the Securities or an available exemption from registration under the Securities Act, the Securities must be held indefinitely. The Stockholder agrees that, in addition to any other applicable limitations on the transfer of the Securities, in no event will it make a transfer, pledge or other disposition of any of the Securities other than (i) pursuant to an effective registration statement under the Securities Act or (ii) pursuant to an exemption from registration provided for under the Securities Act. At the expense of the Stockholder or its transferee, the Stockholder shall furnish to Buyer an opinion of counsel reasonably satisfactory to Buyer to the effect that such transfer, pledge or other disposition may be made without registration under the Securities Act.

(d) The Stockholder (i) by reason of its business and financial experience, has such knowledge, sophistication and experience in business and financial matters as to be capable of evaluating the merits and risks of its investment in the Securities, and (ii) believes its financial condition and investments are such that it is able to bear the economic risk of a complete loss of the Securities. The Stockholder has had the opportunity to consult with its own advisers with respect to his proposed investment in Buyer.

(e) The Stockholder agrees that the Note shall carry substantially the following legend:

THIS UNSECURED SUBORDINATED CONVERTIBLE NOTE (THIS "NOTE") AND THE SHARES OF CAPITAL STOCK ISSUED UPON ANY CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED TO ANY PERSON, INCLUDING A PLEDGEE, UNLESS (1) EITHER (A) A REGISTRATION STATEMENT WITH RESPECT THERETO SHALL BE EFFECTIVE UNDER THE SECURITIES ACT, OR (B) THE COMPANY SHALL HAVE RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT IS AVAILABLE, AND (2) THERE SHALL HAVE BEEN COMPLIANCE WITH ALL APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF BUYER.

5.1 General. As a material inducement to the Company and the Stockholder to enter into this Agreement and consummate the transactions contemplated hereby, Buyer hereby makes the representations and warranties to the Company and the Stockholder contained in this Section 5.

5.2 Organization and Qualification of Buyer. Buyer is a corporation duly organized, validly existing and in good standing under the laws of State of Delaware with full corporate power and authority to own and lease its properties and to conduct its business in the manner and in the places where such properties are owned or leased or such business is currently conducted. The copies of Buyer's Certificate of Incorporation, certified by the Delaware Secretary of State, and of Buyer's by-laws, certified by Buyer's Secretary, as heretofore delivered to Company's counsel, are complete and correct at the date hereof, and no amendments thereto are pending. Buyer is not in violation of any term of its Certificate of Incorporation or by-laws. Buyer is duly qualified to do business as a foreign corporation in each jurisdiction where the nature of its properties or the conduct of its business makes its qualification so necessary, except where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect on Buyer.

5.3 Authority; Binding Nature, No Conflict.

(a) Buyer has full right, power and authority to enter into this Agreement and each agreement, document and instrument to be executed and delivered by Buyer pursuant to this Agreement (each a "Buyer Ancillary Agreement" and collectively "Buyer Ancillary Agreements," and, together with the Company Ancillary Agreements and the Stockholder Ancillary Agreements, the "Ancillary Agreements") and to consummate the transactions contemplated hereby. The execution, delivery and performance by Buyer of this Agreement and each Buyer Ancillary Agreement have been duly authorized by all necessary action on the part of Buyer and no other action on the part of Buyer or its stockholders is required in connection therewith. This Agreement and each Buyer Ancillary Agreement constitutes, or when executed

and delivered by Buyer, will constitute legal, valid and binding obligations of Buyer enforceable in accordance with their respective terms except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting generally the enforcement of creditors' rights and except as the remedy of specific performance and other injunctive relief may be unavailable in certain cases.

(b) The execution, delivery and performance by Buyer of this Agreement and each Buyer Ancillary Agreement does not and will not (i) violate any provision of the Certificate of Incorporation or by-laws of Buyer; (ii) violate any Laws, or require Buyer to obtain any Consent or waiver from, or make any filing with, any Person that has not been obtained or made or will be obtained or made prior to the Closing; and (iii) provided that all necessary consents and waivers under the Credit Agreement (as hereinafter defined) are obtained, does not and will not result in a breach of, constitute a default under, accelerate any obligation under, or give rise to a right of termination of any indenture or loan or credit agreement or any other Contract, instrument, mortgage, lien, lease, permit, authorization, order, writ, judgment, injunction, decree, determination or arbitration award to which Buyer is a party or by which the property of Buyer is bound or affected, or result in the creation or imposition of Encumbrance on any of Buyer's assets or its capital stock.

5.4 Finder's Fee. Buyer has not incurred or become liable for any broker's commission or finder's fee relating to or in connection with the transactions contemplated by this Agreement.

5.5 Private Offering. Neither Buyer, any of its affiliates nor anyone on its behalf, has issued, sold or offered any securities of Buyer to any person under circumstances that would cause the issuance of the Note pursuant to this Agreement to be subject to the registration requirements of the Securities Act. Assuming that the representations and warranties of the Stockholder contained in Section 4.5 of this Agreement are true and correct as of the date hereof and as of the Closing Date, the offering of the Note will be made in compliance in all material respects with applicable federal and state securities laws.

5.6 Investigation by Buyer. Buyer has conducted its own independent review and analysis of the business, assets, condition, operations and prospects of the Company and acknowledges that Buyer has been provided access to the properties, premises and records of the Company for this purpose. In entering into this Agreement, Buyer has relied solely upon its own investigation and analysis and the representations and warranties contained herein and in the Disclosure Statement, and Buyer agrees, to the fullest extent permitted by law, that neither the Company, the Stockholder nor any of their respective directors, officers, employees, affiliates, agents or representatives shall have any liability or responsibility whatsoever to Buyer on any basis (including, without limitation, in contract or tort, or otherwise) based upon any information provided or made available, or statements made, to Buyer prior to the execution of this Agreement, except (i) to the extent the Company or Stockholder makes specific representations and warranties in this Agreement with respect thereto but always subject to the limitations and restrictions contained in this Agreement, or (ii) to the extent the Company or the Stockholder or any of their respective directors, officers, employees, affiliates, agents or representatives commits fraud with respect to the information that it provides or makes available to Buyer.

SECTION 6. COVENANTS OF THE COMPANY AND THE STOCKHOLDER.

6.1 General. The Company and the Stockholder, jointly and severally, hereby make the covenants and agreements set forth in this Section 6 and the Stockholder agrees to use all commercially reasonable efforts or to vote appropriately to cause the Company to comply with such agreements and covenants.

6.2 Conduct of Business. Between the date of this Agreement and the Closing Date (the "Pre-Closing Period"), except as specifically consented to by Buyer in writing, which consent may be withheld in the sole discretion of Buyer, the Company will:

(a) conduct its business only in the ordinary course and in accordance with all Laws;

(b) refrain from making any purchase, sale or disposition of any asset or property other than in the ordinary course of business, from making any capital expenditures (including capitalized lease obligations) in excess of $10,000 in the aggregate and from mortgaging, pledging, subjecting to a lien or otherwise encumbering any of its properties or assets;

(c) refrain from incurring any obligations or Liabilities except in the ordinary course of business;

(d) refrain from (i) lending money to any Person (except that the Company may make routine travel advances to employees in the ordinary course of business) or (ii) incurring or guaranteeing any Indebtedness;

(e) refrain from forming any subsidiary or acquiring any equity interest or other interest in any other Entity;

(f) refrain from making any change or incurring any obligation to make a change in its Certificate of Incorporation, by-laws, capital structure or authorized or issued capital stock, including but not limited to the issuance of any option, warrant, call, conversion right or commitment of any kind with respect to the Company's capital stock;

(g) refrain from declaring, setting aside or paying any dividend, making any other distribution in respect of its capital stock or making any direct or indirect redemption, purchase or other acquisition of its stock;

(h) refrain from (i) establishing, adopting or amending any Employee Plans, (ii) other than in the ordinary course of business, paying any bonus or making any profit-sharing payment, cash incentive payment or similar payment to, or increasing the amount of the wages, salary commissions, fringe benefits or other compensation or remuneration payable to, any of its directors, officers or employees, (iii) hiring any new employee other than in the ordinary course of business consistent with past practices or (iv) terminating any Key Employee;

(i) use all commercially reasonable efforts to prevent any change with respect to its banking arrangements;

(j) use commercially reasonable efforts to preserve intact its current business organization, keep available the services of its current officers and employees and maintain its relations and goodwill with all suppliers, customers, landlords, creditors, employees and other Persons having business relationships with the Company;

(k) maintain in effect at all times all insurance of the kind, in the amount and with the insurers set forth in Section 3.20 of the Disclosure Schedule;

(l) furnish Buyer with unaudited monthly balance sheets and statements of income of the Company within twenty (20) days after each month end for each month ending more than twenty (20) days before the Closing;

(m) permit Buyer and its authorized representatives to have reasonable access during regular business hours to all its properties, assets, records, Tax Returns, Contracts and documents and furnish to Buyer and its authorized representatives such financial and other information with respect to its business or properties as they may from time to time reasonably request;

(n) promptly notify Buyer of (A) any notice or other communication from any Person alleging that the Consent of such Person is or may be required in connection with the transactions contemplated by this Agreement and (B) any legal proceedings commenced or, to the knowledge of the Company or the Stockholder threatened against, relating to or involving or otherwise affecting the Company which relate to the consummation of the transactions contemplated by this Agreement;

(o) use all commercially reasonable efforts to maintain its properties, facilities, equipment and other assets in as good working order and condition as of the date of this Agreement, ordinary wear and tear excepted;

(p) perform all its material obligations under all Contracts relating to or affecting its business, assets, properties, equipment and rights;

(q) (i) refrain from entering into, or permitting any of the assets owned or used by the Company to become bound by, any material Contract other than in the ordinary course of business, (ii) waive any material right or remedy under any material Contract (including, without limitation, any Contract disclosed in the Disclosure Schedule) other than in the ordinary course of business;

(r) comply with all material respects with all applicable Laws, Governmental Authorizations, consent orders, decrees and judgments;

(s) refrain from changing any of its methods of accounting or accounting practices in any material respect;

(t) refrain from making any tax election; and

(u) refrain from commencing or settling any legal proceeding.

6.3 Retention Bonuses. Prior to the Closing Date, the Company shall offer to each individual set forth on Exhibit C hereto (each a "Recipient") a retention bonus in the amount set forth next to such individual's name on Exhibit C (each a "Retention Bonus" and collectively the "Retention Bonuses"); provided, however, that the aggregate amount of all Retention Bonuses offered by the Company shall not exceed $3,227,400. Each Retention Bonus shall be payable by the Company in three annual installments (each a "Retention Payment") commencing on the date that is 30 days after the first anniversary of the Closing Date, provided that, a Recipient shall be eligible to receive a Retention Payment only if such Recipient remained employed by the Company from the Closing Date through the date of the applicable Retention Payment and, provided further that, notwithstanding the foregoing, a Recipient shall be entitled to receive his or her full Retention Bonus in the event that the Recipient dies or becomes permanently incapacitated while employed by Company. The Company's obligation to make, and each Recipient's right to receive, a Retention Bonus shall be evidenced by a written letter agreement in form and substance satisfactory to Buyer among the Company, the Stockholder and the Recipient (each a "Retention Agreement").

6.4 Consent. Prior to the Closing Date, the Stockholder and the Company will use all commercially reasonable efforts to obtain all Consents required to permit the consummation by the Stockholder and the Company of the transactions contemplated by this Agreement.

6.5 Notification; Updates to Disclosure Schedule.

(a) Prior to the Closing, the Company and the Stockholder shall promptly notify Buyer in writing of: (i) the discovery by the Company or the Stockholder of any event, condition, fact or circumstance that occurred or existed on or prior to the date of this Agreement and that caused or constitutes in any material respect an inaccuracy in or breach of any representation or warranty made by the Company or the Stockholder in this Agreement; (ii) any event, condition, fact or circumstance that occurs, arises or exists after the date of this Agreement and that would cause or constitute in any material respect an inaccuracy in or breach of any representation or warranty made by the Company or the Stockholder in this Agreement if (A) such representation or warranty had been made as of the time of the occurrence, existence or discovery of such event, condition, fact or circumstance or (B) such event, condition, fact or circumstance had occurred, arisen or existed on or prior to the date of this Agreement; and (iii) any material breach of any covenant or obligation of the Company or the Stockholder.

(b) If any event, condition, fact or circumstance that is required to be disclosed pursuant to Section 6.5(a) requires any change in the Disclosure Schedule, or if any such event, condition, fact or circumstance would require such a change assuming the Disclosure Schedule were dated as of the date of the occurrence, existence or discovery of such event, condition, fact or circumstance, then the Company and the Stockholder shall promptly deliver to Buyer an update to the Disclosure Schedule specifying such change; provided that, no such update shall be deemed to supplement or amend the Disclosure Schedule for the purpose of determining whether any of the conditions set forth in Section 9.2 have been satisfied and (ii) no update made pursuant to Section 6.5(a)(i) shall be deemed to supplement or amend the Disclosure Schedule for the purpose of determining the accuracy of any of the representations and warranties made by the Company or the Stockholder in this Agreement.

6.6 Consummation of Agreement. The Company and the Stockholder shall use their commercially reasonable efforts to perform and fulfill all conditions and obligations on their parts to be performed and fulfilled under this Agreement, to the end that the transactions contemplated by this Agreement shall be fully carried out. To this end, the Company will use its commercially reasonable efforts to obtain prior to the Closing all necessary authorizations or approvals of its Stockholder and Board of Directors.

6.7 Cooperation of the Company and Stockholder. The Company and the Stockholder shall cooperate with all reasonable requests of Buyer and Buyer's counsel and accountants in connection with the consummation of the transactions contemplated hereby.

6.8 No Solicitation of Other Offers. Unless and until this Agreement shall have been terminated, neither the Company nor the Stockholder shall, nor shall the Company or the Stockholder permit any of its directors, officers, employees or agents to, directly or indirectly, (i) take any action to solicit, initiate submission of or encourage, proposals or offers from any Person relating to any acquisition or purchase of all or a portion of the assets of, or any equity interest in, the Company, any merger or business combination with the Company or any public or private offering of interests in the Company (an "Acquisition Proposal"), (ii) participate in any discussions or negotiations regarding an Acquisition Proposal with any Person other than Buyer and its representatives, (iii) furnish any information or afford access to the properties, books or records of the Company or the Stockholder to any Person that may consider making or has made an offer with respect to an Acquisition Proposal other than Buyer and its representatives, or (iv) otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other Person to do any of the foregoing. The Company will promptly notify Buyer upon receipt of any offer or indication that any Person is considering making an offer with respect to an Acquisition Proposal or any request for information relative to the Company or for access to the properties, books and records of the Company, and will promptly reject any such offer or request.

6.9 Confidentiality. The Company and the Stockholder agree that, until the second anniversary of this Agreement, they and their officers, directors, agents and representatives will hold in strict confidence, and will not use, any confidential or proprietary data or information obtained from Buyer with respect to its business or financial condition except for the purpose of evaluating, negotiating and completing the transactions contemplated hereby. Information generally known in Buyer's industry or which has been disclosed to the Company or the Stockholder by third parties which have a right to do so or independently developed or acquired by the Company or the Stockholder shall not be deemed confidential or proprietary information for purposes of this Agreement. If the transactions contemplated by this Agreement are not consummated, the Company and the Stockholder will return to Buyer (or certify that they have destroyed) all copies of such data and information, including but not limited to financial information, customer lists, business and corporate records, worksheets, Tax Returns, lists, memoranda, and other documents prepared by or made available to the Company or the Stockholder in connection with the transaction.

6.10 No Transfer of Company Shares. Unless and until this Agreement shall have been terminated in accordance with its terms, the Stockholder shall not directly or indirectly enter into any Contract to sell, exchange, deliver, assign, pledge, encumber or otherwise transfer

or dispose of any Company Shares, nor shall the Stockholder directly or indirectly enter into any Contract or grant any right of any kind to acquire, dispose of, vote or otherwise control in any manner any Company Shares.

6.11 Affiliate Transactions. All accounts and loans receivable of the Company from the Stockholder shall have been paid in full prior to the Closing.

SECTION 7. COVENANTS OF BUYER.

7.1 General. Buyer hereby makes the covenants and agreements set forth in this Section 7.

7.2 Confidentiality. Buyer agrees that, unless and until the Closing has been consummated or until the second anniversary of any termination of this Agreement, Buyer and its officers, directors, agents and representatives will hold in strict confidence, and will not use any confidential or proprietary data or information obtained from the Company or the Stockholder with respect to the business or financial condition of the Company except for the purpose of evaluating, negotiating and completing the transactions contemplated hereby. Information generally known in the industries of the Company or the Stockholder or which has been disclosed to Buyer by third parties which have a right to do so or independently developed or acquired by Buyer shall not be deemed confidential or proprietary information for purposes of this Agreement. If the transactions contemplated by this Agreement are not consummated, Buyer will return to the Company (or certify that it has destroyed) all copies of such data and information, including but not limited to financial information, customer lists, business and corporate records, worksheets, Tax Returns, lists, memoranda, and other documents prepared by or made available to Buyer in connection with the transaction. Notwithstanding the foregoing, Buyer shall be permitted to disclose such information about the Company, its Stockholder and the transactions contemplated hereby as may be legally required, and to its legal, tax and financial advisors.

7.3 Consummation of Agreement. Buyer shall use all commercially reasonable efforts to perform and fulfill all conditions and obligations on its part to be performed and fulfilled under this Agreement, to the end that the transactions contemplated by this Agreement shall be carried out.

7.4 Authorization from Others. Prior to the Closing, Buyer will use all commercially reasonable efforts to obtain all Consents required to be obtained by it to permit the consummation by Buyer of the transactions contemplated by this Agreement, including any necessary authorizations or approvals of its Board of Directors.

7.5 Notice of Breach. Prior to the Closing, Buyer shall give prompt notice to the Company and the Stockholder of (a) the occurrence or existence or non-occurrence or non-existence of any event, condition, fact or circumstance of which they are aware that would be likely to cause any representation or warranty of Buyer contained in this Agreement to be untrue or inaccurate in any material respect at or prior to the Closing and (b) any material failure of Buyer to comply with or

satisfy any covenant, condition, or agreement to be complied with or satisfied by it hereunder and of which Buyer is aware and Buyer shall use all commercially reasonable efforts to prevent or promptly remedy the same.

7.6 Accrued Bonuses. Buyer acknowledges that the Company has accrued on its balance sheet aggregate bonuses consistent with past practice (excluding acquisition-related bonuses) for the purpose of paying bonuses to its employees (the "Accrued Bonus Amount"). Buyer agrees to cause the Company to use the full Accrued Bonus Amount to pay bonuses to employees in such individual amounts to be determined by the Company after the Closing.

SECTION 8. CERTAIN TAX MATTERS.

8.1 General. The following provisions shall govern the allocation of responsibility between the Stockholder and Buyer for certain tax matters following the applicable Closing Date.

8.2 Tax Periods Ending on or Before the Closing Date. The Stockholder shall prepare or cause to be prepared and file or cause to be filed all Tax Returns of the Company (i) that are due on or before the Closing Date, (ii) that relate to taxable periods ending on or prior to the Closing Date but are required to be filed and paid after the applicable Closing Date, (iii) that relate to Taxes that are imposed on any member of any affiliated group with which the Company files or has filed a Tax Return on a consolidated, combined, affiliated or unitary basis for a taxable period commencing on or before the applicable Closing Date and (iv) that relate to taxes relating from any election described in Section 338 of the Code and any comparable election under state and local law. Such Tax Returns shall be prepared in accordance with the Company's past custom and practice. In preparing such Tax Returns, the Stockholder shall consult with Buyer in good faith and shall provide Buyer with drafts of such Tax Returns (together with the relevant back-up information) for review at least ten days prior to filing upon request by Buyer.

8.3 Tax Periods Beginning Before and Ending After the Applicable Closing Date. Buyer shall prepare or cause to be prepared and file or cause to be filed any Tax Returns of the Company for tax periods which begin before the Closing Date and end on or after the Closing Date. Such Tax Returns shall be prepared in accordance with the Company's past custom and practice. In preparing such Tax Returns, Buyer shall consult with the Stockholder in good faith and shall provide the Stockholder with drafts of such Tax Returns (together with the relevant back-up information) for review at least ten days prior to filing.

8.4 Payment of Taxes. The Stockholder shall pay or cause to be paid when due and payable (i) all Taxes with respect to the Company for (A) any taxable period ending on or before the Closing Date, and (B) the portion of any taxable period ending after the Closing Date for the taxable period prior to the Closing, in each case to the extent such Taxes exceed the amount, if any, accrued for such Taxes as current Taxes payable on the Interim Balance Sheet and (ii) all Taxes resulting from any election described in Section 338 of the Code and any comparable election under state and local Law.

8.5 Cooperation and Exchange of Information. The Stockholder and Buyer will provide each other with such cooperation and information as either of them reasonably may

request of the other in filing any Tax Return, amended Tax Return or claim for refund, determining a liability for Taxes or a right to a refund of Taxes, participating in or conducting any audit or other proceeding in respect of Taxes. Such cooperation and information shall include providing copies of relevant Tax Returns or portions thereof, together with accompanying schedules, related work papers and documents relating to rulings or other determinations by tax authorities. Buyer and Stockholder shall make their respective employees available on a basis mutually convenient to both parties to provide explanations of any documents or information provided hereunder. Each of the Stockholder and Buyer shall retain all Tax Returns, schedules and work papers, records and other documents in its possession relating to tax matters of the Company and the business and assets of the Company for each taxable period first ending after the Closing Date and for all prior taxable periods until the later of (i) the expiration of the statute of limitations of the taxable periods to which such Tax Returns and other documents relate, without regard to extensions except to the extent notified by the other party in writing of such extensions for the respective tax periods, or (ii) six years following the due date (without extension) for such Tax Returns. Any information obtained under this Section 8.5 shall be kept confidential in accordance with the provisions of this Agreement except as may be otherwise necessary in connection with the filing of Tax Returns or claims for refund or in conducting an audit or other proceeding.

8.6 Section 338 Election. At Buyer's written request, the Stockholder shall (i) cooperate in the preparation of an election under Section 338(h)(10) of the Code (the "338 Election") (and any corresponding elections under state, local or foreign Law) and (ii) jointly file such election (and any corresponding elections under state, local or foreign Law) with Buyer on a timely basis and comply with the rules and regulations applicable to such Section 338 Election (and any corresponding elections under state, local or foreign Law). The allocation of the Purchase Price and the Liabilities of the Company for purposes of making such Section 338 Election will be determined by Buyer and its accounting firm, which shall be binding on the Stockholder. The Stockholder will pay any Tax, including any liability of the Company for any Tax, as a result of making such 338 Election (and any corresponding elections under state, local or foreign Law) on a timely basis.

8.7 Audits.

(a) The Stockholder shall have sole and exclusive responsibility for, control of, and authority to settle, any audits of the Company's Tax Returns and of any Tax Returns which include the Company to the extent those Tax Returns relate to periods ending on or prior to the Closing Date. The Stockholder shall allow the Company and its advisors to participate (at Buyer's or Company's expense) in any audits of such Tax Returns to the extent that such returns relate to the Company and the outcome of the audit could have and adverse effect on the Company for taxable periods ending after the Closing Date. The Stockholder will not settle any such audit in a manner which would adversely affect the Company after the Closing Date without the prior written consent of the Company or Buyer, which consent shall not unreasonably be withheld and shall not be necessary to the extent that the Stockholder has indemnified Buyer against the effect of such settlement.

(b) Buyer shall have sole and exclusive responsibility for, control of, and authority to settle, any audits of the Company's Tax Returns and of any Tax Returns including the Company

that are not described in Section 8.7(a). Buyer shall allow the Stockholder and its advisors to participate (at Stockholder's expense) in any audits of such Tax Returns to the extent that such returns relate to the Company and the outcome of the audit could have an adverse effect on the Stockholder. Buyer will not settle any such audit in a manner which would adversely affect the Stockholder without prior written consent of the Stockholder, which consent shall not unreasonably be withheld and shall not be necessary to the extent that Buyer has indemnified the Stockholder against the effect of any such settlement.

SECTION 9. CONDITIONS TO CLOSING.

9.1 Conditions to the Obligations of the Parties. The obligations of each of the Company, the Stockholder and Buyer to consummate the transactions contemplated by this Agreement are subject to the fulfillment, prior to or at the Closing, of the following conditions unless waived in writing by all parties:

(a) No Litigation. There shall have been no determination by Buyer, the Company or the Stockholder, as the case may be, acting in good faith, that the consummation of the transactions contemplated by this Agreement has become inadvisable or impracticable by reason of the institution or threat by any Person of litigation, proceedings or other action against Buyer, the Company or the Stockholder.

(b) Hart-Scott-Rodino. The waiting period applicable to the consummation of the transactions contemplated hereby under the HSR Act shall have expired or been terminated and, on the Closing Date, any Consent required under any foreign antitrust Law shall have been terminated.

9.2 Conditions to the Obligations of Buyer. The obligation of Buyer to consummate the transactions contemplated by this Agreement are subject to the fulfillment, prior to or at the Closing, of the following conditions precedent unless waived in writing by Buyer:

(a) Representations, Warranties and Covenants. Each of the representations and warranties of the Company and the Stockholder contained in this Agreement and in the certificates and schedules delivered to Buyer in connection herewith and qualified as to materiality shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (in each case without giving effect to any update to the Disclosure Schedule after the date of this Agreement) except in each case to the extent that representations and warranties expressly made as of an earlier date need only be true and correct as of such earlier date (in each case without giving effect to any update to the Disclosure Schedule). Each of the representations and warranties of the Company and the Stockholder contained in this Agreement and in the certificates and schedules delivered to Buyer in connection herewith not so qualified shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (in each case without giving effect to any update to the Disclosure Schedule after the date of this Agreement) except in each case to the extent that representations and warranties expressly made as of an earlier date need only be true and correct as of such earlier date (in each case without giving effect to any update to the Disclosure Schedule). The Company and the Stockholder

shall, on or before the Closing, have performed in all material respects all of their obligations hereunder which by the terms hereof are to be performed on or before the Closing.

(b) No Material Change. There shall have been no material adverse change in the financial condition, properties, assets, liabilities, business, prospects or operations of the Company since the date of this Agreement.

(c) Agreements and Documents. Buyer shall have received the following agreements and documents, each of which shall have been duly authorized, executed and delivered and shall be in full force and effect at the Closing:

(i) a services agreement in form and substance mutually satisfactory to the Stockholder and Buyer relating to the use of the Stockholder's network by the Company following the Closing and such other matters as may be mutually agreed upon by the parties;

(ii) Retention Agreements from all Key Employees;

(iii) releases in form and substance mutually satisfactory to the Stockholder and Buyer, executed by the Stockholder and the officers and directors of the Company;

(iv) a certificate of the Company's President and Chief Financial Officer dated as of the Closing executed on behalf of the Company to the effect that the conditions set forth in Sections 9.1 and 9.2 have been satisfied;

(v) written resignations of all officers and directors of the Company, effective as of the Closing Date;

(vi) the valid and effective termination of agreements between the Company and the Stockholder;

(vii) a certificate of corporate and tax good standing from the Secretary of State of Delaware as of a recent date;

(viii) certificates of corporate and tax good standing from the Secretary of State of each jurisdiction in which the Company is qualified to do business;

(ix) a certificate of the Secretary or Assistant Secretary of the Stockholder dated as of the Closing Date and certifying: (i) that attached thereto are copies of the resolutions of the Board of Directors of the Stockholder and the Company approving this Agreement and the Company Ancillary Agreements and Stockholder Ancillary Agreements (as applicable) and the transactions contemplated hereby and thereby and (ii) the names and signatures of the officers of the Stockholder and the Company authorized to sign this Agreement, the Company Ancillary Agreements and Stockholder Ancillary Agreements (as applicable) and the other documents, instruments or certificates to be delivered pursuant hereto and thereto.

(d) Financing. Buyer shall have received the following:

(i) all required financing to consummate the transaction contemplated hereby upon commercially reasonable terms satisfactory to Buyer, provided that Buyer shall use its good faith efforts to obtain such financing;

(ii) all approvals and consents of the required lenders under that certain Credit Agreement dated as of September 29, 1999, by and among Buyer, various financial institutions from time to time, DLJ Capital Funding, Inc., as Syndication Agent and Union Bank of California, N.A. as Administrative Agent (as amended); and

(iii) evidence of Buyer's compliance with all applicable requirements under that certain Indenture dated as of September 29, 1999 respecting 13 1/2 % Senior Subordinated Notes due 2009.

(e) Consents. The Company or the Stockholder shall have made all filings with and notifications of Governmental Authorities and other Persons required to be made by the Company or the Stockholder in connection with the execution and delivery of this Agreement, the performance of the transactions contemplated hereby and the continued operation of the business of the Company by Buyer subsequent to the Closing. The Company, the Stockholder and Buyer shall have received all Consents and Governmental Authorizations, in form and substance reasonably satisfactory to Buyer, from all applicable Governmental Authorities and other Persons, required to permit the continuation of the business of the Company and the consummation of the transactions contemplated by this Agreement, and to avoid a breach, default, termination, acceleration or modification of any indenture, loan or credit agreement or any other material Contract, instrument, mortgage, lien, lease, permit, authorization, order, writ, judgment, injunction, decree, determination or arbitration award as a result of, or in connection with, the execution and performance of this Agreement and the consummation of the transactions contemplated hereby.

9.3 Conditions to the Obligations of the Company and the Stockholder. The obligation of the Company and the Stockholder to consummate the transactions contemplated by this Agreement is subject to the fulfillment, prior to or at the Closing, of the following conditions precedent unless waived in writing by the Company and the Stockholder:

(a) Representations, Warranties and Covenants. Each of the representations and warranties contained in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date except in each case to the extent that representations and warranties expressly made as of an earlier date need only be true and correct in all respects as of such earlier date. Buyer shall, on or before the Closing, have performed in all material respects all of its obligations hereunder which, by the terms hereof are to be performed on or before the Closing.

(b) Agreements and Documents. Stockholder shall have received the Note, which shall have been duly authorized, executed and delivered and shall be in full force and effect at the Closing.

SECTION 10. TERMINATION OF AGREEMENT.

10.1 Termination. At any time prior to the Closing, this Agreement may be terminated as follows:

(a) by mutual written consent of all of the parties to this Agreement;

(b) by written notice of the Company or the Stockholder to Buyer, provided that neither the Company nor the Stockholder is in material breach of this Agreement, (i) if Buyer is in material breach of this Agreement and such breach shall remain uncured for a period of ten (10) business days after the Company shall have given written notice of such breach to Buyer or (ii) if by January 31, 2001, any of the conditions in Section 9.1 or Section 9.3 shall not have been satisfied, complied with or performed (unless such failure of satisfaction, noncompliance or nonperformance is the result directly or indirectly of any intentional or willful action or intentional or willful failure to act on the part of the Company or the Stockholder) and the Company and the Stockholder shall not have waived such failure of satisfaction, noncompliance or nonperformance; or

(c) by written notice of Buyer to the Company and Stockholder, provided that Buyer is not in material breach of this Agreement, (i) if the Company or the Stockholder is in material breach of this Agreement and such breach shall remain uncured for a period of ten (10) business days after Buyer shall have given written notice of such breach to the Company and, if applicable, the Stockholder or (ii) if by January 31, 2001, any of the conditions in Section 9.1 or Section 9.2 shall not have been satisfied, complied with or performed (unless such failure of satisfaction, noncompliance or nonperformance is the result directly or indirectly of any intentional or willful action or intentional or willful failure to act on the part of Buyer) and Buyer shall not have waived such failure of satisfaction, noncompliance or nonperformance.

10.2 Effect of Termination. All obligations of the parties hereunder shall cease upon any termination pursuant to Section 10.1; provided, however, that the provisions of Sections 6.9 and 7.2 hereof shall survive any termination of this Agreement.

SECTION 11. INDEMNIFICATION.

11.1 Survival. All representations and warranties contained in this Agreement or expressly incorporated herein by reference or in any schedule or certificate delivered by any party incident to the transactions contemplated hereby may be relied upon by the party receiving the same and shall (subject to the provisions of Sections 11.3(b) and 11.5(b) hereof) survive the Closing for a period of two years (the "Termination Date"); provided, however, that if any time prior to the Termination Date any party seeking indemnification hereunder delivers to the party from which it is seeking indemnification a written notice of a Buyer Indemnifiable Claim or Stockholder Indemnifiable Claim, as the case may be, then such claim shall survive until such time as it is fully and finally resolved. No covenant or agreement of any party hereto shall survive the Closing, except that any covenant or agreement that, by its terms or context, is intended to survive the Closing, shall survive the Closing for the period specified therein or contemplated thereby. For the purpose of determining the aggregate amount of Losses suffered by a Buyer Indemnified Party or Stockholder Indemnified Party, each representation and warranty (whether made as of the date of this Agreement or as of the Closing Date) contained in this Agreement under which indemnification is sought hereunder shall be read without regard to,

and as if such representation or warranty did not contain, materiality or similar qualifications that may be contained therein.

11.2 Indemnification by the Stockholder. From and after the Closing Date, the Stockholder and its successors and permitted assigns shall indemnify and hold harmless Buyer, its subsidiaries and affiliates and their respective stockholders, officers, directors, employees and agents (individually, a "Buyer Indemnified Party" and collectively, the "Buyer Indemnified Parties") from and against and in respect of all losses, liabilities, obligations, damages, deficiencies, actions, suits, proceedings, demands, assessments, orders, judgments, fines, penalties, costs and expenses (including the reasonable fees, disbursements and expenses of attorneys, accountants and consultants) of any kind or nature whatsoever (whether or not arising out of third-party claims and including all amounts paid in investigation, defense or settlement of the foregoing) (a "Loss" or "Losses") sustained, suffered or incurred by any Buyer Indemnified Party arising out of or resulting from: (i) any inaccuracy in or breach of any representation or warranty made by the Company or the Stockholder in this Agreement (after giving effect to any update of the Disclosure Schedule after the date of this Agreement other than an update made pursuant to Section 6.5(a)(i) of this Agreement after the date of this Agreement) or in any schedule or certificate delivered in connection with this Agreement; (ii) any breach of any covenant or agreement made by the Company or the Stockholder in this Agreement or in any schedule or certificate delivered in connection with this Agreement; (iii) any Liability of the Company for Taxes arising from an event or transaction occurring prior to the Closing (including, without limitation, any Liability arising out of any item set forth in Section 3.10 of the Disclosure Schedule) and any Liability for Taxes incurred as a result of the Section 338 Election; (iv) any Liability of the Stockholder under Section 1 of the Retention Agreements; or (v) any Liability relating to or arising out of any item set forth in Section 3.18 of the Disclosure Schedule. Claims under clauses (i) through (v) of this Section 11.2 are collectively referred to herein as "Buyer Indemnifiable Claims," and Losses in respect of such claims are collectively referred to herein as "Buyer Indemnifiable Losses."

11.3 Limitations on Indemnification by the Stockholder.

(a) Deductible; Maximum Indemnification. Except as set forth in Section 11.3(b) below, no indemnification shall be payable by the Stockholder with respect to Buyer Indemnifiable Losses until the cumulative amount of all Buyer Indemnifiable Losses exceeds Two Hundred Fifty Thousand Dollars ($250,000) in the aggregate (the "Deductible Amount"), whereupon the Stockholder shall be liable for the full amount of all such Buyer Indemnifiable Losses. Except as set forth in Section 11.3(b) below, the maximum aggregate Buyer Indemnifiable Losses for which the Stockholder will be obligated to indemnify the Buyer Indemnified Parties shall be $25,000,000 (the "Maximum Amount").

(b) No Limitation on Certain Claims. Notwithstanding anything herein to the contrary, Buyer Indemnified Claims arising out of or resulting from (i) any inaccuracy or breach of Section 3.10 or any Loss arising under Section 11.2(iii) shall survive the Closing until the termination of any applicable statute of limitations plus 30 days; (ii) any inaccuracy or breach of Section 3.25 shall survive the Closing until the termination of any applicable statute of limitations plus 30 days; (iii) any inaccuracy or breach of Section 3.26 shall survive the Closing for a period of five years; (iv) any inaccuracy or breach of Section 3.2, 3.3, 3.5(a), 3.21, 4.2 or

4.3(a) or any Loss arising under Section 11.2(iv) or 11.2(v) shall survive the Closing indefinitely; and (v) fraud or intentional misrepresentation by the Company or the Stockholder or a deliberate or willful breach by the Company or the Stockholder of any of their representations or warranties under this Agreement or in any schedule or certificate delivered in connection with this Agreement shall survive the Closing indefinitely. Buyer Indemnifiable Losses arising out of or resulting from: (A) Buyer Indemnifiable Claims described in clauses (i), (iv) and (v) above shall not be subject to the Deductible Amount or the Maximum Amount, (B) Buyer Indemnifiable Claims described in clause (ii) above shall be subject to the Deductible Amount and the Maximum Amount, and (C) Buyer Indemnifiable Claims described in clause (iii) above shall be subject to the Deductible Amount and shall, with respect to Buyer Indemnifiable Claims made after the third anniversary of the Closing (but not any claims made prior to such date), be subject to the Maximum Amount.

(c) Claims Relating to Accounts Receivable. Notwithstanding anything herein to the contrary, Buyer Indemnified Parties shall only be entitled to receive an amount equal to one-half of all Buyer Indemnified Losses resulting from any inaccuracy or breach of Section 3.11; provided, however, the Buyer Indemnified Parties shall be entitled to receive from the Stockholder the full amount of their out-of-pocket costs and expenses for the reasonable fees, disbursements and expenses of attorneys, accountants and consultants incurred in attempting to collect any accounts receivable of the Company existing on the Closing Date which are not collected by the Company and for which a Buyer Indemnified Party is entitled to indemnification under Section 11.2.

11.4 Indemnification by Buyer. From and after the Closing Date, Buyer and its successors and permitted assigns shall indemnify and hold harmless the Stockholder, its successors and permitted assigns, and its subsidiaries and affiliates and their respective stockholders, officers, directors, employees and agents (individually, a "Stockholder Indemnified Party" and collectively, the "Stockholder Indemnified Parties") from and against and in respect of all Losses sustained, suffered or incurred by any Stockholder Indemnified Party arising out of or resulting from: (i) any inaccuracy in or breach of any representation or warranty made by Buyer in this Agreement or in any schedule or certificate delivered in connection with this Agreement; (ii) any breach of any covenant or agreement made by Buyer in this Agreement or in any schedule or certificate delivered in connection with this Agreement; or (iii) any Liability of the Company under Section 2 of the Retention Agreements. Claims under clauses (i) through (iii) of this Section 11.4 are collectively referred to herein as "Stockholder Indemnifiable Claims," and Losses in respect of such claims are collectively referred to as "Stockholder Indemnifiable Losses."

11.5 Limitations on Indemnification by Buyer.

(a) Deductible; Maximum Indemnification. Except as set forth in Section 11.5(b) below, no indemnification shall be payable by Buyer with respect to Stockholder Indemnifiable Losses until the cumulative amount of all Stockholder Indemnifiable Losses exceeds the Deductible Amount, whereupon Buyer shall be liable for the full amount of all such Stockholder Indemnifiable Losses. Except as set forth in Section 11.5(b) below, the maximum aggregate Stockholder Indemnifiable Losses for which Buyer will be obligated to indemnify the Stockholder Indemnified Parties shall be the Maximum Amount.

(b) No Limitation on Certain Claims. Notwithstanding anything herein to the contrary, Stockholder Indemnifiable Claims arising out of or resulting from (i) any inaccuracy or breach of Section 5.2, 5.3(a) or 5.4 or any Loss arising under Section 11.5(b)(iii), or (ii) fraud or intentional misrepresentation by Buyer or a deliberate or willful breach by Buyer of any of its representations or warranties under this Agreement or in any schedule or certificate delivered in connection with this Agreement, shall survive the Closing indefinitely and Stockholder Indemnifiable Losses arising out of or resulting from any of the foregoing shall not be subject to the Deductible Amount or the Maximum Amount.

11.6 No Contribution. The Stockholder shall have no right of contribution, indemnity or any other right or remedy against the Company in connection with any indemnification obligation or any other liability to which it may become subject under or in connection with this Agreement.

11.7 No Consequential Damages. The parties hereby waive as against each other any claims as to consequential, special, exemplary or punitive damages, except to the extent consequential, special exemplary or punitive damages are awarded to a third party (pursuant to a settlement, arbitration ruling or judgment) against an indemnified party in circumstances under which such indemnified party is entitled to indemnification hereunder.

11.8 Notice; Defense of Claims.

(a) Notice of Claims. Promptly and no later than fifteen (15) days after receipt by an indemnified party of notice of any claim, liability or expense to which the indemnification obligations hereunder would apply, the indemnified party shall give notice thereof in writing (a "Claim Notice") to the indemnifying party, but the omission to so notify the indemnifying party promptly will not relieve the indemnifying party from any liability except to the extent that the indemnifying party shall have been prejudiced as a result of the failure or delay in giving such Claim Notice. Such Claim Notice shall state the information then available regarding the amount and nature of such claim, liability or expense and shall specify the provision or provisions of this Agreement under which the liability or obligation is asserted.

(b) Third Party Claims. With respect to third party claims, if within 20 days after receiving the Claim Notice the indemnifying party gives written notice (the "Defense Notice") to the indemnified party stating that it disputes and intends to defend against such claim, liability or expense at its own cost and expense, then counsel for the defense shall be selected by the indemnifying party (subject to the consent of the indemnified party which consent shall not be unreasonably withheld) and the indemnified party shall not be required to make any payment with respect to such claim, liability or expense as long as the indemnifying party is conducting a good faith and diligent defense at its own expense; provided, however, that the assumption of defense of any such matters by the indemnifying party shall relate solely to the claim, liability or expense that is subject or potentially subject to indemnification.

The indemnifying party shall have the right, with the consent of the indemnified party, which consent shall not be unreasonably withheld, to settle all indemnifiable matters related to claims by third parties which are susceptible to being settled provided the indemnifying parties' obligation to indemnify the indemnified party therefor will be fully satisfied. The indemnifying

party shall at all times control the conduct of the defense, provided that the indemnifying party shall keep the indemnified party apprised of the status of the claim, liability or expense and any resulting suit, proceeding or enforcement action, shall furnish the indemnified party with all documents and information that the indemnified party shall reasonably request and shall consult with the indemnified party prior to acting on major matters, including settlement discussions. Notwithstanding anything herein stated, the indemnified party shall at all times have the right to participate in such defense at its own expense directly or through counsel.

If no Defense Notice is given by the indemnifying party, or if such diligent good faith defense is not being or ceases to be conducted, the indemnified party shall, at the expense of the indemnifying party, undertake the defense of (with counsel selected by the indemnified party, including local counsel), and shall have the right to compromise or settle (exercising reasonable business judgment), such claim, liability or expense. If such claim, liability or expense is one that by its nature cannot be defended solely by the indemnifying party, then the indemnified party shall make available all information and assistance that the indemnifying party may reasonably request and shall cooperate with the indemnifying party in such defense.

(c) Non-Third Party Claims. With respect to non-third party claims, if within 45 days after receiving the Claim Notice the indemnifying party does not give written notice to the indemnified party that it contests such indemnity, the amount of indemnity payable for such claim shall be as set forth in the Claim Notice. If the indemnifying party provides written notice to the indemnified party within such 45-day period that it contests such indemnity, the parties shall attempt in good faith to reach an agreement with regard thereto within 30 days of delivery of the indemnifying party's notice.

11.9 Sole Remedy. From and after the Closing, the sole and exclusive remedy of the parties hereto with respect to any and all monetary claims (other than claims described in Sections 2.3, 11.3(b)(iv) and 11.5(b)(ii)) relating to this Agreement and the transactions contemplated hereby shall be the indemnification provisions set forth in this Section 11. The sole and exclusive remedy of the parties hereto with respect to any and all monetary claims relating to the Working Capital Adjustment shall be the dispute resolution provisions set forth in Section 2.3. With respect to non-monetary damages or relief (such as breaches of covenants to be performed after the Closing Date) or claims described in Sections 11.3(b)(iv) and 11.5(b)(ii), the remedies set forth in this Section 11 are cumulative and shall not be construed to restrict or otherwise affect any other remedies that may be available to the indemnified party under any agreement, pursuant to law or otherwise. In determining Losses hereunder, due account shall be taken of all relevant factors, including, without limitation, the net present value of (i) any insurance proceeds (net of any negative tax effects) and (ii) any deduction, credit, amortization, exclusion from income or other tax benefit realized by the indemnified party on the account of any Loss.

11.10 Right of Offset. Without limiting any of Buyer's rights hereunder, any amounts due to the Stockholder under the Note may be offset in accordance with the terms of the Note in order to satisfy any unpaid amounts that become due to any Buyer Indemnified Party under this Agreement.

SECTION 12. MISCELLANEOUS.

12.1 Governing Law. This Agreement shall be construed under and governed by the internal laws of Maryland without regard to its conflict of laws provisions.

12.2 Notices. Any notice, request, demand or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given if delivered or sent by facsimile transmission or overnight courier of national reputation, upon receipt, or if sent by registered or certified mail, upon the sooner of the date on which receipt is acknowledged or the expiration of three days after deposit in United States post office facilities properly addressed with postage prepaid. All notices to a party will be sent to the addresses set forth below or to such other address or person as such party may designate by notice to each other party hereunder:

TO THE COMPANY:

Pathology Associates International Corporation
15 Worman's Mill Court, Suite 1
Frederick, MD 21701
Fax: 301-663-8994
Attn: President

TO THE STOCKHOLDER:

Science Applications International Corporation
88 Prospect Street
Suite 300, MS L-5
La Jolla, CA 92037
Fax: 858-826-4121
Attn: Kevin E. Murphy

With a copy to:

Science Applications International Corporation
10260 Campus Point Drive, MS F-3
San Diego, CA 92121
Fax: 858-826-4037
Attn: Shelley E. Bennett, Esq.

TO BUYER:

Charles River Laboratories, Inc.
251 Ballardvale Street
Wilmington, MA 01887
Fax: 978-694-9504
Attn: Dennis R. Shaughnessy, Esq.

With a copy to:

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
One Financial Center
Boston, MA 02111
Fax: 617-542-2241
Attn: William T. Whelan, Esq.

Any notice given hereunder may be given on behalf of any party by his counsel or other authorized representatives.

12.3 Entire Agreement. This Agreement, including the schedules and exhibits referred to herein and the other writings specifically identified herein or contemplated hereby, is complete, reflects the entire agreement of the parties with respect to its subject matter, and supersedes all previous written or oral negotiations, commitments and writings.

12.4 Assignability; Binding Effect. This Agreement shall only be assignable by Buyer to a corporation or partnership controlling, controlled by or under common control with Buyer upon written notice to the Company and the Stockholder, and such assignment shall not relieve Buyer of any liability hereunder. This Agreement may not be assigned by the Stockholder or the Company without the prior written consent of Buyer. This Agreement shall be binding upon and enforceable by, and shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

12.5 Captions. The captions in this Agreement are for convenience only and shall not affect the construction or interpretation of any term or provision hereof.

12.6 Execution in Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

12.7 Modification, Amendment, Waiver. No modification or amendment of any provision of this Agreement shall be effective unless approved in writing by the parties to the Agreement. No party shall be deemed to have waived compliance by any other party with respect to any provision of this Agreement unless such waiver is in writing, and the failure of any party at any time to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the rights of any party thereafter to enforce such provisions in accordance with their terms. No waiver of any provision of this Agreement shall be deemed to be a waiver of any other provision of this Agreement. No waiver of any breach of any provision of this Agreement shall be deemed the waiver of any subsequent breach thereof or of any other provision of this Agreement.

12.8 Press Releases and Public Announcements. At all times Buyer and the Company shall obtain the prior written consent of the Stockholder, and the Company and the Stockholder shall obtain the prior written consent of Buyer, prior to issuing, or permitting any of their representatives to issue, any press release or make any other public disclosure or announcement or otherwise make any disclosure to any third person concerning the transactions contemplated hereby or the terms and conditions hereof or thereof; provided, however, that no party shall be prohibited from (a) supplying any such information to any of their representatives, attorneys, advisors, financing sources and otherwise to the extent necessary to complete the transactions so long as such representatives, attorneys, advisors, financing sources and others are made aware of and agree to be bound by the terms of this Section, (b) furnishing any such information pursuant to or as required by an applicable Law, or (c) disclosing any such information as necessary to comply with applicable stock exchange or SEC disclosure obligations. Should any disclosure be required to be made pursuant to clause (b) or (c) above, then to the extent practicable the party required to make such disclosure shall consult with the other parties hereto prior to making such release or disclosure. The foregoing notwithstanding, the parties hereto agree and acknowledge

that a joint press release shall be issued upon the Closing hereunder which shall be mutually acceptable to all parties hereto.

12.9 Arbitration. Any dispute, controversy or claim arising out of or in connection with this Agreement or any Ancillary Agreement (a "Claim") shall be resolved by binding arbitration in accordance with the provisions of this Section 12.9. Any such arbitration shall be conducted in Frederick, Maryland. Upon the initiation of any Claim, the parties involved in such Claim shall attempt to mutually agree upon an arbitrator(s) to arbitrate the dispute. If the parties are unable to mutually agree upon an arbitrator(s) within 10 days following the initiation of such Claim, the parties shall request the American Arbitration Association (the "AAA") to appoint, on an expedited basis, three arbitrators who shall have substantial experience as arbitrators, be experienced in corporate transactions and the subject matter of the dispute and be able to commence arbitration proceedings (with at least an initial hearing), according to the requirements of this Section 12.9 and the Commercial Arbitration Rules and other complimentary rules of the AAA (the "Rules"), within 30 days after appointment. The arbitration proceeding shall be administered by the arbitrator(s) in accordance with the Rules as such arbitrator(s) deem appropriate. The decision of the arbitrator(s) shall be final and binding provided that such decision is in written form and recites the decision and all findings and orders relative to the implementation thereof. Each of the parties hereto hereby irrevocably submits to the jurisdiction of all federal and state courts of competent jurisdiction located in the Commonwealth of Massachusetts for the purpose of enforcing the decision of the arbitrator(s) and hereby waives and agrees not to seek any review by any court of any other jurisdiction which may be called upon to grant an enforcement of the judgment of any such court. Final judgment against either party may be enforced in other jurisdictions by suit, action or proceeding on the judgment, or in any other manner provided by or pursuant to the laws of such other jurisdiction. Prior to receipt of the decision of the arbitrator(s), each party shall pay its own expenses in connection with any arbitration proceeding initiated hereunder and shall share the costs of the arbitrator(s). The arbitrator(s) may order that the prevailing party is entitled to have its costs (including AAA fees and attorney and other professional fees) paid by the other party; provided, however, that the arbitrator(s) shall have discretion to apportion the responsibility for the costs of the parties in the event that the decision of the arbitrator(s) is not solely in favor of one of the parties. Notwithstanding anything to the contrary contained herein, a party may seek injunctive relief without complying with the provisions of this Section 12.9; provided, however, that the parties agree that any arbitrator appointed hereunder shall have the authority to issue injunctive orders for specific enforcement.

12.10 Consent of Third Parties. Anything to the contrary in this Agreement notwithstanding, to the extent that the transactions contemplated by this Agreement require the Consent of a third party, this Agreement shall not constitute an agreement to effect such transaction if it would constitute a breach or violation of any Contract or Consent or adversely affect Buyer's rights thereunder.

12.11 Expenses. Each of the parties hereto shall bear its own costs and expenses, including fees and disbursements of their counsel and accountants, in connection with the negotiation and execution of this Agreement and each agreement executed in connection herewith and the consummation of the transactions contemplated hereby and thereby.

12.12 Restrictions Under Securities Laws. The Company and the Stockholder acknowledge that they are aware (and their stockholders, partners, members, directors, members of governing bodies, employees, advisors, representatives and affiliates who are or will be apprised of matters relating to this Agreement, the agreements executed in connection herewith, or the transactions contemplated hereby and thereby have been advised), that the United States securities laws prohibit any person who has material non-public information about a company from purchasing or selling securities of such company. The Company and the Stockholder agree that they shall not, directly or indirectly, alone or with others, in any manner acquire or attempt to acquire or dispose of or attempt to dispose of any securities of Charles River Laboratories International, Inc. or any other person in violation of applicable securities laws, and that it shall instruct its representatives who are apprized of matters relating to this Agreement or the agreements executed in connection herewith, or the transactions contemplated hereby and thereby to comply with such prohibitions.

12.13 Remedies. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for breach of the provisions of this Agreement and that any party hereto shall be entitled, in its sole discretion, to apply to any court of competent jurisdiction for specific performance or injunctive relief (without the need to post any bond or other security) in order to enforce or prevent any violations of the provisions of this Agreement pending a final determination of such matters. Unless expressly set forth herein to the contrary, all remedies set forth herein are cumulative and are in addition to any and all remedies provided either party at law or in equity.

12.14 Severability. Any provision of this Agreement which may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Moreover, if any one or more provisions contained in this Agreement shall for any reason be held by any court of competent jurisdiction to be excessively broad as to time, duration, geographical scope, activity or subject, it shall be construed, by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

12.15 Non-solicitation. The parties agree that for a period of one year from the Closing Date, neither the Stockholder on the one hand nor Buyer or the Company on the other hand, without the prior written consent of the other party, shall directly or indirectly solicit for employment or hire any employee, consultant, officer or director of the other party. Notwithstanding the foregoing, the parties shall not be precluded from hiring any such employee, consultant, officer or director who (i) responds to any public advertisement placed by the hiring party, (ii) initiates employment discussions with the hiring party, as evidenced by the hiring party's written records or (iii) has been terminated by the other party prior to commencement of employment discussions between the hiring party and such employee, consultant, officer or director.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the date set forth above by their duly authorized representatives.

PATHOLOGY ASSOCIATES
INTERNATIONAL CORPORATION

By:_____
Name:_____
Title:_____

SCIENCE APPLICATIONS
INTERNATIONAL CORPORATION

By:_____
Name:_____
Title:_____

CHARLES RIVER LABORATORIES, INC.

By:_____
Name:_____
Title:_____

EXHIBIT A

EXHIBIT B

THIS UNSECURED SUBORDINATED CONVERTIBLE NOTE (THIS "NOTE") AND THE SHARES OF CAPITAL STOCK ISSUED UPON ANY CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED TO ANY PERSON, INCLUDING A PLEDGEE, UNLESS (1) EITHER (A) A REGISTRATION STATEMENT WITH RESPECT THERETO SHALL BE EFFECTIVE UNDER THE SECURITIES ACT, OR (B) THE COMPANY SHALL HAVE RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT IS AVAILABLE, AND (2) THERE SHALL HAVE BEEN COMPLIANCE WITH ALL APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS.

CHARLES RIVER LABORATORIES, INC.

UNSECURED SUBORDINATED CONVERTIBLE NOTE

$12,000,000 January __, 2000 (the "Effective Date")

CHARLES RIVER LABORATORIES, INC., a Delaware corporation (the "Company"), for value received, hereby promises to pay to the order of Science Applications International Corporation, a Delaware corporation (the "Holder"), the principal amount of TWELVE MILLION DOLLARS ($12,000,000), together with interest thereon calculated from the date hereof in accordance with the provisions of this Note. This Note is subordinate and junior in right of payment in full in cash of all "Senior Debt" of the Company as described in Section 4 below. Charles River Laboratories International, Inc. (f/k/a Charles River Laboratories Holdings, Inc.) (the "Parent"), the corporate parent of the Company, is executing this Note solely to agree to the provisions of Sections 2 and 6 below and for no other purpose, as further described in Section 9 below.

1. Payment in Cash.

1.1 Mandatory Payments of Interest and Principal. Commencing on the Effective Date, interest shall accrue on the unpaid principal amount of this Note outstanding from time to time at the rate of two percent (2%) per annum (the "Basic Interest Rate") (computed on the basis of a 365-day year and the actual number of days elapsed in any year). Interest shall not be compounded. Beginning on January _____, 2002, the Company shall pay to the Holder quarterly payments of accrued interest and quarterly principal payments of $750,000 on the ___ day of each January, April, July and October. The Company shall pay the entire remaining unpaid principal balance amount on January __, 2006 (the "Maturity Date"), together with any accrued and unpaid interest.

1.2 Prepayments. (a) From the period beginning on the Effective Date and ending on _____, 2001 [90 days after Effective Date], the Company may, at its option, prepay the entire outstanding principal amount of this Note, together with interest accrued thereon, except that such interest shall be calculated at the rate of twelve percent (12%) per annum (the "Increased Interest Rate") accruing from the Effective Date through the date of prepayment. The Company shall send written notice to the Holder of its election to make a prepayment on this Note pursuant to this Section 1.2(a) by registered or certified mail, return receipt requested, at least five (5) days prior to the date of prepayment.

(b) Beginning on January ____, 2003, the Company may, at its option, at any time and from to time, prepay all or any portion of the outstanding principal amount of this Note, together with interest accrued thereon, without penalty or premium. The Company shall send written notice to the Holder of its election to make a prepayment on this Note pursuant to this Section 1.2(b) by registered or certified mail, return receipt requested, at least thirty (30) days prior to the date of prepayment. Unless the Company receives, at least (10) ten days prior to the date of prepayment, written notice from the Holder of such Holder's election to convert the Note pursuant to Section 2 below, the Company shall pay the full amount which the Company intends to prepay, plus interest accrued on the outstanding principal amount through the date of prepayment specified in the Company's notice.

2. Payment by Optional Conversion.

2.1 Conversion; Conversion Price. The Holder has the right, at its option, at any time after January 31, 2002 and until this Note is paid in full, to convert, in lieu of payment of cash, the then-outstanding principal balance of this Note (or any portion thereof in an amount not less than $3,000,000) into that number of fully paid and nonassessable shares of the Parent's Common Stock, par value $.01 per share ("Common Stock"), equal to (i) the principal amount hereof that the Company elects to convert divided by (ii) the Conversion Price. The Conversion Price shall be equal to the product of (A) $_____ per share (which is the Market Price (as hereafter determined) of the Common Stock in effect on December 21, 2000), and (B) one hundred and two percent (102%). Common Stock into which this Note may be converted is referred to herein as "Conversion Stock." "Market Price" shall mean the average of the closing price of the Common Stock on the New York Stock Exchange, or if there has been no sales on such exchange on any day, the average of the highest bid and lowest asked prices on such exchange at the end of such day, in each such case averaged over a period of the thirty (30) calendar days prior to the December 21, 2000. Notwithstanding anything contained herein to the contrary, no conversion may be made of principal in any amount less than $3,000,000 and in no event shall the amount of any interest accrued hereunder be convertible into shares of Common Stock.

2.2 Changes in Common Stock. If the Parent shall (i) combine the outstanding shares of Common Stock into a lesser number of shares, (ii) subdivide the outstanding shares of Common Stock into a greater number of shares, or (iii) issue additional shares of Common Stock as a dividend or other distribution with respect to the Common Stock, the number of shares of Conversion Stock shall be equal to the number of shares which the Holder would have been entitled to receive after the happening of any of the events described above if such shares had been issued immediately prior to the happening of such event, such adjustment to become effective concurrently with the effectiveness of such event. The Conversion Price in effect immediately prior to any such

combination of Common Stock shall, upon the effectiveness of such combination, be proportionately increased. The Conversion Price in effect immediately prior to any such subdivision of Common Stock or at the record date of such dividend shall upon the effectiveness of such subdivision or immediately after the record date of such dividend be proportionately reduced.

2.3 Reorganizations and Reclassification. If there shall occur any capital reorganization or reclassification of the Common Stock (other than a change in par value or a subdivision or combination as provided for in Section 2.2), then, as part of any such reorganization or reclassification, lawful provision shall be made so that the Holder shall have the right thereafter to receive upon the conversion hereof the kind and amount of shares of stock or other securities or property which such Holder would have been entitled to receive if, immediately prior to any such reorganization or reclassification, such Holder had held the number of shares of Common Stock which were then purchasable upon the conversion of this Note. In any such case, appropriate adjustment (as reasonably determined by the Board of Directors of the Parent) shall be made in the application of the provisions set forth herein with respect to the rights and interests thereafter of the Holder such that the provisions set forth in this Section 2 (including provisions with respect to adjustment of the Conversion Price) shall thereafter be applicable, as nearly as is reasonably practicable, in relation to any shares of stock or other securities or property thereafter deliverable upon the exercise of this Note.

2.4 Merger, Consolidation or Sale of Assets. (a) If there shall be a merger or consolidation of the Parent with or into another corporation (other than a merger or reorganization involving only a change in the state of incorporation of the Parent or the acquisition by the Parent of other businesses where the Parent survives as a going concern), or the sale of all or substantially all of the Parent's capital stock or assets to any other person, then as a part of such transaction, provision shall be made so that the Holder shall thereafter be entitled to receive the number of shares of stock or other securities or property of the Parent, or of the successor corporation resulting from the merger, consolidation or sale, to which the Holder would have been entitled if the Holder had converted this Note immediately prior thereto. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 2 to the end that the provisions of this Section 2 shall be applicable after that event in as nearly equivalent a manner as may be practicable.

(b) Notwithstanding any provision of this Note to the contrary, if there shall occur a Change of Control (as hereafter defined) of the Parent, the Holder, may elect, at its option, to (i) convert this Note pursuant to Section 2.1 above or (ii) relinquish all of its rights hereunder to convert this Note, in which case it shall be entitled to receive interest on the outstanding principal balance of this Note at a rate equal to the Increased Interest Rate beginning on the Effective Date. For purposes hereof, "Change of Control" shall mean the consummation of any transaction, the result of which is that any person [other than DLJ] becomes owner, directly or indirectly, by merger, sale of assets or otherwise, of 51% or more of the voting rights of the Parent. The Parent shall send written notice to the Holder of its election to enter into a transaction giving rise to a Change in Control by registered or certified mail, return receipt requested, at least twenty (20) days prior to the effective date of such transaction. The Holder shall notify the Parent and the Company in writing no later than five (5) days prior to the effective date of the transaction giving rise to the Change of Control of its election pursuant to this Section 2.4(b). If the Holder elects to increase the interest rate of this Note to the Increased Interest Rate pursuant to clause (ii), the amount of interest due hereunder shall be recalculated from the Effective Date, the Company shall receive credit for any

interest previously paid at the Basic Interest Rate and the amount of past due interest based on such recalculation shall be due and payable on the next quarterly interest payment date.

2.5 Mechanics of Conversion. Before the Holder of this Note shall be entitled to convert the same into shares of Common Stock of the Parent pursuant to this Section 2, it shall surrender this Note duly endorsed, at the office of the Parent , and shall give written notice by mail, postage prepaid, to the Parent at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares are to be issued. The Parent shall, promptly thereafter, issue and deliver to such Holder, or the nominee or nominees of such Holder, at the address specified by such Holder, a certificate or certificates for the number of shares as aforesaid, provided, however, that if the person in whose name certificates are requested to be registered is other than the registered owner of this Note, the Parent may require, prior to issuance of a certificate in the name of such other person, that it receive reasonable transfer documentation including opinions or other evidence that the issuance of certificates in such other name as requested does not and will not cause a violation of the Securities Act of 1933, as amended (the "Securities Act"), any similar Federal statute at the time in effect or any applicable state securities laws. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of this Note with such notice, and the person or persons entitled to receive the shares of stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares as of such date. In the event of a conversion of less than the entire outstanding principal amount of this Note, the Company and the Parent, if applicable shall deliver to the Holder a new note substantially in the form of this Note, representing the portion of the principal amount of this Note so surrendered in connection with such conversion but which was not converted.

2.6 Reservation of Stock Issuable Upon Conversion. The Parent shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of this Note, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of this Note.

2.7 Securities Act of 1933. Upon conversion of this Note, the Holder will be required to execute and deliver to the Parent an instrument, in form satisfactory to the Parent, representing that the shares issuable upon conversion hereof are being acquired for investment and not with a view to distribution within the meaning of the Securities Act.

2.8 No Fractional Shares and Certificates. No fractional shares shall be issued upon conversion of this Note and the number of shares of Common Stock to be issued shall be rounded down to the nearest whole share and the Company shall pay to the Holder in cash an amount equal to the Conversion Price then in effect multiplied by the fractional share.

3. No Rights as Shareholder. Nothing contained in this Note shall be construed as conferring upon the Holder hereof or its transferees the right to vote or to receive dividends or to consent or to receive notice as a shareholder in respect of any meeting of shareholders for the election of directors of the Parent or of any other matter, or any rights whatsoever as a shareholder of the Parent , unless and to the extent converted.

4. Unsecured; Subordination. (a) This Note is an unsecured obligation of the Company. This Note is subordinate and junior in right of payment to the prior payment in full in cash of all Senior Debt of the Company. "Senior Debt" of the Company shall mean all indebtedness of the Company (of any kind or nature, whether contingent or otherwise) now outstanding or hereafter created, assumed or guaranteed by the Company (but excluding any indebtedness of the Company that is (i) incurred in connection with the Company's acquisition of assets or interests in any person or entity and (ii) convertible into shares of the Company or the Parent), unless the instrument evidencing the same expressly provides that such indebtedness shall not constitute "Senior Debt" for purposes of this Note, in each case including any extension or renewal thereof and any refinancing or replacement of such indebtedness (whether such extension, renewal, refinancing or replacement is for a lesser, the same or a greater principal amount than the then existing or original amount of such indebtedness), and the Holder agrees, if requested by the Company, to execute an intercreditor and subordination agreement with, and in a form satisfactory to, the lender(s) of any such Senior Debt.

(b) Subordination Riders to be provided by Mayer Brown.

5. Events of Default. For purposes of this Note, an Event of Default shall be deemed to have occurred if:

(a) the Company fails to pay when due and payable (whether at maturity or otherwise) the full amount of any principal payment of this Note, and such failure is not cured within ten (10) days after the occurrence thereof;

(b) the Company fails to pay when due and payable (whether at maturity or otherwise) the full amount of interest then accrued on any Note, and such failure is not cured within ten (10) days after the occurrence thereof; or

(c) the Company makes an assignment for the benefit of creditors or admits in writing its ability to pay its debts generally as they become due; or an order, judgment or decree is entered adjudicating the Company bankrupt or insolvent; or any order for relief with respect to the Company is entered under the Federal Bankruptcy Code; or the Company petitions or applies to any tribunal for the appointment of a custodian, trustee, receiver or liquidator of the Company or of any substantial part of the assets of the Company, or commences any proceeding relating to the Company under any bankruptcy reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction; or any such petition or application is filed, or any such proceeding is commenced, against the Company and either (A) the Company by any act indicates its approval thereof, consent thereto or acquiescence therein or (B) such petition, application or proceeding is not dismissed with sixty (60) days.

Upon the occurrence of an Event of Default, the Holder shall have the option to declare the entire outstanding principal balance of this Note, together with accrued and unpaid interest thereon, to be immediately due and payable and the Holder shall also be entitled to exercise all of the rights and remedies afforded by the Uniform Commercial Code as from time to time in effect in the Commonwealth of Massachusetts or afforded by other applicable law.

6. Registration Rights

(a) Piggyback Registration.

(i) Participation. If the Parent elects to file a registration statement under the Securities Act covering the offer and sale of any Common Stock (or equity securities converted into Common Stock) in connection with any public offering (other than a registration statement on Form S-8 or Form S-4, or their successors, or any other form for a similar limited purpose, or any registration statement covering only securities proposed to be issued in exchange for securities or assets of another corporation), the Parent shall give written notice thereof to the Holder at least seven (7) business days before filing. The Holder shall have a Piggyback Registration Right to participate in such offering upon the giving of notice to the Parent within three (3) business days of receipt by it of notice from the Parent. If the Holder notifies the Parent of its intent to exercise such Piggyback Registration Right, subject to (a) (ii) and (a)(iii) below, the Parent shall include in such registration statement such number of shares of Common Stock held by the Holder following a full or partial conversion of this Note ("Registrable Securities") as requested by the Holder. If the public offering is underwritten, such Registrable Securities shall be included in the underwriting for the public offering on the same terms and conditions as the securities otherwise being sold in such offering.

(ii) Underwriters' Cutback. If the public offering is underwritten and, in the opinion of the managing underwriter of such offering the inclusion of any or all of the shares of Registrable Securities requested to be registered would be impracticable, then the number of shares of Registrable Securities to be included in the offering shall be reduced (including the possibility that the underwriter(s) shall not allow the registration of any Registrable Securities), with the participation in such offering to be in the following order of priority: (1) first, securities to be issued by the Parent shall be included, and (2) second, any other Common Stock required to be included pursuant to any demand registration right granted to any other holder of Common Stock shall be included, and (3) third, Registrable Securities and any other Common Stock entitled to registration rights requested to be included, on a pro rata basis, shall be included.

(iii) Underwriting Agreement. In connection with any registration under this Section 6 (a) involving an underwriting, the Parent shall not be required to include any Registrable Securities in such registration unless the Holder accepts the terms of the underwriting as determined by the underwriters selected by the Parent (provided that such terms must be consistent with the applicable provisions of this Note and provided, further, that any inability of the Holder to agree with the underwriters shall not restrict the ability of the Parent to proceed with the registration).

(b) Demand Registration Rights.

(i) In General. Subject to clause (ii) of this Section (b), the Holder may request, on not more than two occasions, by written notice to the Parent that the Parent file a Registration Statement under the Securities Act covering the Registrable Securities, provided, however, that the Holder shall not exercise such Demand Registration Right unless the

reasonably anticipated aggregate price to the public, net of underwriting discounts and commissions, is in excess of $6,000,000.

(ii) Effectiveness. Subject to the following sentences, the Parent shall be obligated to prepare, file and use its best efforts to cause a Registration Statement to become effective in connection with each Demand Registration requested pursuant to (b), and to remain effective for a period of ninety days or until the sale of all securities registered thereunder. If (A) the Parent withdraws a Registration Statement filed pursuant to a Demand Registration prior to the effectiveness thereof, or (B) the sale of securities to which a Registration Statement filed pursuant to a Demand Registration applies is not consummated other than by action of the Selling Holder, such Registration Statement shall not be counted in determining the number of registrations in which Holder's securities have been included or otherwise adversely affect Holder's rights hereunder.

(iii) Managing Underwriter. The managing underwriter or underwriters of any underwritten public offering covered by a Demand Registration shall be selected by the Parent.

(iv) Parent's Right to Defer. If the Parent is requested to effect a Demand Registration, the Parent shall have the right to defer such filing for a period of not more than 180 days after receipt of the request for such registration from the Holder of Registrable Securities requesting such registration; provided that during such time the Parent may not file a registration statement (other than a registration statement on Form S-4 or Form S-8 or a registration statement already approved by the Board) for securities to be issued and sold for its own account or that of anyone other than the Holder of Registrable Securities requesting such registration.

(v) Notwithstanding the foregoing, the Parent shall not be obligated to take any action pursuant to this section (b): (A) if the Parent, within ten (10) days of the receipt of the request of the Holder pursuant to (b)(i) above, gives notice of its bona fide intention to effect the filing of a Registration Statement with the U.S. Securities and Exchange Commission within ninety (90) days of receipt of such request (other than with respect to a registration statement relating to a Rule 145 transaction, an offering solely to employees or any other registration which is not appropriate for the registration of Registrable Securities); (B) during the period starting with the date sixty (60) days prior to the Parent's estimated date of filing of, and effective date of, any Registration Statement pertaining to securities of the Parent (other than a registration of securities in a Rule 145 transaction or with respect to an employee benefit plan), provided that the Parent is actively employing in good faith all reasonable effort to cause such Registration Statement to become effective, (c) within six (6) months after the effective date of any other Registration Statement on Form S-1 or Form S-3 of the Parent or (d) if the Parent, within ten (10) days of the receipt of the request of the Holder pursuant to (b)(i) above, gives notice that the board of directors of the Parent has determined in the exercise of its good faith business judgment that the filing of a registration statement would unreasonably interfere with the Parent's strategic financing plans, provided, however, that the Parent shall not use this right under this clause (d) more than once in any twelve (12) month period.

(c) "Stand-Off" Agreement. The Holder, if requested by the Parent and the managing underwriter of an offering by the Parent of Common Stock or other securities of the Parent

pursuant to a Registration Statement covering Common Stock to be sold on its behalf to the public agrees not to sell, make any short sale of, loan, grant any option for the purchase of, publicly or otherwise transfer or dispose of any Registrable Securities or other securities of the Parent held by the Holder other than shares included in the registration for the period of ninety (90) days following the effective date of such Registration Statement, provided all officers and directors are similarly bound.

(d) Indemnification.

(i) Indemnification by the Parent. The Parent agrees to indemnify and hold harmless the Holder of Registrable Securities which has included Registrable Securities in a registration statement, its officers, directors and agents and each person, if any, who controls such Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any registration statement or final prospectus relating to the Registrable Securities or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or expenses arise out of, or are based upon, any such untrue statement or omission based upon information furnished to the Parent by the Holder of the Registrable Securities or on such Holder's behalf expressly for use therein; provided, that with respect to any untrue statement or omission made in any preliminary prospectus, the indemnity agreement contained in this paragraph shall not apply to the extent that any such loss, claim, damage, liability or expense results from the fact that a current copy of the prospectus was not sent or given to the person asserting any such loss, claim, damage, liability or expense at or prior to the written confirmation of the sale of the Registrable Securities concerned if it is determined that it was the responsibility of the Holder of such Registrable Securities to provide such person with a current copy of the prospectus and such current copy of the prospectus would have cured the defect giving rise to such loss, claim, damage, liability or expense. The Parent also agrees to indemnify any underwriters of the Registrable Securities, their officers and directors and each person who controls such underwriters on substantially the same basis as that of the indemnification of the Holder of such Registrable Securities provided in this section (d).

(ii) Indemnification by the Holder of Registrable Securities. The Holder of Registrable Securities, to the extent it is selling Registrable Securities ("Selling Holder"), agrees to indemnify and hold harmless the Parent, its directors and officers and each person, if any, who controls the Parent within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Parent to the Selling Holder, but only with respect to, and to the extent that, information furnished by the Selling Holder or on the Selling Holder's behalf expressly for use in any registration statement or final prospectus relating to the Registrable Securities (or any amendment or supplement thereto, or any preliminary prospectus) which contained an untrue statement or alleged untrue statement of a material fact or omitted or allegedly omitted to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading. Notwithstanding anything to the contrary contained herein, the liability of the Holder hereunder shall be limited to the

proportion of any such loss, claim, damage, liability or expense that is equal to the proportion that the public offering price of the shares of Registrable Securities sold by the Holder bears to the total public offering price of all securities sold in such offering. In case any action or proceeding shall be brought against the Parent or its directors or officers, or any such controlling Person, in respect of which indemnity may be sought against such Selling Holder, such Selling Holder shall have the rights and duties given to the Parent, and the Parent or its directors or officers or such controlling Person shall have the rights and duties given to such Selling Holder, by the preceding subsection. The Selling Holder also agrees to indemnify and hold harmless the underwriters on substantially the same basis of that of the indemnification of the Parent provided in the preceding subsection.

(e) Contribution. If the indemnification provided for herein is unavailable to the Parent, the Selling Holder or the underwriters in respect of any losses, claims, damages, liabilities, expenses or judgments referred to herein, then each such indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities, expenses and judgments (i) as between the Parent and the Selling Holder on the one hand and the underwriters on the other, in such proportion as is appropriate to reflect the relative benefits received by the Parent and the Selling Holder on the one hand and the underwriters on the other from the offering of the Registrable Securities, or if such allocation is not permitted by applicable law, in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Parent and the Selling Holder on the one hand and of the underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities, expenses or judgments, as well as any other relevant equitable considerations and (ii) as between the Parent on the one hand and each Selling Holder on the other, in such proportion as is appropriate to reflect the relative fault of the Parent and of each Selling Holder in connection with such statements or omissions, as well as any other relevant equitable considerations. The relative benefits received by the Parent and the Selling Holder on the one hand and the underwriters on the other shall be deemed to be in the same proportion as the total proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by the Parent and the Selling Holder bear to the total underwriting discounts and commissions received by the underwriters, in each case as set forth in the table on the cover page of the prospectus. The relative fault of the Parent on the one hand and of each Selling Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party, and the party's relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Parent and the Holder agree that it would not be just and equitable if contribution pursuant to this section were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities, expenses or judgments referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection

with investigating or defending any such action or claim. Notwithstanding the provisions of this section, no underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no Selling Holder shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities of such Selling Holder were offered to the public exceeds the amount of any damages which such Selling Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) Registration Expenses.

(i) Registrations Rights. The Parent shall bear all registration expenses incurred in connection with Piggyback Registration Rights and Demand Registration Rights, which may include the reasonable attorneys' fees and costs of one special counsel to the Holder (unless Parent's counsel is willing to serve as counsel to the Holder in connection with such registrations).

(ii) Expenses of Registrant. The Parent shall pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit, the fees and expenses incurred in connection with any listing of the securities to be registered on a securities exchange, and the fees and expenses of any person, including special experts, retained by the Parent .

(f) Termination of Registration Rights. Notwithstanding anything to the contrary contained herein, the registration rights set forth herein shall terminate at any time that the Holder is able to sell all of its Registrable Securities under Rule 144 of the Securities Act in a single transaction without exceeding the volume limitations thereunder.

7. General.

(a) Governing Law. This Note shall be governed by and construed in accordance with the law of The State of Maryland.

(b) Severability. If any term or provision of this Note shall be held invalid, illegal or unenforceable, the validity of all other terms and provisions hereof shall in no way be affected thereby.

(c) Successors and Assigns; Transferability. This Note shall be binding upon the Company and its successor and assigns and shall inure to the benefit of the Holder and its successors and permitted assigns (which shall include permitted transferees). This Note may not be assigned by the Holder, except to an Affiliate of the Holder. For purposes hereof, an "Affiliate" shall mean any person who, directly or indirectly, controls, is controlled by or is under common control with, the Holder.

(d) Notices. All notices, requests, consents and demands shall be made in writing and shall be mailed postage prepaid, or delivered by hand, to the Company or to the Holder thereof at their respective addresses set forth below or to such other address as may be furnished in writing to the other party hereto:

If to the Holder: _____

_____

_____

_____

If to the Company to: _____

_____

_____

_____

If to the Parent to: _____

_____

_____

_____

All notices, requests, consents and other communications hereunder shall be deemed to have been given either (i) if by hand, at the time of the delivery thereof to the receiving party at the address of such party set forth above, (ii) if made by telex, telecopy or facsimile transmission, at the time that receipt thereof has been acknowledged by electronic confirmation or otherwise, (iii) if sent by overnight courier, on the next business day following the day such notice is delivered to the courier service, or (iv) if sent by registered or certified mail, on the 5th business day following the day such mailing is made.

(e) Saturdays, Sundays, Holidays. If any date that may at any time be specified in this Note as a date for the making of any payment or the giving of notices under this Note shall fall on Saturday, Sunday or on a day which in Maryland shall be a legal holiday, then the date for the making of that payment or the giving of notices shall be the next subsequent day which is not a Saturday, Sunday or legal holiday.

8. Right of Off-Set. If and to the extent that the Holder or its successors or permitted assigns pursuant to that certain Stock Purchase Agreement dated as of December 21, 2000, by and among the Company, Pathology Associates International Corporation and the Holder (the "Stock Purchase Agreement") is required to make any payment under the Stock Purchase Agreement to the

Company or to any Buyer Indemnified Party (as defined in the Stock Purchase Agreement) and has failed to do so within the time required in the Stock Purchase Agreement, the Company may elect to deduct the amount of any such payment from amounts due to the Holder under this Note, provided that the Company gives the Holder five (5) days' prior notice of the Company's intention to so offset and the Holder is permitted to pay to the Company such unpaid amount during such (5) day period, it being agreed that during such five (5) day period, the Holder shall not be permitted to convert this Note, notwithstanding any provision hereof to the contrary. The amount of any such deduction shall reduce by an equal amount the obligation of the Company to make such payment to the Holder. The Company shall provide to the Holder an accounting of amounts offset against payments due hereunder.

9. Parent's Limited Obligations. By its signature below, the Parent agrees to its obligations set forth in Sections 2 and 6 above, but assumes no liability for any other obligation hereunder. By its acceptance of this Note, the Holder acknowledges and agrees that Parent's obligations hereunder are limited solely to Sections 2 and 6 above, and that Parent shall have no liability whatsoever hereunder as co-maker, endorser, guarantor or other party responsible for payment or performance hereunder (except for Sections 2 and 6 above).

IN WITNESS WHEREOF, the Company has executed and delivered this Note on January ____ , 2001.

CHARLES RIVER LABORATORIES, INC.

Attest

By_____
Its _____

_____

Sections 2 and 6 above agreed to:

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

By: _____
Its: _____

EXHIBIT C

Exhibit 2.5

EXECUTION COPY

STOCK PURCHASE AGREEMENT

by and among

Charles River Laboratories, Inc.
as Buyer

Primedica Corporation
as the Company

TSI Corporation,
as the Stockholder of the Company

and

Genzyme Transgenics Corporation

February 6, 2001

STOCK PURCHASE AGREEMENT

INDEX

STOCK PURCHASE AGREEMENT

AGREEMENT (this "Agreement") entered into as of February 6, 2001 by and among Charles River Laboratories, Inc., a Delaware corporation ("Buyer"), Primedica Corporation, a Delaware corporation (the "Company"), TSI Corporation, a Delaware corporation and the holder of all of the Company's capital stock (the "Stockholder"), and Genzyme Transgenics Corporation, a Massachusetts corporation and the holder of all of the Stockholder's capital stock ("GTC").

WHEREAS, the Stockholder owns of record and beneficially all of the issued and outstanding capital stock of the Company, consisting of 5,100 shares of the Company's common stock, $.01 par value per share (said shares being referred to herein as the "Company Shares"); and

WHEREAS, the Stockholder desires to sell all of the Company Shares to Buyer, and Buyer desires to acquire all of the Company Shares.

NOW, THEREFORE, in order to consummate said purchase and sale and in consideration of the mutual agreements set forth herein, the parties hereto agree as follows:

SECTION 1. SALE OF SHARES AND PURCHASE PRICE

1.1 Sale and Transfer of Company Shares In consideration of and in reliance upon the representations, warranties and covenants contained herein and subject to the terms and conditions of this Agreement, the Stockholder agrees to sell, and Buyer agrees to purchase, at the Closing, the Company Shares. At the Closing, the Stockholder shall deliver or cause to be delivered to Buyer certificates representing all of the Company Shares. Such stock certificates shall be duly endorsed in blank for transfer or shall be presented with stock powers duly executed in blank, with such other documents as may be reasonably required by Buyer to effect a valid transfer of such Company Shares by the Stockholder, free and clear of any and all liens, encumbrances, charges or claims.

1.2 Consideration Delivered at Closing; Assumption of Liabilities. In consideration of the sale by Stockholder to Buyer of the Company Shares and subject to the satisfaction of the conditions contained herein, Buyer agrees that at the Closing it will:

(a) deliver to the Stockholder Twenty-Six Million Dollars ($26,000,000), as adjusted as described below (the "Cash Consideration"), in cash by bank cashier check in Boston Clearing House Funds or by wire transfer of immediately available funds;

(b) deliver to the Stockholder Sixteen Million Five Hundred Thousand Dollars ($16,500,000) in value (the "Stock Consideration") of shares of the common stock of Charles River Laboratories International, Inc. ("CRLI") (the "CRLI Common Stock");

(c) assume and agree to pay or discharge when due in accordance with their respective terms, or otherwise satisfy at Closing, the obligations specified on Schedule 1.2(b) attached hereto (the "Assumed Debt") in the amount due at the time of Closing; provided, however, that the Assumed Debt shall not exceed Nine Million Five Hundred Thousand Dollars ($9,500,000) and shall relate exclusively to the business of the Company as conducted on the date of this Agreement; and

(d) assume and agree to perform in accordance with their respective terms and obligations specified on Schedule 1.2(c) attached hereto (the "Assumed Obligations").

Other than as expressly set forth in this Agreement, the Buyer shall assume no responsibility for debts or obligations of the Company, GTC or the Stockholder other than the Assumed Debt and the Assumed Obligations.

The Cash Consideration will be adjusted (as adjusted, the "Adjusted Cash Consideration") on a dollar-for-dollar basis by the amount (the "Book Value Adjustment") that the Book Value (as defined below) of the Company's net assets reflected in the Purchase Price Statement (as defined below) differs from the Book Value of the Company's net assets reflected on the Base Balance Sheet (as defined below), as adjusted to reflect year end audit adjustments, if any. As soon as practicable after the Closing, but in no event later than thirty (30) days after the Closing Date, Buyer shall review the books and records of the Company. Within said period, Buyer also shall (i) calculate the Book Value of the Company as of the Closing Date, (ii) prepare a statement setting forth a detailed calculation of the Book Value Adjustment and the Adjusted Cash Consideration (the "Purchase Price Statement"), and (iii) within three (3) days after completion of the Purchase Price Statement, deliver the Purchase Price Statement to the Stockholder. For purposes of calculating the Book Value Adjustment, Buyer may only make adjustments for items occurring on or after January 1, 2001. The Stockholder shall have ten (10) days after receipt of the Purchase Price Statement to give Buyer written notice of its objection to any item or calculation contained in the Purchase Price Statement. If the Stockholder does not give Buyer written notice of its objection to the Purchase Price Statement within such ten (10) day period, such Purchase Price Statement shall be deemed final and conclusive with respect to the determination of the Book Value Adjustment and the Adjusted Cash Consideration and shall be binding on the parties for such purposes. If, however, the Stockholder objects to any items or calculations contained in the Purchase Price Statement, the parties shall meet and shall attempt in good faith to resolve such objections. If the parties are unable to resolve the Stockholder's objections within ten (10) days following such objection, such objections and Buyer's responses thereto will be reviewed by a "Big 5" accounting firm to be mutually agreed upon (prior to the end of such ten (10) day period) by the Stockholder and the Buyer (the "Independent Accountant"), who shall resolve all such objections, make any necessary revisions to the Purchase Price Statement, and deliver the Purchase Price Statement (as so revised, if applicable) to Buyer and the Stockholder within fifteen (15) days after receiving written instructions to

resolve such objections. The Purchase Price Statement as finalized by the Independent Accountant shall be deemed final and conclusive with respect to the Book Value Adjustment and the Adjusted Cash Consideration and shall be binding on the parties for such purposes. The fees and expenses of the Independent Accountant in resolving all such objections shall be borne (x) one-half by Buyer and (y) one-half by the Stockholder.

If the Adjusted Cash Consideration exceeds the Cash Consideration, Buyer shall pay to the Stockholder in cash the amount of such excess within seven (7) days after final determination of the Adjusted Cash Consideration pursuant to this Section 2.3. If the Cash Consideration exceeds the Adjusted Cash Consideration, the Stockholder shall pay to Buyer in cash the amount of such excess within seven (7) days after final determination of the Adjusted Cash Consideration pursuant to this Section 2.3.

"Book Value" means, as of any date of determination, the book value of the Company's assets (net of depreciation or amortization) less its liabilities, determined (i) in accordance with generally accepted accounting principles as in effect in the United States applied on a consistent basis with the Company's past practices and (ii) adjusted under the following circumstances: (a) as specifically provided in this Agreement or any exhibit or schedule hereto, including, without limitation, the Base Balance Sheet, and (b) to reflect those adjustments mutually agreed to by the Stockholder and Buyer including, without limitation, the pro forma adjustments referenced in Section 2.7, or as resolved by the Independent Accountant pursuant to this section if the Stockholder and Buyer are unable to agree.

The number of shares of CRLI Common Stock to be delivered at Closing will be determined by dividing the dollar value of the Stock Consideration by the average closing sales price of the CRLI Common Stock reported on Buyer's primary exchange for the 10 trading days ending on the third business day prior to the Closing (as defined below) (the "Average Sales Price").

1.3 Time and Place of Closing. The closing of the purchase and sale provided for in this Agreement (the "Closing") shall be held at the offices of Goodwin Procter LLP at Exchange Place, Boston, Massachusetts on February 26, 2001 at 10:00 a.m. (the "Closing Date") or at such other place or an earlier or later date or time as may be mutually agreed upon by the parties.

1.4 Further Assurances. The Stockholder, GTC and Buyer from time to time after the Closing without further consideration shall execute and deliver further instruments of transfer and assignment and take such other action as the other party may reasonably require to more effectively transfer and assign to, and vest in, Buyer the Company Shares and all rights thereto, and to fully implement the provisions of this Agreement.

1.5 Treatment of Stock Options. All outstanding options granted under GTC's Equity Incentive Plan to employees of the Company (the "Company Options") will be treated as follows:

(a) Fifty percent (50%) of any unvested Company Options held by each of Alan Hoberman, Alan Moore, John Coursen, Tricia Hall, Mildred Christian and Henry Esber (collectively, the "Management Team") shall accelerate and become exercisable. All Company Options held by the Management Team shall terminate in accordance with their terms; and

(b) All Company Options held by optionees other than Mr. Glick (whose Company Options shall be governed by the terms of his Amended and Restated Employment Agreement with GTC dated September 16, 1997) and the Management Team shall terminate in accordance with their terms.

SECTION 2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY, THE STOCKHOLDER AND GTC.

2.1 Making of Representations and Warranties. As a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated hereby, the Company, the Stockholder and GTC jointly and severally hereby make to Buyer the representations and warranties contained in this Section 2, subject to such exceptions as are specifically disclosed in the section of the disclosure schedules attached hereto and made a part hereof (the "Disclosure Schedules") corresponding to the Section of this Agreement to which such exception is intended to apply. For purposes of this Agreement, information shall be deemed to be known to or to the "knowledge" of the Company, GTC or the Stockholder if that information is actually known or reasonably should be known after reasonable inquiry or investigation by any officer or director of the Company, GTC or the Stockholder, as applicable.

2.2 Organization and Qualifications of the Company. The Company is a corporation duly organized, validly existing and in good standing under the laws of Delaware with full corporate power and authority to own or lease its properties and to conduct its business in the manner and in the places where such properties are owned or leased or such business is currently conducted. The Company's Certificate of Incorporation as amended to date, certified by the Secretary of State of the State of Delaware (the "Certificate of Incorporation") and of the Company's by-laws, as amended to date, certified by the Company's Secretary (the "By-laws"), copies of which have been made available to Buyer's counsel, are complete and correct, and no amendments to them are pending. The Company is not in violation of any term of its Certificate of Incorporation or By-laws. The Company is duly qualified to do business as a foreign corporation in each jurisdiction in which the properties owned, leased or operated, or the businesses conducted by it require such qualification, except for any such failure so to qualify which, individually or in the aggregate, would not have a Material Adverse Effect on the Company. For purposes of this Agreement, "Material Adverse Effect" means, with respect to any entity, such state of facts, events, conditions, change or effect as have had, or would reasonably be expected to have, a material adverse effect on the business, results of operations, financial condition or prospects of such entity.

2.3 Capital Stock of the Company; Beneficial Ownership. The authorized capital stock of the Company consists of 5,100 shares of common stock, $.01 par value per share, all of

which is duly and validly issued, outstanding, fully paid and non-assessable and free of preemptive or similar rights. There are no outstanding options, warrants, rights, commitments, preemptive rights or agreements of any kind for the issuance or sale of, or outstanding securities convertible into, any additional shares of capital stock of any class of the Company, or any outstanding warrants, options or other rights to acquire any such convertible securities. The Stockholder owns beneficially and of record all of the Company Shares, which Company Shares are owned free and clear of any liens, restrictions or encumbrances. No capital stock of the Company has ever been issued in violation of any federal or state law or in violation of any preemptive rights or any other rights of any other person.

2.4 Subsidiaries. The Company's subsidiaries and investments in any other corporation or business organization are listed in Schedule 2.4 (collectively, the "Subsidiaries" or individually, a "Subsidiary"). Except as set forth in Schedule 2.4, each Subsidiary is a duly organized, validly existing corporation in good standing under the laws of the state of its incorporation with full corporate power and authority to own or lease its properties and to conduct its business in the manner and in the places where such properties are owned or leased or such business is currently conducted. Except as disclosed in Schedule 2.4, all of the outstanding shares of capital stock of each Subsidiary are owned beneficially and of record by the Company free of any lien, restriction or encumbrance and said shares have been duly and validly issued and are outstanding, fully paid and non-assessable. Each Subsidiary is duly qualified to do business as a foreign corporation in each jurisdiction where such qualification is required except where the failure to be so qualified would not have a Material Adverse Effect on the Company. Except as disclosed in Schedule 2.4, there are no outstanding options, warrants, rights, commitments, preemptive rights or agreements of any kind for the issuance or sale of, or outstanding securities convertible into, any additional shares of capital stock of any class of a Subsidiary, or any outstanding warrants, options or other rights to acquire any such convertible securities.

2.5 Authority of the Company.

(a) The Company has full right, authority and power to enter into this Agreement and each agreement, document and instrument to be executed and delivered by the Company pursuant to this Agreement and to carry out the transactions contemplated hereby and thereby.

(b) Except as disclosed on Schedule 2.5, the execution, delivery and performance by the Company of this Agreement and each such other agreement, document and instrument to be executed and delivered by the Company pursuant to the Agreement have been duly authorized by all necessary action of the Company and no other action on the part of the Company, GTC or the Stockholder is required in connection therewith.

(c) This Agreement and each agreement, document and instrument executed and delivered by the Company pursuant to this Agreement constitutes, or when executed and

delivered will constitute, legal, valid and binding obligations of the Company enforceable in accordance with their respective terms. The execution, delivery and performance by the Company of this Agreement and each such agreement, document and instrument:

(i) do not and will not violate any provision of the Certificate of Incorporation or By-laws;

(ii) do not and will not violate any laws of the United States, or any state or other jurisdiction applicable to the Company, or require the Company to obtain any approval, consent or waiver of, or make any filing with, any person or entity (governmental or otherwise) that has not been obtained or made; and

(iii) do not and will not result in a breach of, constitute a default under, accelerate any obligation under, or give rise to a right of termination of any indenture or loan or credit agreement or any other agreement, contract, instrument, mortgage, lien, lease, permit, authorization, writ, injunction, decree, determination, arbitration award, order or judgment to which the Company is a party or by which the property of the Company is bound or affected, or result in the creation or imposition of any lien or other encumbrance on any of the Company's assets or the Company Shares, except for breaches, defaults, accelerations, terminations or encumbrances that would not have a Material Adverse Effect on the Company.

2.6 Real Property; Personal Property.

(a) Owned Real Property. All of the real property owned by the Company or any of its Subsidiaries is identified on Schedule 2.6(a) (the "Owned Real Property"). The Company has made available to Buyer the title insurance policies relating to the Owned Real Property attached to Schedule 2.6(a) (the "Title Policies"). The Company and its Subsidiaries have good and marketable title to all Owned Real Property, free and clear of all liens, assessments, judgments, security interests and other encumbrances (collectively, "Encumbrances"), other than:

(i) Encumbrances for current taxes, assessments or governmental charges, or landlords', mechanics, workmen's or similar liens, which in each case are not delinquent or are being contested in good faith;

(i) minor Encumbrances that do not materially interfere with the use of the Owned Real Property as currently used and improved;

(ii) minor encroachments that do not materially adversely affect the value or use of the Owned Real Property as currently used and improved and that could be removed without material cost; and

(iii) Encumbrances listed in the Title Policies or listed on Schedule 2.6(a)(iv);

((i), (ii), (iii), and (iv) are collectively, "Permitted Encumbrances").

(b) Leased Real Property. All of the real property leased by the Company or one of its Subsidiaries is identified on Schedule 2.6(b) (the "Leased Real Property", collectively with the Owned Real Property, the "Real Property"). The Company and its Subsidiaries have good, clear, record and marketable title to enforceable leasehold interests in the Leased Real Property, and, to the knowledge of the Company, GTC and the Stockholder, the lessors of Leased Real Property have good, clear, record and marketable title to the Leased Real Property, in each case free and clear of all Encumbrances other than Permitted Encumbrances, subject only to the right of reversion of the Lessor. All leases of Leased Real Property (the "Leases") are identified on Schedule 2.6(b), true and complete copies of which have been made available to Buyer. Neither the Company nor any of its Subsidiaries are in default under any Lease, nor has any event occurred which, with notice or the passage of time, or both, would give rise to such a default. To the knowledge of the Company, GTC and the Stockholder, the other party to each Lease is not in default under such Lease and there is no event which, with notice or the passage of time, or both, would give rise to such a default. Except for rent amounts due pursuant to the Leases in the ordinary course of business, no fees, security deposits, advances or other amounts are due but not yet paid on with respect to the Leases.

(c) Consents. Except as set forth in Schedule 2.6(c), no consent or approval is required with respect to the transactions contemplated by this Agreement from the other parties to any Lease or from the holder of any Encumbrance on any Owned Real Property and no material filing with any governmental authority is required in connection therewith.

(d) Condition of Real Property. Except as set forth in Schedule 2.6(d), there are no material defects in the physical condition of any land, buildings or improvements constituting part of the Owned Real Property, including without limitation, structural elements, mechanical systems, parking and loading areas, and all such buildings and improvements are in good operating condition and repair. Except as set forth in Schedule 2.6(d), to the knowledge of the Company, GTC and the Stockholder there are no material defects in the physical condition of any land, buildings or improvements constituting part of the Leased Real Property, including without limitation, structural elements, mechanical systems, parking and loading areas, and all such buildings and improvements are in good operating condition and repair.

(e) Compliance with the Law. There are no pending or, to the knowledge of the Company, GTC and the Stockholder, threatened condemnation proceedings, litigation or administrative actions relating to the Owned Real Property or the Leased Real Property. The Company has not received any notice from any governmental authority of any violation of any law or governmental authorization issued with respect to any Owned Real Property or, to the knowledge of the Company, GTC and the Stockholder, with respect to any Leased Real Property, that has not been heretofore corrected and no such violation exists which could have a material adverse effect on the operation or value of any Owned Real Property or, to the knowledge of the Company, GTC and the Stockholder, any Leased Real Property. The use and operation by the Company of all improvements located on or constituting part of the Owned Real Property or, to the knowledge of the Company, GTC and the Stockholder, the Leased Real Property, are in compliance in all material respects with all applicable laws and governmental authorizations. The Company has not received any notice of any real estate tax deficiency or assessment which has not been satisfied or is aware of any proposed material deficiency, claim or assessment with respect to any of the Owned Real Property or, to the knowledge of the Company, GTC and the Stockholder, the Leased Real Property.

(f) Personal Property and Assets. Except as specifically disclosed in Schedule 2.6(f) or in the Base Balance Sheet (as defined below), as attached hereto, the Company and each of its Subsidiaries own and have good, valid and marketable title to the personal property and assets used in their respective businesses. None of such personal property or assets is subject to any mortgage, pledge, lien, conditional sale agreement, security title, encumbrance or other charge except as disclosed in Schedule 2.6(f) or in the Base Balance Sheet except as would not have a Material Adverse Effect on the Company. The Base Balance Sheet reflects all personal property currently held by the Company and each of its Subsidiaries, except for personal property acquired or disposed of in the ordinary course of business since the date of the Base Balance Sheet. Except as otherwise specified in Schedule 2.6(f), all leasehold improvements, furnishings, machinery and equipment of the Company and each of its Subsidiaries are in good operating condition and repair, have been well maintained, are adequate for the uses to which they are being put, are adequate for the conduct of the business of the Company in the manner in which such business is currently being conducted, and substantially comply with all applicable laws, ordinances and regulations, and such machinery and equipment is in good working order.

2.7 Financial Statements.

(a) The Company has delivered to Buyer an unaudited pro forma balance sheet of the Company and its Subsidiaries as of December 31, 2000 (herein the "Base Balance Sheet") and an unaudited statement of income and cash flows for the period then ended, certified by the Company's chief financial officer (together, the "Financial Statements"), copies of which are attached to this Agreement as Schedule 2.7. The Financial Statements have been prepared in accordance with generally accepted accounting principles (subject to the absence of footnotes and subject to pro forma adjustments to the Base Balance Sheet made to (i) reclassify

intercompany payables to Stockholder and GTC, (ii) record capital leases that had not closed at December 31, 2000, to the extent such capital leases are not already reflected on the Base Balance Sheet, and (iii) reclassify negative cash balances to equity) applied consistently during the periods covered thereby, are complete and correct in all material respects and present fairly in all material respects the financial condition of the Company and its Subsidiaries at the dates of said statements and the results of its operations for the periods covered thereby.

(b) Except as set forth in the Base Balance Sheet or in Schedule 2.7 to this Agreement, as of the dates of the Base Balance Sheet and this Agreement, there were no liabilities against, relating to or affecting the Company and its Subsidiaries.

2.8 Taxes.

(a) Each of the Company and its Subsidiaries has filed each return, declaration, report, claim for refund, or information return or statement relating to federal, state, local, foreign or other taxes, including without limitation, income taxes, estimated taxes, alternative minimum taxes, excise taxes, sales taxes, use taxes, value-added taxes, gross receipts taxes, franchise taxes, capital stock taxes, employment and payroll-related taxes, withholding taxes, stamp taxes, transfer taxes, windfall profit taxes, environmental taxes and property taxes, whether or not measured in whole or in part by net income ("Taxes"), including any schedule or attachment thereto ("Tax Returns"), that it was required to file, and has timely paid all Taxes shown thereon as owing, including all deficiencies, or other additions to tax, interest, fines and penalties owed by each of them, except where the failure to file Tax Returns or to pay Taxes would not have a Material Adverse Effect on the Company. No extension of time with respect to any date on which a Tax Return was or is to be filed by the Company or any Subsidiary is in force, and no waiver or agreement by the Company or any Subsidiary is in force for the extension of time for the assessment or payment of any Taxes.

(b) Schedule 2.8 lists all Tax Returns filed by the Company or any Subsidiary for taxable periods ended on or after December 28, 1997. Schedule 2.8 indicates those Tax Returns that have been audited and those Tax Returns that currently are the subject of audit (collectively, the "Audited Returns"). The Stockholder has made available to Buyer copies of the Audited Returns, together with any examination reports and statements of deficiencies assessed against or agreed to by the Company or any Subsidiary with respect to such Audited Returns.

(c) Neither the Company nor any of its Subsidiaries has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to an Tax assessment or deficiency.

(d) Except as described in Section 8.1, neither the Company nor any of its Subsidiaries is now or has ever been a party to any Tax allocation, indemnity, sharing or similar agreement.

(e) Neither the Company nor any of its Subsidiaries has been a member of an "affiliated group" (as defined in Section 1504(a) of the Internal Revenue Code of 1986, as amended (the "Code")) filing a consolidated federal Tax Return other than a group the common parent of which is GTC.

(f) Each "affiliated group" has filed all Tax Returns that it was required to file for each taxable period during which any of the Company and its Subsidiaries was a member of the group, and has paid all Taxes shown thereon as owing, except where a failure to file Tax Returns or pay Taxes would not have a Material Adverse Effect on the Company.

(g) Neither the Company nor any of its Subsidiaries has any liability for the Taxes of any Person other than the Company and its Subsidiaries under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or foreign law).

(h) No tax assessment or deficiency has been made or proposed against the Company or any of its Subsidiaries nor has the Company or any of its Subsidiaries received any notice of any proposed tax audit, assessment or deficiency. No claim or proceeding is pending or, to the knowledge of the Company, GTC or the Stockholder, has been threatened against or with respect to the Company or any of its Subsidiaries in respect of any Taxes.

(i) There is no contract covering any employee or independent contractor or former employee or independent contractor of the Company or any of its Subsidiaries that, considered individually or considered collectively with any other such contracts, will, or could reasonably be expected to, give rise directly or indirectly to the payment of any amount that would not be deductible pursuant to Section 280G or Section 162 of the Code.

(j) Neither the Company nor any of its Subsidiaries has filed a consent pursuant to the collapsible corporation provisions of Section 341(f) of the Code (or any corresponding provision of state, local or foreign tax law).

(k) Neither the Company nor any of its Subsidiaries has made a distribution of stock of a controlled corporation to which Section 355(e) of the Code applies.

(l) Neither the Company nor any of its Subsidiaries has entered into a closing agreement pursuant to Section 7121 of the Code.

2.9 Inventories. All items in the inventories of the Company or any Subsidiary shown on the Base Balance Sheet or existing at the date hereof are of a quality and quantity saleable in the ordinary course of business of the Company and its Subsidiaries. The values of the inventories stated in the Base Balance Sheet and any subsequent financial statements of the Company or any Subsidiary reflect the normal inventory valuation policies of the Company and its Subsidiaries. All inventory items are located on the Owned Real Property or the Leased Real Property. Since the date of the Base Balance Sheet, no inventory items have been sold or disposed of except through sales in the ordinary course of business.

2.10 Absence of Certain Changes. Except as disclosed in Schedule 2.10 attached hereto, since the date of the Base Balance Sheet:

(a) Neither the Company nor any of its Subsidiaries has sold, leased, transferred, assigned or purchased any assets with a value in excess of $100,000, other than in the ordinary course of business and consistent with past practice;

(b) Neither the Company nor any of its Subsidiaries has accepted or agreed to the imposition of, or otherwise had imposed, any lien, encumbrance or other security interest upon any of their assets;

(c) Neither the Company nor any of its Subsidiaries has created, incurred, assumed, or guaranteed any indebtedness (including capital lease obligations) other than in the ordinary course of business and consistent with past practice;

(d) Neither the Company nor any of its Subsidiaries has granted any license or sublicense of, or has entered into a material modification of, any rights under or with respect to any Intellectual Property (as defined below), or has entered into any settlement regarding any infringement, misappropriation or alleged infringement or misappropriation of rights in any Intellectual Property;

(e) There have been no changes made or authorized in the Certificate of Incorporation or By-laws;

(f) Neither the Company nor any of its Subsidiaries has issued, sold, or otherwise disposed of, or has authorized the issuance, sale, or disposition of, any of its capital stock or other securities, or granted any options, warrants or other rights to purchase or obtain (including upon conversion or exercise) any of its capital stock or other securities;

(g) Neither the Company and nor any of its Subsidiaries has declared, set aside, or paid any dividend or distribution with respect to its capital stock or, directly or indirectly, redeemed, purchased, or otherwise acquired any of its capital stock;

(h) Neither the Company nor any of its Subsidiaries has made any loan to, or entered into any other transaction with, any of its directors, officers, stockholders or employees outside the ordinary course of business and consistent with past practice;

(i) Other than an increase in base compensation and the bonuses set forth on Schedule 2.13(a) hereto, which will be paid by the Company, in each case in the ordinary course of business and consistent with past practice, neither the Company nor any of its Subsidiaries has entered into any employment contract or collective bargaining agreement, written or oral, or modified the terms of any existing such contract or agreement or otherwise made any other change in employment terms for any of its directors, officers, employees or independent contractors, nor has there been any labor trouble or claim of unfair labor practices involving the Company;

(j) Neither the Company nor any of its Subsidiaries has adopted any (i) bonus, (ii) profit-sharing, (iii) incentive compensation, (iv) pension, (v) retirement, (vi) medical, hospitalization, life or other insurance, (vii) severance, (viii) collective bargaining, or (ix) other plan, contract, or commitment for any of its directors, officers, or employees, or modified, terminated, or made payments (other than in the ordinary course of business, including, without limitation, bonus payments earned under existing plans) under any existing such plan, contract, or commitment, whether written or oral;

(k) Neither the Company nor any of its Subsidiaries has delayed or postponed (beyond normal practice) the payment of accounts payable or any other obligations or liabilities or accelerated (beyond normal practice) the payment of accounts receivable;

(l) There has been no change in the financial condition, properties, assets, liabilities, prospects, personnel, business or operations of the Company or any of its Subsidiaries, which change by itself or in conjunction with all other such changes, whether or not arising in the ordinary course of business, has had, or could reasonably be expected to have, a Material Adverse Effect on the Company;

(m) The Company and its Subsidiaries have not incurred any liability of any nature other than liabilities incurred in the ordinary course of business and which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Company;

(n) There has been no material loss, damage or destruction to, or any material interruption in the use of, any material assets of the Company;

(o) From the date of the Base Balance Sheet through the date hereof, there has been no change in the corporate officers or senior management of the Company;

(p) There has been no payment or discharge of a liability or encumbrance of the Company which was not shown on the Base Balance Sheet or incurred in the ordinary course of business thereafter;

(q) There has been no material change in accounting methods or practices, credit practices or collection policies used by the Company or any of its Subsidiaries;

(r) There has been no formation or acquisition of any subsidiary or equity interest or other interest in any other entity by the Company or any of its Subsidiaries;

(s) There has been no entry into or amendment, modification or waiver of any material terms of any contract (or series of related contracts) to which the Company is a party or by which it is bound, which amendment, modification or waiver involves or is likely to involve payment by or to the Company in excess of $25,000;

(t) There has been no acceleration, termination, modification or cancellation of any contract (or series of related contracts) to which the Company is a party or by which it is bound, the termination or cancellation of which has had or could reasonably be expected to have a Material Adverse Effect;

(u) There has been no charitable pledge or other contribution or gift by the Company outside the ordinary course of business; and

(v) Neither the Company nor any of its Subsidiaries has committed to do any of the foregoing.

2.11 Ordinary Course. Since the date of the Base Balance Sheet, the Company and each of its Subsidiaries have conducted their businesses only in the ordinary course and consistently with their prior practices.

2.12 Intellectual Property.

(a) Ownership of Intellectual Property Assets. Except as set forth on Schedule 2.12(a), the Company is the exclusive owner of, and has good, valid and marketable title to all of the Intellectual Property Assets (as defined below) free and clear of all mortgages, pledges, charges, liens, equities, security interests, or other encumbrances or agreements, and has the right to use without payment to a third party all of the Intellectual Property Assets. There are no claims or demands of any other person pertaining to any of the Intellectual Property Assets and no proceedings have been instituted, are pending or, to the Company's, GTC's or the Stockholder's knowledge, threatened against the Company and/or its officers, employees, and consultants that the Company's right, title and interest in and to the Intellectual Property Assets is reduced, invalid or unenforceable by the Company. Except as set forth on Schedule 2.12, no officer and, to the Company's, GTC's or the Stockholder's knowledge, no employee of the Company, has entered into any agreement with anyone other than the Company that restricts or limits in any way the scope or type of work in which the employee may be engaged or requires the employee to transfer, assign or disclose information concerning his or her work to anyone other than the Company.

(b) Patents. Schedule 2.12(b) sets forth a complete and accurate list and summary description of all Patents held by the Company. All of the issued Patents are currently in compliance with formal legal requirements (including without limitation payment of filing, examination and maintenance fees and proofs of working or use), are valid and enforceable, and

are not subject to any maintenance fees or taxes or actions falling due within ninety (90) days after the Closing Date. In each case where a Patent is held by the Company by assignment, the assignment has been duly recorded with the U.S. Patent and Trademark Office and all other jurisdictions of registration. No Patent has been or is now involved in any interference, reissue, re-examination or opposition proceeding. To the Company's, GTC's or the Stockholder's knowledge, there is no potentially interfering patent or patent application of any third party. All products made, used or sold under the Patents have been marked with the proper patent notice.

(c) Trademarks. Schedule 2.12(c) sets forth a complete and accurate list and summary description of all Marks owned by the Company. All Marks that have been registered with the United States Patent and Trademark Office and/or any other jurisdiction are currently in compliance with formal legal requirements (including without limitation the timely post-registration filing of affidavits of use and incontestability and renewal applications), are valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within ninety (90) days after the Closing Date. In each case where a Mark is held by the Company by assignment, the assignment has been duly recorded with the U.S. Patent and Trademark Office and all other jurisdictions of registration. No Mark has been or is now involved in any opposition, invalidation or cancellation proceeding and, to the Company's, GTC's or the Stockholder's knowledge, no such action is threatened with respect to any of the Marks. All products and materials containing a Mark bear the proper notice where permitted by law.

(d) Copyrights. Schedule 2.12(d) sets forth a complete and accurate list and summary description of all Copyrights owned by the Company. All Copyrights that have been registered with the United States Copyright Office are identified on such Schedule and are currently in compliance with formal legal requirements, are valid and enforceable, and are not subject to any fees or taxes or actions falling due within ninety (90) days after the Closing Date. In each case where a Copyright is held by the Company by assignment, the assignment has been duly recorded with the U.S. Copyright Office and all other jurisdictions of registration. All copies of works encompassed by the Copyrights set forth on Schedule 2.12(d) have been marked with the proper copyright notice.

(e) Extent of Rights. The Company has the right to use, license, distribute, transfer and bring infringement actions with respect to the Intellectual Property Assets, except for the rights of any licensor or licensee of licensed Intellectual Property Assets referred to below. Except as set forth on Schedule 2.12(e), the Company (i) has not licensed or granted to anyone rights of any nature to use any of its Intellectual Property Assets; and (ii) is not obligated to and does not pay royalties or other fees to anyone for the Company's ownership, use, license or transfer of any of its Intellectual Property Assets.

(f) Licenses Received. All licenses or other agreements under which the Company is granted rights by others in Intellectual Property Assets (other than "shrink-wrap" license agreements applicable to commercially available software) are listed in Schedule 2.12(f).

All such licenses or other agreements are in full force and effect, neither the Company nor, to the Company's, GTC's or the Stockholder's knowledge any other party thereto is in default thereunder, and all of the rights of the Company thereunder are freely assignable except as listed on Schedule 2.12(f)). True and complete copies of all such licenses or other agreements, and any amendments thereto, have been provided to Buyer, and to the knowledge of the Company, GTC and the Stockholder, the licensors under the licenses and other agreements under which the Company is granted rights have all requisite power and authority to grant the rights purported to be conferred thereby.

(g) Licenses Granted. All licenses or other agreements under which the Company has granted rights to others in Intellectual Property Assets are listed in Schedule 2.12(g). Except as set forth thereon, all such licenses or other agreements are in full force and effect, and neither the Company nor, to the knowledge of the Company, GTC or the Stockholder, any other party thereto is in default thereunder. Prior to the date hereof, the Company has provided to Buyer access to true and complete copies of all documents granting such licenses or other agreements, and any amendments thereto.

(h) The Company has taken all reasonably prudent action to establish and preserve its ownership of all Intellectual Property Assets. The Company has taken reasonably prudent action to ensure that non-public information of the Company has not become available to any person other than employees and agents of the Company except pursuant to enforceable written agreements requiring the recipients to maintain the confidentiality of such information and appropriately restricting the use thereof. None of the Company, GTC or the Stockholder has any knowledge of any infringement by others of any Intellectual Property Assets of the Company.

(i) To the knowledge of the Company, GTC and the Stockholder, the present business, activities and products of the Company do not infringe any Intellectual Property Assets of any other person. No proceeding charging the Company with infringement of any Intellectual Property Assets has been filed or, to the knowledge of the Company, GTC or the Stockholder is threatened to be filed. To the knowledge of the Company, GTC or the Stockholder, there exists no unexpired patent or patent application which includes claims that would be infringed by or otherwise adversely affect the products, activities or business of the Company which infringement, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Company. To the knowledge of the Company, GTC or the Stockholder, the Company is not making unauthorized use of any confidential information or trade secrets of any person.

(j) For purposes of this Agreement, "Intellectual Property Assets" means all of the following: (i) all patents, patent applications, patent rights, and inventions and discoveries and invention disclosures (whether or not patented) (collectively, "Patents"); (ii) all trade names, trade dress, logos, packaging design, slogans, Internet domain names, registered and unregistered trademarks and service marks and applications (collectively, "Marks"); (iii) all copyrights in both published and unpublished works, including without limitation all compilations, databases and computer programs, and all copyright registrations and applications,

and all derivatives, translations, adaptations and combinations of the above (collectively, "Copyrights"); (iv) all know-how, trade secrets, confidential or proprietary information, research in progress, algorithms, data, designs, processes, formulae, drawings, schematics, blueprints, flow charts, models, prototypes, techniques, Company designed reports, (collectively, "Trade Secrets"); (v) all goodwill, franchises, licenses, permits, consents, approvals, technical information, telephone numbers, and claims of infringement against third parties (the "Rights"); and (vi) all customer lists and telephone numbers, names of potential sales leads, business strategies, outside analysts' plans and reports, outlooks, forecasts and other similar documents (collectively, "Other Intangibles").

2.13 Contracts. Except for contracts, commitments, plans, agreements and licenses described in Schedule 2.13 (true and complete copies of which have been made available to Buyer), neither the Company nor any of its Subsidiaries is a party to or subject to:

(a) any plan or contract providing for bonuses, pensions, options, stock purchases, deferred compensation, retirement payments, profit sharing, collective bargaining or the like, or any contract or agreement with any labor union;

(b) any employment contract or contract for services with any employee, consultant or independent contractor which is not terminable within 30 days by the Company or a Subsidiary without liability for any penalty or severance payment to any current or former employee or director;

(c) any contract or agreement for the purchase of any commodity, material or equipment except purchase orders in the ordinary course for less than $200,000 each;

(d) any other contracts or agreements creating any obligations of the Company or any of its Subsidiaries of $200,000 or more with respect to any such contract or agreement not specifically disclosed elsewhere under this Agreement;

(e) any contract or agreement providing for the purchase of all or substantially all of its requirements of a particular product from a supplier;

(f) any contract or agreement for the sale or lease of its products not made in the ordinary course of business;

(g) any contract with any sales agent or distributor of products of the Company or any of its Subsidiaries;

(h) any contract containing covenants limiting the freedom of the Company or any of its Subsidiaries (A) to compete in any line of business or with any person or entity, (B) to acquire any product or other asset or any services from any other person; (C) to solicit, hire or retain any person as an employee, consultant or independent contractor, (D) to develop, sell, supply, distribute, offer, support or service any product or any technology or other asset to or for any other person or class or category of persons, (E) to perform services for any other person or class or category of persons, or (F) to transact business or deal in any other manner with any other person or class or category of persons;

(i) any indenture, mortgage, promissory note, loan agreement, guaranty or other agreement or commitment for the borrowing of money, or any guarantee thereof;

(j) any contract or agreement with any officer, employee, director or stockholder of the Company or any of its Subsidiaries or with any persons or organizations controlled by or affiliated with any of them;

(k) any contract relating to the acquisition, issuance or transfer of any securities;

(l) any contract creating or relating to any partnership or joint venture or any sharing of revenues, profits, losses, costs or liabilities; and

(m) any other contract that is material to the business of the Company and its Subsidiaries.

Schedule 2.13 provides an accurate description of the terms of each contract that is not in written form. Each contract described on Schedule 2.13 is in full force and effect, and is enforceable by the Company or its Subsidiaries in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting generally the enforcement of creditors' rights and except as the remedy of specific performance and other injunctive relief may be unavailable in certain cases. Except as set forth in Schedule 2.13: (i) neither the Company nor its Subsidiaries has violated or breached, or committed any default under, any contract described on Schedule 2.13 which, individually or in the aggregate, could have a Material Adverse Effect on the Company, and, to the knowledge of the Company, GTC or the Stockholder, no other party to such contract has violated or breached, or committed any default under, any such contract; (ii) to the knowledge of the Company, GTC or the Stockholder, no event has occurred, and no circumstances or condition exists, that (with or without notice or lapse of time) will, or could reasonably be expected to, (A) result in a violation or breach of any of the provisions of any contract identified in Schedule 2.13, (B) give any person the right to declare a default under or exercise any remedy for breach of any contract identified in Schedule 2.13, (C) give any person the right to accelerate the maturity or performance of any contract identified in Schedule 2.13, or (D) give any person the right to cancel, terminate or modify any contract identified in Schedule 2.13; (iii) the Company has not received any notice or other communication regarding any actual or possible violation or breach of, or default under any contract identified in Schedule 2.13; and (iv) neither the Company nor any of its Subsidiaries has waived any of its material rights under any contract identified in Schedule 2.13.

2.14 Litigation. Schedule 2.14 lists all currently pending litigation and governmental or administrative proceedings or investigations to which the Company or any of its Subsidiaries is a party. Except for matters described in Schedule 2.14, there is no litigation or governmental or administrative proceeding or investigation pending or, to the knowledge of the Company, GTC and the Stockholder, threatened against the Company or any of its Subsidiaries which may have a Material Adverse Effect on the Company or which would prevent or hinder the consummation of the transactions contemplated by this Agreement. Schedule 2.14 includes a description of each matter set forth therein, the forum (if any) in which it is being conducted, the parties thereto and the type and amount of relief sought.

2.15 Compliance with Laws. Except as otherwise disclosed or represented in this Section 2 or in any schedule to this Agreement or as would not have a Material Adverse Effect on the Company, the Company and its Subsidiaries are in compliance in all material respects with all applicable statutes, ordinances, orders, judgments, decrees, rules and regulations promulgated by any federal, state, municipal entity, agency, court or other governmental authority which apply to the Company or any Subsidiary or to the conduct of their businesses, and the neither the Company nor any Subsidiary has received notice of a violation or alleged violation of any such statute, ordinance, order, rule or regulation.

2.16 Insurance. The physical properties and assets of the Company and each of its Subsidiaries are insured to the extent disclosed in Schedule 2.16. Schedule 2.16 identifies all insurance policies maintained by, at the expense of or for the benefit of the Company and each of its Subsidiaries, identifies any material claims made thereunder, and includes a summary of the amounts and types of coverage and the deductibles under each such insurance policy. Said insurance policies and arrangements are in full force and effect, all premiums with respect thereto are currently paid, and the Company and each of its Subsidiaries are in compliance in all material respects with the terms thereof. Said insurance is adequate and customary for the business engaged in by the Company and each Subsidiary, and for compliance by the Company with all laws and contracts to which the Company is a party or by which it is bound. Neither the Company nor any of its Subsidiaries has received any notice or other communication regarding any actual or possible (a) cancellation or invalidation of any insurance policy, (b) refusal of any coverage or rejection of any claim under any insurance policy or (c) material adjustment in the amount of the premiums payable with respect to any insurance policy.

2.17 Warranty or Other Claims. There are no existing or threatened product liability, warranty or other similar claims, or any facts upon which a material claim of such nature could be based, against the Company or any of its Subsidiaries for products or services which are defective or fail to meet any product or service warranties except as disclosed in Schedule 2.17. The Company, the Stockholder and GTC will pay any insurance proceeds received with respect to the claims disclosed in Schedule 2.17 to Buyer promptly upon receipt of such proceeds by the Company, the Stockholder or GTC, as the case may be.

2.18 Permits; Burdensome Agreements. The Company and its Subsidiaries have each obtained all such permits, registrations, licenses, franchises, certifications and other approvals (collectively, the "Approvals") required from federal, state or local authorities ("Governmental Authorities") in order for the Company and each of its Subsidiaries to conduct its business. Such Approvals are listed on Schedule 2.18. Each such Approval is valid and in full force and effect, and the Company and its Subsidiaries are, and at all times have been, operating in material compliance therewith. The Company has never received any written notice or, to the Company's, GTC's or the Stockholder's knowledge, other communication from any governmental authority regarding (a) any actual or possible violation of or failure to comply with any term or requirement of any Approvals or (b) any actual or possible revocation, withdrawal, suspension, cancellation, termination or modification of any Approvals. The Company is not subject to or bound by any contract, judgment, decree or order with or issued by a Governmental Authority which could, if performed in accordance with its terms, reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on the Company.

2.19 Employee Benefit Programs.

(a) Schedule 2.19 sets forth all Employee Plans (as defined below) to which the Company or any of its Subsidiaries or any ERISA Affiliate (as defined below) contributes or is obligated to contribute, under which the Company or any of its Subsidiaries has or may have any liability for premiums or benefits, or which benefits any current or former employee, director, consultant or independent contractor of the Company or any of its Subsidiaries or any beneficiary thereof (each a "Company Plan"). For purposes of this Agreement, the term "Employee Plan" means any plan, program, agreement, policy or arrangement (a "plan"), whether or not reduced to writing, that is: (i) a welfare benefit plan within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (a "Welfare Plan"); (ii) a pension benefit plan within the meaning of Section 3(2) of ERISA; (iii) a stock bonus, stock purchase, stock option, restricted stock, stock appreciation right or similar equity-based plan; or (iv) any other deferred-compensation, retirement, welfare-benefit, bonus incentive or fringe-benefit plan whether for the benefit of a single individual or a group of individuals. With respect to each Company Plan, the Company has made available to Buyer accurate, current and complete copies of each of the following: (1) the plan document together with all amendments; (2) where applicable, copies of any trust agreements, custodial agreements, insurance policies, administration agreements and similar agreements and investment management or investment advisory agreements; (3) copies of any summary plan description, employee handbooks or similar employee communications and administrative forms; (4) in the case of any plan that is intended to be qualified under Section 401(a) of the Code, a copy of the most recent determination letter from the IRS; and (5) in the case of any plan for which Forms 5500 are required to be filed, a copy of the two most recently filed Forms 5500, with schedules attached. An "ERISA Affiliate" means any entity which is or at any time was a member of (i) a controlled group of corporations (as defined in Section 414(b) of the Code), (ii) a group of trades or businesses under common control (as defined in Section 414(c) of the Code), or (3) an affiliated service group (as defined in Section 414(m) of the Code or the regulations issued under Section 414(o) of the Code), any of which includes or included the Company.

(b) Neither the Company nor any of its Subsidiaries nor any ERISA Affiliate has ever maintained or been required to contribute to any Employee Plan subject to Title IV of ERISA.

(c) Each Company Plan that is intended to be qualified under Section 401(a) of the Code is so qualified. Each Company Plan, including any associated trust or fund, has been administered in accordance with its terms and with applicable law, and nothing has occurred with respect to any Company Plan that has subjected or could subject the Company or any of its Subsidiaries or any plan participant to a penalty under Section 502 of ERISA or to an excise tax under the Code.

(d) All required contributions to and premium payments on account of each Company Plan have been timely made or are reflected as liabilities on the Base Balance Sheet.

(e) Schedule 2.19 sets forth each and every pending or threatened lawsuit, claim or other controversy relating to a Company Plan, other than claims for benefits in the normal course. No Company Plan is the subject of an IRS or Department of Labor examination or a government sponsored amnesty, voluntary compliance, self-correction or similar program.

(f) Other than as required under Section 601 et seq. of ERISA and corresponding provisions of state law, no Company Plan that is a Welfare Plan provides benefits or coverage following retirement or other termination of employment.

(g) None of the Company, any of its Subsidiaries, or any ERISA Affiliate contributes, and has never contributed, to any "multiemployer plan" as defined in Section 3(37) of ERISA and has no actual or potential withdrawal liability with respect to any such plan.

2.20 Environmental Matters. Except as set forth in Schedule 2.20:

(a) The Company and each of its Subsidiaries are presently in compliance in all material respects with all Environmental Laws applicable to any real property owned, leased or operated by the Company or any of its Subsidiaries or to any facilities or improvements or any operations or activities thereon.

(b) No lien has ever been imposed on any property, facility, machinery or equipment owned, leased or operated by the Company or any Subsidiary by any governmental agency at the federal, state, or local level in connection with the presence of any Hazardous Material.

(d) Neither the Company nor any of its Subsidiaries has ever: (i) entered into or been subject to any judgment, consent decree, compliance order, or administrative order with respect to any environmental or health and safety matter or any real property owned, leased or operated by the Company or any of its Subsidiaries; (ii) received notice under the citizen suit provision of any Environmental Law in connection with the real property owned, leased or operated by the Company or any of its Subsidiaries; (iii) received any request for information, notice, demand letter, administrative inquiry, claim, or complaint with respect to environmental

or health and safety matters or the enforcement of any Environmental Law relating to the real property owned, leased or operated by the Company or any of its Subsidiaries; or (iv) been subject to any governmental or citizen enforcement action with respect to the real property owned, leased or operated by the Company or any of its Subsidiaries; and the Company, GTC and the Stockholder have no knowledge that any of the items enumerated in clauses (ii), (iii) or (iv) of this subsection are currently threatened.

(e) The Company and each of its Subsidiaries has all environmental permits, approvals and licenses necessary for the operations conducted on the real property owned, leased or operated by the Company or any of its Subsidiaries.

(f) No site owned or leased by the Company or any of its Subsidiaries contains any asbestos or asbestos-containing material, any polychlorinated biphenyls ("PCBs") or equipment containing PCBs, or any urea formaldehyde foam insulation.

(g) The Company made available to Buyer and its counsel copies of all documents, records, and information in the possession of the Company or any of its Subsidiaries concerning any environmental or health and safety matter involving and naming the Company or any of its Subsidiaries, whether generated by the Company, any of its Subsidiaries or others, including, without limitation, environmental audits, environmental risk assessments, site assessments, documentation regarding off-site disposal of Hazardous Material, spill control plans, and reports, correspondence, permits, licenses, approvals, consents, and other authorizations related to environmental or health and safety matters issued by any governmental agency.

(h) For purposes of this Section 2.24, (i) "Hazardous Material" shall mean and include any hazardous waste, hazardous material, hazardous substance, petroleum product, oil, toxic substance, pollutant, contaminant, or other substance which may pose a threat to the environment or to human health or safety, as defined or regulated under any Environmental Law; (ii) "Hazardous Waste" shall mean and include any hazardous waste as defined or regulated under any Environmental Law; and (iii) "Environmental Law" shall mean any statute, regulation, rule, ordinance, or by-law at the federal, state, or local level, whether existing as of the date hereof or previously applicable to the Company, relating to the protection of the environment, health and safety, or natural resources.

2.21 Employees; Labor Matters. As of the date hereof, the Company and its Subsidiaries employ 626 full-time employees and 24 part-time employees. Schedule 2.21 contains a true and complete list of all employees, officers and directors of, and consultants to, the Company and its Subsidiaries as of the date hereof together with a current job title for and compensation (including base compensation, bonuses and stock options or restricted stock grants) (all of which compensation, when taken together with the bonuses set forth on Schedule 2.13(a) hereto, shall be paid by the Company) payable to each such employee, officer, director and consultant. The Company and its Subsidiaries are not delinquent in payments to any of their employees for any wages, salaries, commissions, bonuses or other direct compensation for any services performed for them to the date hereof or amounts required to be reimbursed to such employees. Upon termination of the employment of any of said employees, none of the

Company, any Subsidiary, or Buyer will by reason of the transactions contemplated under this Agreement or anything done prior to the Closing be liable to any of said employees for so-called "severance pay," bonus, or any other payments, except as set forth in Schedule 2.21. The Company and each of its Subsidiaries are in material compliance with all applicable laws and regulations respecting labor, employment, fair employment practices, work place safety and health, terms and conditions of employment, wages and hours, and withholding of taxes and reporting of income. There are no grievances, complaints or charges that have been filed against the Company or any of its Subsidiaries that, if adversely determined, could reasonably be expected to have a Material Adverse Effect on the Company. None of the Company's nor any of its Subsidiaries' employment policies or practices is currently being audited or investigated by any federal, state or local government agency. Except as set forth on Schedule 2.21, the Company and its Subsidiaries have no policy, practice, plan or program of paying severance pay or any form of severance compensation in connection with the termination of employment. Except as set forth on Schedule 2.21, there are no charges of employment discrimination or unfair labor practices, nor are there any strikes, slowdowns, stoppages of work, or any other concerted interference with normal operations which are existing, pending or, to the knowledge of the Company, GTC or the Stockholder, threatened against or involving the Company or any of its Subsidiaries. There is no pending arbitration or similar proceeding or claim involving the Company or any of its Subsidiaries. No collective bargaining agreement is in effect or is currently being or, to the knowledge of the Company, GTC or the Stockholder, is about to be negotiated by the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries has received any written notification indicating that any of its employment policies or practices is currently being audited or investigated by any governmental authority. The Company and each of its Subsidiaries is, and has been, in compliance with the requirements of the Immigration Reform Control Act of 1986 at all times since the enactment of such Act.

2.22 Collectability of Accounts Receivable. All existing accounts receivable of the Company (including those accounts receivable reflected on the Base Balance Sheet that have not yet been collected and those accounts receivable that have arisen since the date of the Base Balance Sheet and have not yet been collected) (i) represent valid obligations of customers of the Company arising from bona fide transactions entered into in the ordinary course of business and (ii) are current, valid and enforceable and will be collected in full when due, consistent with historical client collection patterns, without any counterclaim or set off, subject to bad debt reserves in the amounts set forth in the Financial Statements. The Company has no accounts or loans receivable from any person which is affiliated with the Company or from any director, officer or employee of the Company, other than those loans receivable set forth on Schedule 2.10(h).

2.23 Depositories; Powers of Attorney. Schedules 2.23 (a) and (b) set forth, respectively, (a) the name and a brief description of all bank accounts, lock-boxes, safe deposit boxes, money market funds, certificates of deposit, stocks, bonds, notes and other securities in the name of or owned by the Company and its Subsidiaries and the names of all persons authorized to draw thereon or to have access thereto and (b) the name of each person, corporation, firm or other entity holding a general or special power of attorney from the Company and any of its Subsidiaries (a true, complete and correct copy of which has been delivered to Buyer).

2.24 Finder's Fee. Except as set forth on Schedule 2.24, neither the Company nor the Stockholder has taken any action or entered into any agreement pursuant to which the Company has incurred or will become liable for any broker's commission or finder's fee relating to or in connection with the transactions contemplated by this Agreement.

2.25 Corporate Records. The corporate record books of the Company accurately reflect all corporate action taken by its stockholders and boards of directors and committees. The copies of the corporate records of the Company, as made available to Buyer for review, are true and complete copies of the originals of such documents.

2.26 Non-Foreign Status. Neither the Company nor any of its Subsidiaries is a "foreign person" within the meaning of Section 1445 of the Code and Treasury Regulations Section 1.1445-2.

2.27 Key Employees.

(a) Schedule 2.27 contains a true and complete list of all employees of and consultants to the Company as of the date of this Agreement who are material contributors to the operating and financial condition of the Company (each a "Key Employee"). To the knowledge of the Company, GTC or the Stockholder, as of the date of this Agreement no Key Employee is in violation of any material term of any employment contract, patent disclosure agreement, proprietary information agreement, non-competition agreement, nonsolicitation agreement, confidentiality agreement or any other contract or agreement or any restrictive covenant relating to the right of any such Key Employee to be employed by the Company, or relating to the use of trade secrets or proprietary information of others, and the continued employment of the Company's Key Employees and the performance of the Company's contracts with its independent contractors does not subject the Company to any liability with respect to any of the foregoing matters.

(b) As of the date of this Agreement, neither the Company nor the Stockholder has received any notice, or has any basis for believing, that any Key Employee has any present intention of terminating his or her employment with the Company.

2.28 Absence of Improper Payments. Neither the Company nor any of its Subsidiaries: (a) has made any contributions, payments or gifts of its property to or for the private use of any official, employee or agent of any governmental authority where either the payment or the purpose of such contribution, payment or gift is illegal under any applicable law, (b) has established or maintained any unrecorded fund or asset for any purpose other than promotional funds, or intentionally made any false or artificial entries on its books or records for any reason, (c) has made any payments to any person where the Company or any of its Subsidiaries intended or understood that any part of such payment was to be used for any other purpose other than that described in the documents supporting the payment, or (d) has made any contribution, or reimbursed any political gift or contribution made by any other person, to candidates for public office, whether federal, state or local, where such contribution would be in violation of applicable law.

2.29 Government Contracts. Except as set forth in Schedule 2.29, neither the Company nor any of its Subsidiaries has been or is now a principal party to any contract with any governmental authority. Neither the Company nor its Subsidiaries are subject to any claims, penalties or causes of action, the basis of which is an actual or alleged violation of, or noncompliance with, any applicable law (a) related to a contract between the Company or any of its Subsidiaries and any governmental authority, which contract relates or is related to the business of the Company or its Subsidiaries or (b) related to a contract between the Company or its Subsidiaries and any other person, which contract relates or related to the business of the Company and its Subsidiaries and renders or rendered the Company or its Subsidiaries a subcontractor at any tier to a prime contract with any governmental authority. To the knowledge of the Company, GTC or the Stockholder, there is no reasonable basis for any claim, penalty or cause of action against the Company or its Subsidiaries alleging a violation of, or noncompliance with, any applicable law related to any contract described in clauses (a) or (b) above of this Section 2.29 to which the Company or its Subsidiaries is a party and that relates or related to its business. For purposes of this Section 2.29, claims, penalties and causes of action alleging a violation of, or noncompliance with, any applicable law include, without limitation, those purporting to be based on failure to comply with cost accounting standards, allowable costs, allocation of costs, omissions or errors in disclosure statements or defective pricing.

2.30 Customers and Suppliers. None of the top ten (10) customers of the Company or any of its Subsidiaries, as identified on Schedule 2.30, has indicated to the Company or any of its Subsidiaries that it will stop, or decrease the rate of, buying materials, products or services from the Company or any of its Subsidiaries. No supplier of primates to the Company or any of its Subsidiaries has indicated to the Company or any of its Subsidiaries that it will stop, or decrease the rate of, supplying such primates to them, which cessation or decrease, individually or in the aggregate, is reasonably likely to have a Material Adverse Effect.

2.31 Food and Drug Administration Matters. (a) For purposes of this Agreement: (i) "FDA" means the United States Food and Drug Administration and corresponding regulatory agencies in other counties and states of the United States, (ii) "FDA clearance and approval" means any pre-market notification or pre-market approval application, consent, certificate, registration, permit, license or other authorization, and the filing of any notification, application, report or information, required by the FDA or any other government entity pursuant to any FDA Law, (iii) "FDA Company Contractor" means any person with which the Company or any of its Subsidiaries formerly or presently had or has any agreement or arrangement (whether oral or written) under which that person has or had physical possession of, or was or is obligated to develop, test, process, investigate, manufacture or produce, any FDA Regulated Product on behalf of the Company or any of its Subsidiaries, (iv) "FDA Law" means any statute, regulation, judicial or administrative interpretation, guideline, point-to-consider, recommendation or standard international guidance relating to any FDA Regulated Product, including, without limitation, the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. sec. 301 et seq., the FDA Modernization Act of 1997, Stand Alone Provisions, Pub. L. No. 105-115, 111 Stat. 2295 (1997), and equivalent statutes, regulations and guidances adopted by countries, international bodies and other jurisdictions, in addition to the United States, where the Company or any of its Subsidiaries has facilities, does business, or directly or through others sells or offers for sale any FDA Regulated Product, and (v) "FDA Regulated Product" means any product or component

including, without limitation, any medical device, that is studied, used, held or offered for sale for human research or investigation or clinical use.

(b) The Company and each of its Subsidiaries possesses all FDA clearances and approvals required under all applicable FDA Laws to conduct its current businesses, to manufacture, hold and sell FDA Regulated Products, and to use and occupy the Real Property. All such FDA clearances and approvals are in full force and effect.

(c) There are no facts or circumstances known to the Company that could lead to any FDA clearances or approvals possessed by the Company or any of its Subsidiaries being revoked, suspended, canceled or not renewed. The Company and its Subsidiaries have submitted all necessary reports and filings to the FDA.

(d) The execution and delivery of this Agreement, and the consummation of the transactions contemplated by this Agreement, will not adversely affect the validity or require the transfer of any FDA clearances or approvals held by the Company or any of its Subsidiaries.

(e) The Company and its Subsidiaries and, to the knowledge of the Company, GTC and the Stockholder, all previous owners, lessees, operators and occupants of all Real Property with respect to the Real Property, are in material compliance with, and have materially complied with, all applicable FDA Laws and, except as set forth on Schedule 2.31(e), have not received (or, in the case of such previous owners, lessees, operators and occupants, to the knowledge of the Company, GTC and the Stockholder have not received) any notice citing action or inaction by the Company or any of its Subsidiaries that would constitute any non-compliance with any FDA Laws within the past three years.

(f) There is no civil, criminal or administrative action, suit, demand, claim, complaint, hearing, notice of violation, investigation, notice, demand letter, proceeding or request for information pending or any liability (whether actual or contingent) to comply with any FDA Laws that requires any material change in any manufacturing procedures by the Company or any Subsidiary or any material repair, reinstatement or clean-up of any Real Property. There is no act, omission, event or circumstance of which the Company, GTC or the Stockholder has knowledge that may give rise to any such action, suit, demand, claim, complaint, hearing, notice of violation, investigations, notice, demand letter, proceeding or request, or any such liability:

(i) against, involving or of the Company or any of its Subsidiaries, or

(ii) against, involving or of any other person (including, without limitation, any FDA Company Contractor) that could be imputed or attributed to the Company or any of its Subsidiaries.

(g) There has not been any material violation of any FDA Laws by the Company or its Subsidiaries in their prior product developmental efforts, clinical studies, submissions or reports to the FDA or any other government entity (or any failure to make any such submission or report) that could reasonably be expected to require investigation, corrective action or enforcement action.

(h) The Company, its Subsidiaries and their respective agents (in their capacities as such agents) have registered with the FDA all facilities required to be registered and have listed all FDA Regulated Products required to be listed with the FDA.

2.32 Information Technology Systems. Except as set forth in Schedule 2.32, all of the Company's information technology systems necessary for the conduct of the Company's business, including but not limited to the software, hardware and telecommunications components thereof, are in good operating condition and repair and are adequate for the purposes for which they are currently being used.

2.33 Business Disruptions. The Company and its Subsidiaries are not now and have not been the target of demonstrations, boycotts, rallies, or other organized campaigns designed to protest any practices of the Company or its Subsidiaries, that have had or could reasonably be expected to have a Material Adverse Effect on the Company or its Subsidiaries taken as a whole.

2.34 Billing of Revenues. Except as set forth in Schedule 2.34, the Company and its Subsidiaries have billed their customers for all products and services provided by the Company or its Subsidiaries within 30 days of reaching the billing milestone indicated on the cost and payment schedule corresponding to such products and services.

2.35 Obligations Under Stock Option Plans. The Company has no obligations or liabilities under any stock option or similar plans of the Company, the Stockholder or GTC other than as set forth in Section 1.5 hereof.

2.36 Assumed Debt.

(a) Schedule 1.2(b) of this Agreement sets forth a true, accurate and complete list of all of the obligations comprising the Assumed Debt and all the documents evidencing, securing and/or relating to the Assumed Debt except those that will be cancelled or terminated as of the Closing (the "Assumed Debt Documents").

(b) Each of the Company and the Subsidiaries is in compliance in all material respects with all of the terms, conditions and covenants applicable to each set forth in or arising under the Assumed Debt Documents.

(c) The obligations of the Company and the Subsidiaries with respect to the Assumed Debt and the Assumed Debt Documents do not exceed $9,500,000.

2.37 Disclosure. The representations, warranties and statements contained in this Agreement and in the certificates, documents and schedules delivered by the Company pursuant to this Agreement to Buyer do not contain any untrue statement of a material fact, and do not omit to state a material fact required to be stated therein or necessary in order to make such representations, warranties or statements not misleading in light of the circumstances under which they were made.

SECTION 3. ADDITIONAL REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDER AND GTC

The Stockholder and GTC hereby make to Buyer the representations and warranties set forth in this Section 3, as a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated hereby.

3.1 Company Shares. The Stockholder owns of record and beneficially all of the Company Shares. Such Company Shares are, and when delivered by such Stockholder to Buyer pursuant to this Agreement will be, duly authorized, validly issued, fully paid, non-assessable and free and clear of any and all liens, encumbrances, charges or claims.

3.2 Authority. Each of the Stockholder and GTC has full right, authority, power and capacity to enter into this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of the Stockholder and GTC pursuant to this Agreement and to carry out the transactions contemplated hereby and thereby. This Agreement and each agreement, document and instrument executed and delivered by the Stockholder and GTC pursuant to this Agreement constitutes a legal, valid and binding obligation of the Stockholder and GTC, respectively, enforceable in accordance with their respective terms, and has been duly authorized by all necessary corporate action of the Stockholder and GTC. The Stockholder has full right, power and authority to transfer, sell and deliver the Company Shares to Buyer pursuant to this Agreement. The execution, delivery and performance of this Agreement and each such agreement, document and instrument:

(a) do not and will not violate any provision of the Articles of Organization or By-laws of the Stockholder or GTC, or any laws of the United States or any state or other jurisdiction applicable to the Stockholder or GTC, or, except as set forth on Schedule 3.2, require the Stockholder or GTC to obtain any approval, consent or waiver from, or make any filing with, any person or entity (governmental or otherwise) that has not been obtained or made; and

(b) do not and will not result in a breach of, constitute a default under, accelerate any obligation under, or give rise to a right of termination of, any indenture or loan or credit agreement or any other agreement, contract, instrument, mortgage, lien, lease, permit, authorization, writ, injunction, decree, determination, arbitration award, order or judgment, to which the Stockholder or GTC is a party or by which the property of the Stockholder or GTC is bound or affected, or result in the creation or imposition of any lien or other encumbrance on any assets of the Company or on the Company Shares.

3.3 Agreements. Except as set forth in Schedule 3.3, there are no agreements to which GTC or the Stockholder is a party relating to the business of the Company or any of its Subsidiaries or to the Stockholder's rights and obligations as a stockholder of the Company. Neither GTC nor the Stockholder owns, directly or indirectly, any material interest in any

customer, competitor or supplier of the Company or any of its Subsidiaries, or any entity which has a contract with the Company or any of its Subsidiaries. The Stockholder has not at any time transferred any of the stock of the Company held by or for such holder to any employee of the Company. The execution, delivery and performance of this Agreement by the Stockholder and GTC will not violate or result in a default or acceleration of any obligation under any contract involving the Company or any of its Subsidiaries to which the Stockholder or GTC is a party.

3.4 Investment

(a) The Stockholder is acquiring the Stock Consideration for investment for its own account, not as a nominee or agent, and not with a view to any distribution thereof in violation of the securities laws. The Stockholder has no present plan or intention of selling, granting participation in, or otherwise disposing of or distributing any part of the Stock Consideration. The Stockholder understands that such shares of CRLI Common Stock have not been registered under the Securities Act of 1933, as amended (the "Securities Act") by reason of specific exemptions therefrom which depend upon, among other things, the bona fide nature of the investment intent and the accuracy of the Stockholder's representations as expressed herein.

(b) The Stockholder's financial condition and investments are such that it is in a position to hold such shares of CRLI Common Stock for an indefinite period, bear the economic risks of the investment and withstand the complete loss of the investment. The Stockholder has extensive knowledge and experience in financial and business matters and has the capability to evaluate the merits and risks of the CRLI Common Stock. The Stockholder qualifies as an "accredited investor" as such term is defined in Section 2(15) of the Securities Act and Regulation D promulgated thereunder.

(c) The Stockholder understands that none of the shares of CRLI Common Stock may be sold, transferred or otherwise disposed of without registration under the Securities Act or an exemption therefrom, and that in the absence of an effective registration statement covering the shares of CRLI Common Stock or an available exemption from registration under the Securities Act, the shares of CRLI Common Stock must be held indefinitely. The Stockholder agrees that, in addition to any other applicable limitations on the transfer of the shares of CRLI Common Stock, in no event will it make a transfer, pledge or other disposition of any of such shares other than (i) pursuant to an effective registration statement under the Securities Act or (ii) pursuant to an exemption from registration provided for under the Securities Act. At the expense of the Stockholder or its transferee, the Stockholder shall furnish to Buyer an opinion of counsel reasonably satisfactory to Buyer to the effect that such transfer, pledge or other disposition may be made without registration under the Securities Act.

(d) The Stockholder agrees that the shares of CRLI Common Stock shall carry substantially the following legend:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE SOLD OR OTHERWISE

TRANSFERRED TO ANY PERSON, INCLUDING A PLEDGEE, UNLESS (1) EITHER (A) A REGISTRATION STATEMENT WITH RESPECT THERETO SHALL BE EFFECTIVE UNDER THE SECURITIES ACT, OR (B) THE COMPANY SHALL HAVE RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT IS AVAILABLE, AND (2) THERE SHALL HAVE BEEN COMPLIANCE WITH ALL APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS.

3.5 SEC Reports. GTC has timely filed all documents required to be filed with the Securities and Exchange Commission (the "SEC") (collectively, including all exhibits and schedules thereto and documents incorporated therein by reference, the "SEC Reports"). As of their respective dates, (i) the SEC Reports complied in all material respects with the requirements of the Securities Act, and the Securities Exchange Act of 1934, as amended (including the rules and regulations promulgated thereunder, the "Exchange Act"), as applicable, and (ii) with respect to their disclosures relating to the Company, none of the SEC Reports contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. GTC is subject to Section 13 of the Exchange Act and is in compliance in all material respects with the provisions of such section.

3.6 Assumed Debt. Each of the Stockholder and GTC is in compliance in all material respects with all of the terms, conditions and covenants applicable to each set forth in or arising under the Assumed Debt Documents.

SECTION 4. COVENANTS OF THE COMPANY, GTC AND THE STOCKHOLDER.

4.1 Making of Covenants and Agreements. The Company, GTC and the Stockholder jointly and severally hereby make the covenants and agreements set forth in this Section 4, and GTC and the Stockholder agree to use all commercially reasonable efforts or to vote appropriately to cause the Company and each of its Subsidiaries to comply with such agreements and covenants.

4.2 Conduct of Business. Between the date of this Agreement and the Closing Date, the Company and each of its Subsidiaries will, except as specifically consented to by Buyer in writing, which consent may be withheld in the sole discretion of the Buyer:

(a) conduct its business only in the ordinary course consistent with past practice, and in accordance with all applicable laws;

(b) refrain from making any change or incurring any obligation to make a change in its charter, by-laws, capital structure or authorized or issued capital stock, including

but not limited to the issuance of any option, warrant, call, conversion right or commitment of any kind with respect to the Company's capital stock;

(c) refrain from declaring, setting aside or paying any dividend, making any other distribution in respect of its capital stock or making any direct or indirect redemption, purchase or other acquisition of its stock;

(d) refrain from making any purchase, sale or disposition of any asset or property other than in the ordinary course of business, from making any capital expenditures (including capitalized lease obligations) in excess of $50,000 in the aggregate and from mortgaging, pledging, subjecting to a lien or otherwise encumbering any of its properties or assets;

(e) as long as the Assumed Debt is equal to or less than $9.5 million, refrain from incurring any obligations or liabilities except in the ordinary course of business, without Buyer's prior written approval;

(f) refrain from (i) lending money to any person (except that the Company or any of its Subsidiaries may make loans for the purchase of computer equipment and routine travel advances to employees in the ordinary course of business) or (ii) incurring or guaranteeing any indebtedness;

(g) refrain from forming any subsidiary or acquiring any equity interest or other interest in any other entity;

(h) refrain from (i) establishing, adopting or amending any Employee Plans, (ii) other than in the ordinary course of business, paying any bonus or making any profit-sharing payment, cash incentive payment or similar payment to, or increasing the amount of the wages, salary commissions, fringe benefits or other compensation or remuneration payable to, any of its directors, officers or employees, or (iii) hiring any new employee without Buyer's prior written approval;

(i) as long as the Assumed Debt is equal to or less than $9.5 million, refrain from making any change in its borrowing arrangements;

(j) use all commercially reasonable efforts to prevent any change with respect to its banking arrangements;

(k) use commercially reasonable efforts to preserve intact its current business organization, keep available the services of its current officers and employees and maintain its relations and goodwill with all suppliers, customers, landlords, creditors, employees and other persons having business relationships with the Company or any of its Subsidiaries;

(l) maintain in effect at all times all insurance of the kind, in the amount and with the insurers set forth in Schedule 2.16;

(m) furnish Buyer with unaudited monthly balance sheets and statements of income of the Company and its Subsidiaries within twenty (20) days after each month end for each month ending more than twenty (20) days before the Closing;

(n) permit Buyer and its authorized representatives to have full access during regular business hours to all its properties, assets, records, Tax Returns, contracts and documents and furnish to Buyer and its authorized representatives such financial and other information with respect to its business or properties as they may from time to time reasonably request;

(o) promptly notify Buyer of (i) any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the transactions contemplated by this Agreement and (ii) any legal proceedings commenced or, to the knowledge of the Company, GTC or the Stockholder threatened against, relating to or involving or otherwise affecting the Company or any of its Subsidiaries which relate to the consummation of the transactions contemplated by this Agreement;

(p) use all commercially reasonable efforts to maintain its properties, facilities, equipment and other assets in as good working order and condition as of the date of this Agreement, ordinary wear and tear excepted;

(q) perform all its material obligations under all contracts relating to or affecting its business, assets, properties, equipment and rights;

(r) (i) refrain from entering into, or permitting any of the assets owned or used by the Company or any of its Subsidiaries to become bound by, any material contract or amend or prematurely terminate any material contract, or (ii) waive any material right or remedy under any material contract (including, without limitation, any contract disclosed in the schedules to this Agreement);

(s) comply with all material respects with all applicable laws, Approvals, consent orders and the like;

(t) refrain from changing any of its methods of accounting or accounting practices in any material respect;

(u) refrain from making any tax election; and

(v) refrain from commencing or settling any legal proceeding without the prior written consent of Buyer.

4.3 Authorization from Others. Prior to the Closing Date, the Stockholder, GTC and the Company will use their respective reasonable efforts to obtain all authorizations, consents and permits of others required to permit the consummation by the Stockholder, GTC and the Company of the transactions contemplated by this Agreement.

4.4 Notification; Updates to Schedules.

(a) From that date of this Agreement until the Closing, the Company, GTC and the Stockholder shall promptly notify Buyer in writing of: (i) the discovery by the Company, GTC or the Stockholder of any event, condition, fact or circumstance that occurred or existed on or prior to the date of this Agreement and that caused or constitutes in any material respect an inaccuracy in or breach of any representation or warranty made by the Company, GTC or the Stockholder in this Agreement; (ii) any event, condition, fact or circumstance that occurs, arises or exists after the date of this Agreement and that would cause or constitute in any material respect an inaccuracy in or breach of any representation or warranty made by the Company, GTC or the Stockholder in this Agreement if (A) such representation or warranty had been made as of the time of the occurrence, existence or discovery of such event, condition, fact or circumstance or (B) such event, condition, fact or circumstance had occurred, arisen or existed on or prior to the date of this Agreement; (iii) any material breach of any covenant or obligation of the Company, GTC or the Stockholder; and (iv) any event, condition, fact or circumstance that would make the satisfaction of any of the conditions set forth in Section 7.1 impossible or unlikely prior to June 30, 2001.

(b) If any event, condition, fact or circumstance that is required to be disclosed pursuant to Section 4.4(a) requires any change in the schedule to this Agreement, or if any such event, condition, fact or circumstance would require such a change assuming the schedule to this Agreement were dated as of the date of the occurrence, existence or discovery of such event, condition, fact or circumstance, then the Company, GTC and the Stockholder shall promptly deliver to Buyer an update to the applicable schedule specifying such change; provided that, no such update shall be deemed to supplement or amend such schedule for the purpose of (i) determining the accuracy of any of the representations and warranties made by the Company, GTC and the Stockholder in this Agreement or (ii) determining whether any of the conditions set forth in Section 7.1 have been satisfied.

4.5 Consummation of Agreement. The Company, GTC and the Stockholder shall use their commercially reasonable efforts to perform and fulfill all conditions and obligations on their parts to be performed and fulfilled under this Agreement, to the end that the transactions contemplated by this Agreement shall be fully carried out. To this end, the Company will use its commercially reasonable efforts to obtain prior to the Closing all necessary authorizations or approvals of the Stockholder, GTC and their respective Boards of Directors.

4.6 Cooperation of the Company, GTC and the Stockholder. The Company, GTC and the Stockholder shall cooperate with all reasonable requests of Buyer and Buyer's counsel and accountants in connection with the consummation of the transactions contemplated hereby.

4.7 No Solicitation of Other Offers. Unless and until this Agreement shall have been terminated, none of the Company, GTC or the Stockholder shall, nor shall the Company, GTC or the Stockholder permit any of its directors, officers, employees or agents to, directly or indirectly, (i) take any action to solicit, initiate submission of or encourage, proposals or offers from any person relating to any acquisition or purchase of all or a portion of the assets of, or any equity interest in, the Company, any merger or business combination with the Company or any public or private offering of interests in the Company (an "Acquisition Proposal"), (ii) participate

in, or continue to participate in, any discussions or negotiations regarding an Acquisition Proposal with any person other than Buyer and its representatives, (iii) furnish any information or afford access to the properties, books or records of the Company, GTC or the Stockholder to any person that may consider making or has made an offer with respect to an Acquisition Proposal other than Buyer and its representatives, or (iv) otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other person to do any of the foregoing; provided, however, that GTC, the Company and the Stockholder, and their respective directors, officers, employees and agents, or any of them, may continue to have conversations with parties other than Buyer in connection with, and otherwise pursue, the disposition of the Redfield facility GTC shall provide written notice to Buyer of the parties with whom GTC, the Stockholder, or the Company converse or otherwise pursue the disposition of the Redfield facility. The Company will promptly notify Buyer upon receipt of any offer or indication that any person is considering making an offer with respect to an Acquisition Proposal or any request for information relative to the Company or for access to the properties, books and records of the Company, and will promptly reject any such offer or request.

4.8 Confidentiality. The Company, GTC and the Stockholder agree that, they and their officers, directors, agents and representatives will hold in strict confidence, and will not use, any confidential or proprietary data or information obtained from Buyer with respect to its business or financial condition except for the purpose of evaluating, negotiating and completing the transactions contemplated hereby. Information generally known in Buyer's industry or which has been disclosed to the Company, GTC or the Stockholder by third parties which have a right to do so or independently developed or acquired by the Company, GTC or the Stockholder shall not be deemed confidential or proprietary information for purposes of this Agreement. If the transactions contemplated by this Agreement are not consummated, the Company, GTC and the Stockholder will return to Buyer (or certify that they have destroyed) all copies of such data and information, including but not limited to financial information, customer lists, business and corporate records, worksheets, Tax Returns, lists, memoranda, and other documents prepared by or made available to the Company, GTC or the Stockholder in connection with the transaction.

4.9 No Transfer of Company Shares. Unless and until this Agreement shall have been terminated in accordance with its terms, the Stockholder shall not directly or indirectly enter into any contract to sell, exchange, deliver, assign, pledge, encumber or otherwise transfer or dispose of any Company Shares, nor shall the Stockholder directly or indirectly enter into any contract or grant any right of any kind to acquire, dispose of, vote or otherwise control in any manner any Company Shares.

4.10 Affiliate Transactions. All accounts and loans receivable of the Company from the Stockholder, GTC or any officer or director of the Company shall have been paid in full prior to the Closing.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF BUYER.

5.1 Making of Representations and Warranties. Buyer hereby makes the representations and warranties to the Company, GTC and the Stockholder contained in this Section 5, as a material inducement to the Company, GTC and the Stockholder to enter into this Agreement and consummate the transactions contemplated hereby.

5.2 Organization of Buyer. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with full corporate power to own or lease its properties and to conduct its business in the manner and in the places where such properties are owned or leased or such business is conducted by it.

5.3 Authority of Buyer.

(a) Buyer has full right, authority and power to enter into this Agreement and each agreement, document and instrument to be executed and delivered by Buyer pursuant to this Agreement and to carry out the transactions contemplated hereby. The execution, delivery and performance by Buyer of this Agreement and each such other agreement, document and instrument have been duly authorized by all necessary corporate action of Buyer and no other action on the part of Buyer is required in connection therewith. This Agreement and each other agreement, document and instrument executed and delivered by Buyer pursuant to this Agreement constitute, or when executed and delivered will constitute, legal, valid and binding obligations of Buyer enforceable in accordance with their terms. The execution, delivery and performance by Buyer of this Agreement and each such agreement, document and instrument do not and will not violate any provision of the charter or by-laws of Buyer; and do not and will not violate any laws of the United States or of any state or any other jurisdiction applicable to Buyer or require Buyer to obtain any approval, consent or waiver of, or make any filing with, any person or entity (governmental or otherwise) which has not been obtained or made.

(b) The Stock Consideration has been duly authorized by CRLI and the Stock Consideration, when issued, sold and delivered in accordance with this Agreement will be validly issued, fully paid and nonassessable.

5.4 SEC Reports. Buyer has timely filed all documents required to be filed with the Securities and Exchange Commission (the "SEC") (collectively, including all exhibits and schedules thereto and documents incorporated therein by reference, the "SEC Reports"). As of their respective dates, (i) the SEC Reports complied in all material respects with the requirements of the Securities Act, and the Securities Exchange Act of 1934, as amended (including the rules and regulations promulgated thereunder, the "Exchange Act"), as applicable, and (ii) none of the SEC Reports contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. Buyer is

subject to Section 13 of the Exchange Act and is in compliance in all material respects with the provisions of such section.

5.5 Finder's Fee. Buyer has not incurred or become liable for any broker's commission or finder's fee relating to or in connection with the transactions contemplated by this Agreement.

5.6 Litigation. There is no litigation or governmental or administrative proceeding or investigation pending or, to the knowledge of the Buyer, threatened against the Buyer which may have a Material Adverse Effect on the Buyer or which would prevent or hinder the consummation of the transactions contemplated by this Agreement.

SECTION 6. COVENANTS OF BUYER.

6.1 Making of Covenants and Agreements. Buyer hereby makes the covenants and agreements set forth in this Section 6.

6.2 Authorization from Others. Prior to the Closing Date, Buyer will use reasonable efforts to obtain all authorizations, consents and permits of others required to permit the consummation by Buyer of the transactions contemplated by this Agreement.

6.3 Employee Benefit Plans. Buyer shall provide coverage to the Company's employees and each of its Subsidiaries' employees under Buyer's health plans on terms and conditions substantially identical to those provided to similarly situated employees of Buyer, except that Buyer's plans shall not contain any exclusion or limitation with respect to pre-existing conditions of any employee or beneficiary of any such employee. To the extent relevant under any health plan maintained by Buyer, such employees shall be given credit for service with the Company, its Subsidiaries and their affiliates (and any other entity to the extent credit has heretofore been granted by the Company, its Subsidiaries and their affiliates) to the same extent as such service would be credited had it been performed for Buyer.

6.4 Registration Rights.

(a) Piggyback Registration.

(i) Participation. If CRLI elects to file a registration statement under the Securities Act covering the offer and sale of any CRLI Common Stock in connection with any public offering (other than a registration statement on Form S-8 or Form S-4, or their successors, or any other form for a similar limited purpose, or any registration statement covering only

securities proposed to be issued in exchange for securities or assets of another corporation), CRLI shall give written notice thereof to the Stockholder at least seven (7) business days before filing. The Stockholder shall have a piggyback registration right to participate in such offering (a "Piggyback Registration Right") upon the giving of notice to CRLI within three (3) business days of receipt by it of notice from CRLI. If the Stockholder notifies CRLI of its intent to exercise such Piggyback Registration Right, subject to (a) (ii) and (a)(iii) below, CRLI shall include in such registration statement such number of shares of CRLI Common Stock held by the Stockholder ("Registrable Securities") as requested by the Stockholder. If the public offering is underwritten, such Registrable Securities shall be included in the underwriting for the public offering on the same terms and conditions as the securities otherwise being sold in such offering.

(ii) Underwriters' Cutback. If the public offering is underwritten and, in the opinion of the managing underwriter of such offering the inclusion of any or all of the shares of Registrable Securities requested to be registered would be impracticable, then the number of shares of Registrable Securities to be included in the offering shall be reduced (including the possibility that the underwriter(s) shall not allow the registration of any Registrable Securities), with the participation in such offering to be in the following order of priority: (1) first, securities to be issued by CRLI shall be included, (2) second, any other CRLI Common Stock required to be included pursuant to any demand registration right granted to any other holder of CRLI Common Stock shall be included, and (3) third, Registrable Securities and any other CRLI Common Stock entitled to registration rights requested to be included, on a pro rata basis, shall be included.

(iii) Underwriting Agreement. In connection with any registration under this Section 6.4 involving an underwriting, CRLI shall not be required to include any Registrable Securities in such registration unless the Stockholder accepts the terms of the underwriting as reasonably determined by the underwriters selected by CRLI.

(b) Demand Registration Rights.

(i) In General. Subject to clause (ii) of this Section (b), CRLI shall file a registration statement under the Securities Act covering the Registrable Securities (the "Registration Statement") no later than July 1, 2001.

(ii) Effectiveness. Subject to the following sentences, CRLI shall use its best efforts to cause the Registration Statement to become effective within sixty (60) days of the filing of such Registration Statement, but in no event later than September 1, 2001, and to remain effective until the sale of all securities registered thereunder. If (A) CRLI withdraws the Registration Statement prior to the effectiveness thereof, or (B) the sale of all of the securities to which the Registration Statement applies is not consummated other than by action of the Stockholder, such Registration Statement shall not be considered to comply with this Section 6.4.

(iii) Managing Underwriter. To the extent that the Stockholder decides to conduct the sale of its Registrable Securities by means of an underwritten public offering, the managing underwriter or underwriters of any such underwritten public offering shall be selected by CRLI. If, in the opinion of the managing underwriter of such offering the inclusion of any or

all of the shares of Registrable Securities requested to be registered in the Registration Statement would be impracticable, then the number of shares of Registrable Securities to be included in the offering shall be reduced (including the possibility that the underwriter(s) shall not allow the registration of any Registrable Securities), with the participation in such offering to be in the following order of priority: (1) first, any Registrable Securities requested to be included by the Stockholder shall be included, (2) second, securities to be issued by CRLI shall be included, and (3) third, any other CRLI Common Stock entitled to registration rights requested to be included, on a pro rata basis, shall be included.

(c) "Stand-Off" Agreement. The Stockholder, if requested by CRLI and the managing underwriter of an offering by CRLI of CRLI Common Stock or other securities of CRLI pursuant to a Registration Statement covering CRLI Common Stock to be sold on its behalf to the public agrees not to sell, make any short sale of, loan, grant any option for the purchase of, publicly or otherwise transfer or dispose of any Registrable Securities or other securities of CRLI held by the Stockholder other than shares included in the registration for the period of ninety (90) days following the effective date of such Registration Statement, provided all officers and directors are similarly bound.

(d) Indemnification.

(i) Indemnification by CRLI. CRLI agrees to indemnify and hold harmless the Stockholder, its officers, directors and agents and each person, if any, who controls the Stockholder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any registration statement or final prospectus relating to the Registrable Securities or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or expenses arise out of, or are based upon, any such untrue statement or omission based upon information furnished in writing to CRLI by the Stockholder of the Registrable Securities or on the Stockholder's behalf expressly for use therein; provided, that with respect to any untrue statement or omission made in any preliminary prospectus, the indemnity agreement contained in this paragraph shall not apply to the extent that any such loss, claim, damage, liability or expense results from the fact that a current copy of the prospectus was not sent or given to the person asserting any such loss, claim, damage, liability or expense at or prior to the written confirmation of the sale of the Registrable Securities concerned if it is determined that it was the responsibility of the Stockholder of such Registrable Securities to provide such person with a current copy of the prospectus and such current copy of the prospectus would have cured the defect giving rise to such loss, claim, damage, liability or expense. CRLI also agrees to indemnify any underwriters of the Registrable Securities, their officers and directors and each person who controls such underwriters on substantially the same basis as that of the indemnification of the Stockholder of such Registrable Securities provided in this section (d).

(ii) Indemnification by the Stockholder. The Stockholder, to the extent it is selling Registrable Securities ("Selling Holder"), agrees to indemnify and hold harmless CRLI, its directors and officers and each person, if any, who controls CRLI within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from CRLI to the Stockholder, but only with respect to, and to the extent that, information furnished in writing by the Stockholder or on the Stockholder's behalf expressly for use in any registration statement or final prospectus relating to the Registrable Securities (or any amendment or supplement thereto, or any preliminary prospectus) which contained an untrue statement or alleged untrue statement of a material fact or omitted or allegedly omitted to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading. Notwithstanding anything to the contrary contained herein, the liability of the Stockholder hereunder shall be limited to the proportion of any such loss, claim, damage, liability or expense that is equal to the proportion that the public offering price of the shares of Registrable Securities sold by the Stockholder bears to the total public offering price of all securities sold in such offering. In case any action or proceeding shall be brought against CRLI or its directors or officers, or any such controlling Person, in respect of which indemnity may be sought against such Selling Holder, such Selling Holder shall have the rights and duties given to CRLI, and CRLI or its directors or officers or such controlling Person shall have the rights and duties given to such Selling Holder, by the preceding subsection. The Stockholder also agrees to indemnify and hold harmless the underwriters on substantially the same basis of that of the indemnification of CRLI provided in the preceding subsection.

(e) Contribution. If the indemnification provided for herein is unavailable to CRLI, the Stockholder or the underwriters in respect of any losses, claims, damages, liabilities, expenses or judgments referred to herein, then each such indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities, expenses and judgments (i) as between CRLI and the Stockholder on the one hand and the underwriters on the other, in such proportion as is appropriate to reflect the relative benefits received by CRLI and the Stockholder on the one hand and the underwriters on the other from the offering of the Registrable Securities, or if such allocation is not permitted by applicable law, in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of CRLI and the Stockholder on the one hand and of the underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities, expenses or judgments, as well as any other relevant equitable considerations and (ii) as between CRLI on the one hand and each Selling Holder on the other, in such proportion as is appropriate to reflect the relative fault of CRLI and of each Selling Holder in connection with such statements or omissions, as well as any other relevant equitable considerations. The relative benefits received by CRLI and the Stockholder on the one hand and the underwriters on the other shall be deemed to be in the same proportion as the total proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by CRLI and the Stockholder bear to the total underwriting discounts and commissions received by the underwriters, in each case as set forth in the table on the cover page of the prospectus. The relative fault of CRLI on the one hand and of each Selling Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to

information supplied by such party, and the party's relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

CRLI and the Stockholder agree that it would not be just and equitable if contribution pursuant to this section were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities, expenses or judgments referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this section, no underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no Selling Holder shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities of such Selling Holder were offered to the public exceeds the amount of any damages which such Selling Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) Registration Expenses.

(i) Registration Rights. CRLI shall bear all registration expenses incurred in connection with Piggyback Registration Rights and Demand Registration Rights, which may include the reasonable attorneys' fees and costs of one special counsel to the Stockholder (unless Parent's counsel is willing to serve as counsel to the Stockholder in connection with such registrations).

(ii) Expenses of Registrant. CRLI shall pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit, the fees and expenses incurred in connection with any listing of the securities to be registered on a securities exchange, and the fees and expenses of any person, including special experts, retained by CRLI.

(f) Termination of Registration Rights. Notwithstanding anything to the contrary contained herein, the registration rights set forth herein shall terminate at any time that the Stockholder is able to sell all of its Registrable Securities under Rule 144 of the Securities Act in a single transaction without exceeding the volume limitations thereunder.

6.5 Confidentiality. Buyer agrees that, unless and until the Closing has been consummated or until the second anniversary of any termination of this Agreement, Buyer and its officers, directors, agents and representatives will hold in strict confidence, and will not use any confidential or proprietary data or information obtained from the Company, GTC or the

Stockholder with respect to the business or financial condition of the Company except for the purpose of evaluating, negotiating and completing the transactions contemplated hereby. Information generally known in the industries of the Company, GTC or the Stockholder or which has been disclosed to Buyer by third parties which have a right to do so or independently developed or acquired by Buyer shall not be deemed confidential or proprietary information for purposes of this Agreement. If the transactions contemplated by this Agreement are not consummated, Buyer will return to the Company (or certify that it has destroyed) all copies of such data and information, including but not limited to financial information, customer lists, business and corporate records, worksheets, Tax Returns, lists, memoranda, and other documents prepared by or made available to Buyer in connection with the transaction. Notwithstanding the foregoing, Buyer shall be permitted to disclose such information about the Company, its Stockholder and the transactions contemplated hereby as may be legally required, and to its legal, tax and financial advisors.

6.6 Consummation of Agreement. Buyer shall use all commercially reasonable efforts to perform and fulfill all conditions and obligations on its part to be performed and fulfilled under this Agreement, to the end that the transactions contemplated by this Agreement shall be carried out.

6.7 Notice of Breach. Prior to the Closing, Buyer shall give prompt notice to the Company, GTC and the Stockholder of (a) the occurrence or non-occurrence of any event of which they are aware that would be likely to cause any representation or warranty of Buyer contained in this Agreement to be untrue or inaccurate in any material respect at or prior to the Closing and (b) any material failure of Buyer to comply with or satisfy any covenant, condition, or agreement to be complied with or satisfied by it hereunder and of which Buyer is aware and Buyer shall use all commercially reasonable efforts to prevent or promptly remedy the same.

6.8 Right to Repurchase. CRLI has the right to call for repurchase, at any time prior to July 1, 2001, all or any portion of the shares of CRLI Common Stock issued to the Stockholder under this Agreement at a price equal to the greater of (i) the Average Sales Price per share or (ii) the then fair market value per share of CRLI Common Stock, which shall be equal to the closing price per share of the CRLI Common Stock on the date of the written notice from CRLI to the Stockholder that CRLI intends to exercise its right under this Section 6.8 (the "Repurchase Notice"), multiplied by the number of shares of CRLI Common Stock to be repurchased under this Section 6.8. The closing of any repurchase of the shares of CRLI Common Stock pursuant to this Section 6.8 shall take place on the date that is three (3) calendar days from the date of delivery of the Repurchase Notice. Payment for any shares of CRLI Common Stock repurchased under this Section 6.8 shall be made in cash by bank cashier check in Boston Clearing House Funds or by wire transfer of immediately available funds.

SECTION 7. CONDITIONS.

7.1 Conditions to the Obligations of Buyer. The obligation of Buyer to consummate this Agreement and the transactions contemplated hereby are subject to the fulfillment, prior to or at the Closing, of the following conditions precedent:

(a) Representations; Warranties; Covenants. Each of the representations and warranties of the Company, GTC and the Stockholder contained in this Agreement and in each of the other agreements and instruments delivered to Buyer in connection with the transactions contemplated hereby shall be true and correct in all material respects (except for such representations and warranties that are qualified by their terms as to materiality, which representations and warranties as so qualified shall be true in all respects) as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (in each case without giving effect to any update to the schedules to this Agreement) except in each case to the extent that representations and warranties expressly made as of an earlier date need only be true and correct as of such earlier date (in each case without giving effect to any update to the schedules to this Agreement). The Company, GTC and the Stockholder shall, on or before the Closing, have performed all of their obligations hereunder which by the terms hereof are to be performed on or before the Closing.

(b) No Material Change. There shall have been no Material Adverse Effect with respect to the Company and its Subsidiaries since the date hereof.

(c) Certificate from Officers. The Stockholder shall have delivered to Buyer a certificate of the Company's President and Chief Financial Officer dated as of the Closing to the effect that the statements set forth in paragraphs (a) and (b) above in this Section 7.1 are true and correct.

(d) Opinion of Counsel. On the Closing Date, Buyer shall have received from Goodwin Procter LLP, counsel for the Company, GTC and the Stockholder, an opinion as of said date, in a form reasonably satisfactory to Buyer. Such opinion shall permit the Agent and the Lenders (as defined in Section 12.5 hereof) to rely on the opinions expressed therein to the same extent as the addressees thereof.

(e) No Litigation. The consummation of the transactions contemplated by this Agreement shall not have become inadvisable or impracticable by reason of the institution or threat by any person or any federal, state or other governmental authority of litigation, proceedings or other action against Buyer, the Company, its Subsidiaries, GTC or the Stockholder.

(f) Consents. The Company, GTC or the Stockholder shall have made all filings with and notifications of governmental authorities and regulatory agencies required to be made by the Company, its Subsidiaries, GTC or the Stockholder in connection with the execution and delivery of this Agreement and the performance of the transactions contemplated hereby. The Company, GTC, the Stockholder and Buyer shall have received all authorizations, waivers, consents and permits, in form and substance reasonably satisfactory to Buyer, from all third parties required to permit the consummation of the transactions contemplated by this Agreement, except where the failure to have received the same would not result in a Material Adverse Effect with respect to the Company.

(g) Termination of Liens. All liens (whether represented by UCC-1 Financing Statements, mortgages or otherwise) relating to the assets of the Company or any of its Subsidiaries, other than those evidencing liens relating to the Assumed Debt or liens otherwise approved by Buyer, shall have been terminated, such terminations to be in form and substance reasonably satisfactory to Buyer.

7.2 Conditions to Obligations of the Company, GTC and the Stockholder. The obligation of the Company, GTC and the Stockholder to consummate this Agreement and the transactions contemplated hereby is subject to the fulfillment, prior to or at the Closing, of the following conditions precedent:

(a) Representations; Warranties; Covenants. Each of the representations and warranties of Buyer contained in Section 5 shall be true and correct in all material respects (except for such representations and warranties that are qualified by their terms as to materiality, which representations and warranties as so qualified shall be true in all respects) as though made on and as of the Closing. Buyer shall, on or before the Closing, have performed all of its obligations hereunder which by the terms hereof are to be performed on or before the Closing. Buyer shall have delivered to the Company, GTC and the Stockholder a certificate of the President or any Vice President of Buyer dated on the Closing to such effect.

(b) No Litigation. The consummation of the transactions contemplated by this Agreement shall not have become inadvisable or impracticable by reason of the institution by any person or any federal, state or other governmental authority of litigation, proceedings or other action against Buyer, the Company, its Subsidiaries, or the Stockholder.

(c) Opinion of Counsel. On the Closing Date, the Company, GTC and the Stockholder shall have received from Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., counsel for Buyer, an opinion as of said date, in a form reasonably satisfactory to the Company, GTC, and the Stockholder. Such opinion shall permit the Agent and the Lenders to rely on the opinions expressed therein to the same extent as the addressees thereof.

(d) Certain Liabilities. The liabilities set forth on Schedule 7.2, including the liabilities relating to the Assumed Debt as identified on Schedule 7.2, shall have been transferred

by the Stockholder or GTC to the Company and the Stockholder or GTC, as applicable, shall have received a release from liability, and a release of all related pledges and guarantees, from each of the parties to which such liabilities are owed.

(e) Real Estate Lease. Buyer shall have assumed any and all obligations and liabilities of the Company, the Stockholder and/or GTC under that certain Indenture of Lease for real property located at 57 Union Street, Worcester, Massachusetts, dated as of March 17, 1986, as amended on September 30, 1993, with the Trustees of 57 Union Street as Lessor, upon such terms and conditions, including security requirements, as may be reasonably required by the Lessor.

SECTION 8. TAX MATTERS.

8.1 Tax Sharing Agreements. Any tax sharing agreement between GTC and any of the Company and its Subsidiaries will terminate as of the Closing Date and will have no further effect for any taxable year (whether the current year, a future year, or a past year).

8.2 Taxes of Other Persons. The Stockholder agrees to indemnify Buyer from and against any Adverse Consequences (as defined below) Buyer may suffer resulting from, arising out of, relating to, in the nature of, or caused by any liability of any of the Company and its Subsidiaries for Taxes of any Person (as defined below) for all time periods ending immediately prior to the Closing Date other than any of the Company and its Subsidiaries under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or foreign law).

8.3 Returns for Periods Through the Closing Date. GTC will include the income of the Company and its consolidated Subsidiaries (including any deferred income triggered into income by Treasury Regulations Section 1.1502-13 and Treasury Regulations Section 1.1502-14 and any excess loss accounts taken into income under Treasury Regulations Section 1.1502-19) on the GTC consolidated federal Tax Returns for all periods up to and including the Closing Date and pay any federal Taxes required to be paid. The Company and its Subsidiaries will furnish Tax information to GTC for inclusion in GTC's federal consolidated Tax Return for the period which includes the Closing Date in accordance with the Company's past custom and practice. The income of the Company and its Subsidiaries will be apportioned to the period through and including the Closing Date and to the period after the Closing Date by closing the books of the Company and its Subsidiaries as of the end of the date immediately prior to the Closing Date.

8.4 Indemnification for Post-Closing Transactions. Buyer agrees to indemnify the Stockholder and GTC for any additional Tax owed by the Stockholder and/or GTC (including any Tax owed due to this indemnification payment) resulting from any transaction not in the

ordinary course of business occurring on the Closing Date after Buyer's purchase of the Company Shares.

8.5 Post-Closing Transactions not in the Ordinary Course. Buyer and the Stockholder agree to report all transactions not in the ordinary course of business occurring on the Closing Date after Buyer's purchase of the Company Shares on Buyer's federal Income Tax Return to the extent permitted by Treasury Regulations Section 1.1502-76(b)(1)(B).

8.6 Tax Election; Allocation of Purchase Price. At Buyer's written request, the Stockholder shall (i) cooperate in the preparation of an election under Section 338(h)(10) of the Code (the "Section 338 Election") (and any corresponding elections under state, local or foreign law) and (ii) jointly file such election (and any corresponding elections under state, local or foreign law) with Buyer on a timely basis and comply with the rules and regulations applicable to such Section 338 Election (and any corresponding elections under state, local or foreign law). The allocation of the purchase price and the liabilities of the Company for purposes of making such Section 338 Election shall be as set forth on Schedule 8.6 attached hereto. The Stockholder will pay any tax, including any liability of the Company for any tax, as a result of making such Section 338 Election (and any corresponding elections under state, local or foreign law) on a timely basis.

8.7 Definitions. The following capitalized terms used in this Agreement shall have the meanings provided below:

(a) "Adverse Consequences" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, reasonable amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses, and fees, including court costs and reasonable attorneys' fees and expenses.

(b) "Person" means an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof.

8.8 Cooperation and Exchange of Information. The Stockholder and Buyer will provide each other with such cooperation and information as either of them reasonably may request of the other in filing any Tax Return, amended Tax Return or claim for refund, determining a liability for Taxes or a right to a refund of Taxes, participating in or conducting any audit or other proceeding in respect of Taxes. Such cooperation and information shall include providing copies of relevant Tax Returns or portions thereof, together with accompanying schedules, related work papers and documents relating to rulings or other determinations by tax authorities. Buyer and Stockholder shall make their respective employees available on a basis mutually convenient to both parties to provide explanations of any

documents or information provided hereunder. Each of the Stockholder and Buyer shall retain all Tax Returns, schedules and work papers, records and other documents in its possession relating to tax matters of the Company and the business and assets of the Company for each taxable period first ending after the Closing Date and for all prior taxable periods until the later of (i) the expiration of the statute of limitations of the taxable periods to which such Tax Returns and other documents relate, without regard to extensions except to the extent notified by the other party in writing of such extensions for the respective tax periods, or (ii) six years following the due date (without extension) for such Tax Returns. Any information obtained under this Section 8.8 shall be kept confidential in accordance with the provisions of this Agreement except as may be otherwise necessary in connection with the filing of Tax Returns or claims for refund or in conducting an audit or other proceeding.

SECTION 9. TERMINATION OF AGREEMENT; RIGHTS TO PROCEED.

9.1 Termination. At any time prior to the Closing, this Agreement may be terminated as follows:

(a) by mutual written consent of all of the parties to this Agreement;

(b) by Buyer (provided that Buyer is not in material breach of this Agreement), pursuant to written notice by Buyer to the Company, GTC and the Stockholder, if (i) if the Company, GTC or the Stockholder is in material breach of this Agreement and such breach shall remain uncured for a period of ten (10) business days after Buyer shall have given written notice of such breach to the Company and, if applicable, GTC and the Stockholder or (ii) by June 30, 2001, any of the conditions set forth in Section 7.1 of this Agreement have not been satisfied, or if it has become reasonably and objectively certain that any of such conditions, other than a condition within the control of Buyer, will not be satisfied at or prior to such date (unless such failure of satisfaction is the result directly or indirectly of any intentional or willful action or intentional or willful failure to act on the part of Buyer) and Buyer shall not have waived such failure of satisfaction, such written notice to set forth such conditions which have not been or will not be so satisfied; and

(c) by the Company, GTC and the Stockholder (provided that none of the Company, GTC or the Stockholder is in material breach of this Agreement), pursuant to written notice by the Company, GTC and the Stockholder to Buyer, (i) if Buyer is in material breach of this Agreement and such breach shall remain uncured for a period of ten (10) business days after the Company shall have given written notice of such breach to Buyer or (ii) by June 30, 2001, if any of the conditions set forth in Section 7.2 of this Agreement have not been satisfied, or if it has become reasonably and objectively certain that any of such conditions, other than a condition within the control of the Company, GTC or the Stockholder, will not be satisfied at or prior to such date (unless such failure of satisfaction is the result directly or indirectly of any intentional or willful action or intentional or willful failure to act on the part of the Company, GTC or the

Stockholder) and the Company, GTC and the Stockholder shall not have waived such failure of satisfaction, such written notice to set forth such conditions which have not been or will not be so satisfied.

9.2 Effect of Termination. All obligations of the parties hereunder shall cease upon any termination pursuant to Section 9.1; provided, however, that (a) the provisions of Section 4.8, Section 6.5, this Section 9, Section 11, Section 12.1 and Section 12.9 hereof shall survive any termination of this Agreement; (b) nothing herein shall relieve any party from any liability for a material error or omission in any of its representations or warranties contained herein or a material failure to comply with any of its covenants, conditions or agreements contained herein.

9.3 Right to Proceed. Anything in this Agreement to the contrary notwithstanding, if any of the conditions specified in Section 7.1 hereof have not been satisfied, Buyer shall have the right to proceed with the transactions contemplated hereby without waiving any of its rights hereunder, and if any of the conditions specified in Section 7.2 hereof have not been satisfied, the Company, GTC and the Stockholder shall have the right to proceed with the transactions contemplated hereby without waiving any of their rights hereunder.

SECTION 10. RIGHTS AND OBLIGATIONS SUBSEQUENT TO CLOSING.

10.1 Survival of Warranties. Each of the representations, warranties, agreements, covenants and obligations herein or in any schedule, exhibit, or certificate delivered by any party to the other party incident to the transactions contemplated hereby are material, shall be deemed to have been relied upon by the other party and shall survive the Closing for a period of eighteen (18) months (the "Termination Date"); provided, however, that if any time prior to the Termination Date any party seeking indemnification hereunder delivers to the party from which it is seeking indemnification a written notice of a Buyer Indemnifiable Claim or Stockholder Indemnifiable Claim, as the case may be, then such claim shall survive until such time as it is fully and finally resolved. The right to indemnification or any other remedy based on any such representation, warranty, agreement, covenant or obligation shall not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with any such representation, warranty, agreement, covenant or obligation.

SECTION 11. INDEMNIFICATION.

11.1 Indemnification by the Stockholder and GTC. The Stockholder, GTC and their respective successors and permitted assigns agree subsequent to the Closing to indemnify and hold the Company, Buyer and their respective subsidiaries and affiliates and their respective stockholders, officers, directors, partners or employees thereof (individually a "Buyer

Indemnified Party" and collectively the "Buyer Indemnified Parties") harmless from and against any damages, liabilities, losses and expenses (including, without limitation, reasonable fees of counsel, accountants and consultants) of any kind or nature whatsoever (whether or not arising out of third-party claims and including all amounts paid in investigation, defense or settlement of the foregoing) which may be sustained or suffered by any of them ("Damages") arising out of or based upon any of the following matters:

(a) any inaccuracy in or breach by the Company, GTC or the Stockholder of any of their representations, warranties or covenants under this Agreement or in any certificate, schedule or exhibit delivered pursuant hereto (as modified by the schedule to this Agreement but without giving effect to any update of such schedules and without giving effect to any materiality or similar qualification contained or incorporated in such representation or warranty), or by reason of any claim, action or proceeding asserted or instituted arising out of any such inaccuracy or breach; and

(b) any liability of the Company for taxes arising from an event or transaction occurring prior to the Closing or as a result of the Closing, including, without limitation, any increase in taxes due to the unavailability of any loss or deduction claimed by the Company and any taxes incurred as a result of the Section 338 Election.

Claims under clauses (a) and (b) of this Section 11.1 are collectively referred to herein as "Buyer Indemnifiable Claims," and Damages in respect of such claims are collectively referred to herein as "Buyer Indemnifiable Damages."

11.2 Limitations on Indemnification by the Stockholder and GTC. Notwithstanding the foregoing, the right of Buyer Indemnified Parties to indemnification under Section 11.1 shall be subject to the following provisions:

(a) The maximum indemnification payable pursuant to Section 11.1 above shall equal $20 million (the "Maximum Amount");

(b) No indemnification shall be payable pursuant to Section 11.1 above to any Buyer Indemnified Party, unless the total of all claims for indemnification pursuant to Section 11.1 shall exceed $350,000 in the aggregate (the "Basket Amount"), whereupon the amount of such claims in excess of $350,000 shall be recoverable in accordance with the terms hereof;

(c) No Limitation on Certain Claims. Notwithstanding anything herein to the contrary, Buyer Indemnified Damages arising out of or resulting from (i) any inaccuracy or breach of Sections 2.3, 2.8, 2.20, 2.35, or 3.1; (ii) fraud or intentional misrepresentation by the Company, GTC or the Stockholder; or (iii) a deliberate or willful breach by the Company, GTC or the Stockholder of any of their representations or warranties under this Agreement or in any schedule, document or certificate delivered in connection with this Agreement, shall not be subject to the Basket Amount or the Maximum Amount and, notwithstanding the provisions of Section 10 hereof, shall survive the Closing indefinitely.

11.3 Indemnification by Buyer. Buyer and its successors and permitted assigns agree to indemnify and hold GTC and the Stockholder and their respective stockholders, subsidiaries, affiliates, and persons serving as officers, directors, partners or employees thereof (individually a "Stockholder Indemnified Party" and collectively the "Stockholder Indemnified Parties") harmless from and against any Damages, arising out of or based upon any inaccuracy in or other breach by Buyer of any of its representations, warranties or covenants of Buyer under this Agreement or in any certificate, schedule or exhibit delivered pursuant hereto, or by reason of any claim, action or proceeding asserted or instituted growing out of any matter or thing constituting a breach of such representations, warranties or covenants.

Claims under this Section 11.3 are collectively referred to herein as "Stockholder Indemnifiable Claims," and Damages in respect of such claims are collectively referred to as "Stockholder Indemnifiable Damages."

11.4 Limitation on Indemnification by Buyer. Notwithstanding the foregoing, the right of Stockholder Indemnified Parties to indemnification under Section 11.3 shall be subject to the following provisions:

(a) The maximum indemnification payable pursuant to Section 11.3 above shall equal the Maximum Amount;

(b) No indemnification pursuant to Section 11.3 shall be payable to the Stockholder, unless the total of all claims for indemnification pursuant to Section 11.3 shall exceed $350,000 in the aggregate, whereupon the amount of such claims in excess of $350,000 shall be recoverable in accordance with the terms hereof;

(c) No Limitation on Certain Claims. Notwithstanding anything herein to the contrary, Stockholder Indemnified Damages arising out of or resulting from (i) fraud or intentional misrepresentation by Buyer; or (ii) a deliberate or willful breach by Buyer of any of its representations or warranties under this Agreement or in any schedule, document or certificate delivered in connection with this Agreement, shall not be subject to the Basket Amount or the Maximum Amount and, notwithstanding the provisions of Section 10, shall survive the Closing indefinitely.

11.5 No Contribution. The Stockholder shall have no right of contribution, indemnity or any other right or remedy against the Company in connection with any indemnification obligation or any other liability to which it may become subject under or in connection with this Agreement.

11.6 Notice; Defense of Claims. An indemnified party may make claims for indemnification hereunder by giving written notice thereof, promptly and in no event later than fifteen days after receipt by the indemnified party, to the indemnifying party. If indemnification is sought for a claim or liability asserted by a third party, the indemnified party shall also give

written notice thereof to the indemnifying party, promptly and in no event later than fifteen days after receipt by the indemnified party of notice of the claim or liability being asserted, but the failure to do so shall not relieve the indemnifying party from any liability except to the extent that it is prejudiced by the failure or delay in giving such notice. Such notice shall summarize the bases for the claim for indemnification and any claim or liability being asserted by a third party. Within 20 days after receiving such notice the indemnifying party shall give written notice to the indemnified party stating whether it disputes the claim for indemnification and whether it will defend against any third party claim or liability at its own cost and expense. The indemnifying party shall be entitled to direct the defense against a third party claim or liability with counsel selected by it (subject to the consent of the indemnified party, which consent shall not be unreasonably withheld) as long as the indemnifying party is conducting a good faith and diligent defense. The indemnified party shall at all times have the right to fully participate in the defense of a third party claim or liability at its own expense directly or through counsel; provided, however, that if the named parties to the action or proceeding include both the indemnifying party and the indemnified party and the indemnified party is advised that representation of both parties by the same counsel would be inappropriate under applicable standards of professional conduct, the indemnified party may engage separate counsel at the expense of the indemnifying party. If no such notice of intent to dispute and defend a third party claim or liability is given by the indemnifying party, or if such good faith and diligent defense is not being or ceases to be conducted by the indemnifying party, the indemnified party shall have the right, at the expense of the indemnifying party, to undertake the defense of such claim or liability (with counsel selected by the indemnified party), and to compromise or settle it, exercising reasonable business judgment. If the third party claim or liability is one that by its nature cannot be defended solely by the indemnifying party, then the indemnified party shall make available such information and assistance as the indemnifying party may reasonably request and shall cooperate with the indemnifying party in such defense, at the expense of the indemnifying party.

11.7 Taxes. The amount of Damages otherwise recoverable under this Section 11 shall be reduced to the extent to which any Federal, state, local or foreign tax liabilities of the applicable indemnitee, or any of its respective affiliates (including in the case of Buyer, the Company once the Closing has occurred) is decreased by reason of any Damage in respect of which such indemnitee shall be entitled to indemnity under this Agreement. Any such decrease in Damages based on any such tax liability reduction shall only equal the amount of the reduction in actual cash taxes paid as a result of the payment of any such Damages.

11.8 Insurance. No Damages shall be recoverable by an indemnitee with respect to any matter which is covered by insurance, to the extent proceeds of such insurance or other third party indemnitor are paid net of deductibles or any costs incurred in connection with the collection thereof and the applicable indemnitee hereby agrees to use its reasonable best efforts (which shall not include an obligation to commence litigation) to exhaust its remedies against all applicable insurers or indemnitor prior to recovering any amounts hereunder.

11.9 Sole Remedy. From and after the Closing, the sole and exclusive remedy of the parties hereto with respect to any and all monetary claims (other than claims described in Sections 11.2(c)(iii) and 11.4(c)(ii)) relating to this Agreement and the transactions contemplated hereby shall be the indemnification provisions set forth in this Section 11. With respect to non-monetary damages or relief (such as breaches of covenants to be performed after the Closing Date) or claims described in Sections 11.2(c)(iii) and 11.4(c)(ii), the remedies set forth in this Section 11 are cumulative and shall not be construed to restrict or otherwise affect any other remedies that may be available to the indemnified party under any agreement, pursuant to law or otherwise.

SECTION 12. MISCELLANEOUS.

12.1 Fees and Expenses. The Stockholder will bear its own expenses and those of the Company, and the Buyer will bear its own expenses, in connection with the negotiation and the consummation of the transactions contemplated by this Agreement.

12.2 Governing Law. This Agreement shall be construed under and governed by the internal laws of the State of Delaware without regard to its conflict of laws provisions.

12.3 Notices. Any notice, request, demand or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given if delivered or sent by facsimile transmission, upon receipt, or if sent by overnight commercial delivery service, upon the next business day. All notices to a party will be sent to the addresses set forth below or to such other address or person as such party may designate by notice to each other party hereunder:

TO BUYER:
Charles River Laboratories, Inc.
251 Ballardvale Street
Wilmington, MA 01887
Attn: James C. Foster
Chairman, President and
Chief Executive Officer
Fax: (978) 694-9504

With a copy to:
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
One Financial Center
Boston, MA 02111
Attn: William T. Whelan, Esq.
Fax: (617) 542-2241

TO COMPANY, GTC AND THE STOCKHOLDER:

Genzyme Transgenics Corporation
175 Crossing Boulevard
Framingham, MA 01702
Attn: President
Fax: (508) 370-3797

With a copy to:

Goodwin Procter LLP
Exchange Place
Boston, MA 02109
Attn: Stuart M. Cable, P.C.
Fax: 617-523-1231

Any notice given hereunder may be given on behalf of any party by his counsel or other authorized representatives.

12.4 Entire Agreement. This Agreement, including the Schedules and Exhibits referred to herein and the other writings specifically identified herein or contemplated hereby, is complete, reflects the entire agreement of the parties with respect to its subject matter, and supersedes all previous written or oral negotiations, commitments and writings. No promises, representations, understandings, warranties or agreements have been made by any of the parties hereto except as referred to herein or in such Schedules and Exhibits or in such other writings; and all inducements to the making of this Agreement relied upon by either party hereto have been expressed herein or in such Schedules or Exhibits or in such other writings.

12.5 Assignability; Binding Effect. This Agreement shall only be assignable by Buyer to a corporation or other entity controlling, controlled by or under common control with Buyer upon written notice to the Company, GTC and the Stockholder, and such assignment shall not relieve Buyer of any liability hereunder. Notwithstanding the foregoing, this Agreement may be collaterally assigned by Buyer, without the consent of the Company, GTC and the Stockholder, to the Agent and Lenders from time to time under and as defined in that certain Credit Agreement dated as of September 20, 1999, by and among Credit Suisse First Boston (as successor in interest to DLJ Capital Funding, Inc.), as lead arranger, as sole book runner and as syndication agent for such Lenders (the "Lenders"), and Union Bank of California, N.A., as administrative agent for such Lenders, as the same may be amended from time to time, upon written notice to the Company, GTC and the Stockholder. Except as otherwise set forth above, this Agreement may not be assigned by the Stockholder, GTC or the Company without the prior written consent of Buyer. This Agreement shall be binding upon and enforceable by, and shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

12.6 Execution in Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

12.7 Amendments. This Agreement may not be amended or modified, nor may compliance with any condition or covenant set forth herein be waived, except by a writing duly and validly executed by each party hereto, or in the case of a waiver, the party waiving compliance.

12.8 Publicity and Disclosures. Except as required by law, no press releases or public disclosure, either written or oral, of the transactions contemplated by this Agreement, shall be made by a party to this Agreement without the prior knowledge, opportunity to review, and written consent of Buyer and the Stockholder.

12.9 Arbitration. Any dispute, controversy or claim arising out of or in connection with this Agreement or any other agreement, document or instrument to be executed and delivered pursuant to the Agreement (a "Claim") shall be resolved by binding arbitration in accordance with the provisions of this Section 12.9. Any such arbitration shall be conducted in Boston, Massachusetts. Upon the initiation of any Claim, the parties involved in such Claim shall attempt to mutually agree upon an arbitrator(s) to arbitrate the dispute. If the parties are unable to mutually agree upon an arbitrator(s) within 10 days following the initiation of such Claim, the parties shall request JAMS/Endispute, Inc. ("JAMS/Endispute") to appoint, on an expedited basis, three arbitrators who shall have substantial experience as arbitrators, be experienced in corporate transactions and the subject matter of the dispute and be able to commence arbitration proceedings (with at least an initial hearing), according to the requirements of this Section 12.9 and the rules of JAMS/Endispute (the "Rules"), within 30 days after appointment. The arbitration proceeding shall be administered by the arbitrator(s) in accordance with the Rules as such arbitrator(s) deem appropriate. The decision of the arbitrator(s) shall be final and binding provided that such decision is in written form and recites the decision and all findings and orders relative to the implementation thereof. Each of the parties hereto hereby irrevocably submits to the jurisdiction of all federal and state courts of competent jurisdiction located in the Commonwealth of Massachusetts for the purpose of enforcing the decision of the arbitrator(s) and hereby waives and agrees not to seek any review by any court of any other jurisdiction which may be called upon to grant an enforcement of the judgment of any such court. Final judgment against either party may be enforced in other jurisdictions by suit, action or proceeding on the judgment, or in any other manner provided by or pursuant to the laws of such other jurisdiction. Prior to receipt of the decision of the arbitrator(s), each party shall pay its own expenses in connection with any arbitration proceeding initiated hereunder and shall share the costs of the arbitrator(s). The arbitrator(s) may order that the prevailing party is entitled to have its costs (including JAMS/Endispute fees and attorney and other professional fees) paid by the other party; provided, however, that the arbitrator(s) shall have discretion to apportion the responsibility for the costs of the parties in the event that the decision of the arbitrator(s) is not solely in favor of one of the parties. Notwithstanding anything to the contrary contained herein, a party may seek injunctive relief without complying with the provisions of this Section 12.9; provided, however, that the parties agree that any arbitrator appointed hereunder shall have the authority to issue injunctive orders for specific enforcement.

12.10 Restrictions Under Securities Laws. Each of the Company, GTC and the Stockholder, on the one hand, and the Buyer and CRLI on the other, acknowledge that they are aware (and their respective stockholders, partners, members, directors, members of governing bodies, employees, advisors, representatives and affiliates who are or will be apprized of matters relating to this Agreement, the agreements executed in connection herewith, or the transactions contemplated hereby and thereby have been advised), that the United States securities laws prohibit any person who has material non-public information about a company from purchasing or selling securities of such company. The Company, GTC and the Stockholder, on the one hand, and the Buyer and CRLI on the other, agree that they shall not, directly or indirectly, alone or with others, in any manner acquire or attempt to acquire or dispose of or attempt to dispose of any securities of CRLI or GTC, respectively, or any other person in violation of applicable securities laws, and that they each shall instruct their respective representatives who are apprized of matters relating to this Agreement or the agreements executed in connection herewith, or the transactions contemplated hereby and thereby to comply with such prohibitions.

12.11 Remedies. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for breach of the provisions of this Agreement and that any party hereto shall be entitled, in its sole discretion, to apply to any court of competent jurisdiction for specific performance or injunctive relief (without the need to post any bond or other security) in order to enforce or prevent any violations of the provisions of this Agreement pending a final determination of such matters. Unless expressly set forth herein to the contrary, all remedies set forth herein are cumulative and are in addition to any and all remedies provided either party at law or in equity.

12.12 Severability. Any provision of this Agreement which may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Moreover, if any one or more provisions contained in this Agreement shall for any reason be held by any court of competent jurisdiction to be excessively broad as to time, duration, geographical scope, activity or subject, it shall be construed, by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

[END OF TEXT]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the date set forth above by their duly authorized representatives.

BUYER:

CHARLES RIVER LABORATORIES, INC.

By:_____
Name:
Title:

COMPANY:

PRIMEDICA CORPORATION

By:_____
Name:
Title:

STOCKHOLDER:

TSI CORPORATION

By:_____
Name:
Title:

GENZYME TRANSGENICS CORPORATION

By:_____
Name:
Title:

Charles River Laboratories International, Inc. has executed this Agreement solely with respect to the provisions of Sections 5.3 and 6.4 hereof.

CHARLES RIVER LABORATORIES
INTERNATIONAL, INC.

By:_____
Name:
Title:

EXHIBIT 10.1

ANNEX I

U.S. $156,100,000

AMENDED AND RESTATED CREDIT AGREEMENT,
dated as of February 2, 2001
(amending and restating the Credit Agreement,
dated as of September 29, 1999),

among

CHARLES RIVER LABORATORIES, INC.,
as the Borrower,

VARIOUS FINANCIAL INSTITUTIONS,
as the Lenders,

UNION BANK OF CALIFORNIA, N.A.,
as the Administrative Agent
for the Lenders,

CREDIT SUISSE FIRST BOSTON,
as the Syndication Agent
for the Lenders,

and

NATIONAL CITY BANK,
as the Documentation Agent
for the Lenders.

SOLE LEAD ARRANGER:

CREDIT SUISSE FIRST BOSTON

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AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT, dated as of February 2, 2001 (amending and restating the Credit Agreement, dated as of September 29, 1999, as amended prior to the date hereof), is among Charles River Laboratories, Inc., a Delaware corporation (the "Borrower"), the various financial institutions as are or may become parties hereto (collectively, the "Lenders") and Credit Suisse First Boston ("CSFB") (as successor in interest to DLJ Capital Funding, Inc.), as lead arranger, as sole book runner and as syndication agent for the Lenders (as syndication agent, the "Syndication Agent" and collectively, the "Lead Arranger"), Union Bank of California, N.A. ("UBOC"), as administrative agent (the "Administrative Agent") for the Lenders (the Syndication Agent and the Administrative Agent are sometimes referred to herein as the "Agents" and each as an "Agent"), and National City Bank, as documentation agent (in such capacity, the "Documentation Agent") for the Lenders.

W I T N E S S E T H:

WHEREAS, DLJ Merchant Banking Partners II, L.P. and certain affiliated entities (collectively, "DLJMBP") acquired certain businesses and operations of the Borrower, B&L CRL, Inc., formerly known as Charles River Laboratories, Inc., a Delaware corporation ("CRL"), and certain other Subsidiaries or Affiliates of Bausch & Lomb Inc., a Delaware corporation ("B&L"), which prior to such acquisition was the 100% indirect owner of CRL, through a leveraged recapitalization (the "Recapitalization"). The Recapitalization was consummated pursuant to the Recapitalization Agreement as amended prior to the Closing Date (the "Recapitalization Agreement"), dated as of July 25, 1999 entered into with B&L and certain of its Subsidiaries and Affiliates (including CRL and the Borrower) and DLJMBP;

WHEREAS, the Recapitalization was accomplished through (i) the contribution to the Borrower of (a) substantially all of CRL's assets and (b) certain related assets by certain other Subsidiaries and Affiliates of B&L (the "Other Asset Contributors"), (ii) the formation of a holding company named Charles River Laboratories Holdings, Inc., a Delaware corporation now known as Charles River Laboratories International, Inc. ("Holdco"), that holds directly all of the Capital Stock of the Borrower, (iii) the formation by DLJMBP of (a) CRL Acquisition LLC ("Acquisition LLC"), a Delaware limited liability company and a Subsidiary of DLJMBP, and (b) Charles River Acquisition Corp. ("Acquisition Subco"), a Delaware corporation and a Subsidiary of Acquisition LLC, (iv) the making of an equity contribution (the "Member Contribution") by the members of Acquisition LLC (including DLJMBP and certain members of management of the Borrower and its Affiliates) in an amount equal to at least $90,000,000 to Acquisition LLC, (v) the making of an equity contribution (the "Acquisition LLC Contribution" and together with the Member Contribution, the "Equity Contributions") by Acquisition LLC of the Member Contribution to Acquisition Subco, (vi) the issuance by Holdco of the Senior Discount Debentures (such term and all other capitalized terms used in the preamble and recitals hereto not

otherwise defined therein shall have the meanings assigned to such terms in Article I), (vii) the issuance by the Borrower of the Senior Subordinated Notes and Warrants, (viii) the borrowing by the Borrower of Loans made on the Closing Date, (ix) the payment of a dividend by the Borrower to Holdco (the "Subco Dividend") in an aggregate principal amount equal to the sum of the aggregate principal amounts of the debt incurred by the Borrower under the preceding clauses (vii) and (viii) (less the amount of the proceeds of such debt so incurred used to pay (A) the consideration for the Sierra Acquisition in an amount not exceeding $24,000,000 plus reasonable fees and expenses as described in clause (B) and (B) all reasonable and customary fees and expenses paid by the Borrower in connection with the Original Transaction in an amount not exceeding $20,000,000), (x) the redemption of all shares of all Capital Stock of Holdco held by the Other Asset Contributors and all Capital Stock of Holdco held by CRL except for the Rollover Equity and (xi) the merger (the "Merger") of Acquisition Subco with and into Holdco, with Holdco as the surviving corporation of such merger (such Recapitalization and all transactions related thereto, including those described in the first recital through the sixth recital hereto, being herein referred to as the "Original Transaction");

WHEREAS, in connection with the Original Transaction, (i) the Other Asset Contributors received cash in consideration for the redemption of their shares by Holdco, (ii) the shares of Acquisition Subco held by Acquisition LLC were converted into approximately 87.5% of the outstanding common stock of Holdco (after giving effect to the Merger), (iii) the shares of Holdco held by CRL (other than the Rollover Equity) were converted into (A) the right to receive cash and (B) the Seller Subordinated Discount Note and (iv) CRL retained the Rollover Equity;

WHEREAS, in connection with the Original Transaction, and pursuant to the Original Transaction Documents, the Borrower purchased all of the outstanding shares of common stock of SBI in consideration for approximately $24,000,000 (the "Sierra Acquisition") pursuant to an Amended and Restated Stock Purchase Agreement, dated as of September 4, 1999 (the "Sierra Acquisition Agreement"), among SBI Holdings, Inc., a Nevada corporation ("SBI"), and certain shareholders of SBI;

WHEREAS, in connection with the Original Transaction, and pursuant to the Original Transaction Documents, the following capital-raising transactions occurred prior to or contemporaneously with the consummation of the Original Transaction and the making of the initial Credit Extensions under the Existing Credit Agreement:

(a) the Borrower issued not more than $150,000,000 in aggregate principal amount of its Senior Subordinated Notes (the "Senior Subordinated Notes") pursuant to the Senior Subordinated Note Indenture and Warrants (the "Warrants") to purchase 591,366 shares of common stock of Holdco pursuant to the Warrant Agreement, dated as of September 29, 1999 (the "Warrant Agreement"), between Holdco and State Street Bank and Trust Company, as warrant agent (the issuance thereof being herein referred to as the "Subordinated Debt Issuance");

(b) Holdco issued not more than $40,000,000 in aggregate initial principal amount of its Senior Discount Debentures (the issuance thereof being herein referred to as the "Discount Debentures Issuance");

(c) DLJMBP and the other members of Acquisition LLC made the DLJMBP Contribution and Acquisition LLC subsequently made the Acquisition LLC Contribution in each case, in cash in an amount equal to at least $90,000,000;

(d) Holdco issued its Seller Subordinated Discount Note (the issuance thereof being herein referred to as the "Seller Note Issuance") in an initial principal amount of $43,000,000 to CRL; and

(e) CRL retained the Rollover Equity;

WHEREAS, in connection with the Original Transaction and the ongoing working capital and general corporate needs of the Borrower and its Subsidiaries, the Borrower obtained the following financing facilities from the Lenders:

(a) a Term-A Loan Commitment and a Term-B Loan Commitment (in each case as defined under the Existing Credit Agreement) pursuant to which Borrowings of Existing Term Loans were made to the Borrower on the Closing Date in an original principal amount of $40,000,000 (in the case of the Existing Term-A Loans) and $120,000,000 (in the case of the Existing Term-B Loans);

(b) a Revolving Loan Commitment (which includes availability for Revolving Loans, Swing Line Loans and Letters of Credit) pursuant to which Borrowings of Revolving Loans, in a maximum aggregate principal amount (together with all Swing Line Loans and Letter of Credit Outstandings) not exceeding $30,000,000 (subject to a $25,000,000 increase under clause (c) of Section 2.1.2) have been and will continue to be made to the Borrower from time to time on and subsequent to the Closing Date but prior to the Revolving Loan Commitment Termination Date;

(c) a Letter of Credit Commitment pursuant to which the Issuer has issued and will continue to issue Letters of Credit for the account of the Borrower and its Restricted Subsidiaries from time to time on and subsequent to the Closing Date but prior to the Revolving Loan Commitment Termination Date in a maximum aggregate Stated Amount at any one time outstanding not exceeding $15,000,000 (provided, that the aggregate outstanding principal amount of Revolving Loans, Swing Line Loans and Letter of Credit Outstandings at any time shall not exceed the then existing Revolving Loan Commitment Amount); and

(d) a Swing Line Loan Commitment pursuant to which Borrowings of Swing Line Loans in an aggregate outstanding principal amount not exceeding $5,000,000 have been

and will continue to be made on and subsequent to the Closing Date but prior to the Revolving Loan Commitment Termination Date (provided, that the aggregate outstanding principal amount of such Swing Line Loans, together with Revolving Loans and Letter of Credit Outstandings, at any time shall not exceed the then existing Revolving Loan Commitment Amount);

WHEREAS, the Borrower has acquired (the "PAIC Acquisition") from Science Applications International Corporation, a Delaware corporation ("SAIC"), all of the issued and outstanding Capital Stock of SAIC's wholly-owned subsidiary, Pathology Associates International Corporation, a Delaware corporation ("PAIC"), pursuant to a stock purchase agreement (the "PAIC Purchase Agreement"), entered into by PAIC, SAIC and the Borrower for a gross transaction value not exceeding $40,000,000 (exclusive of (i) purchase price adjustments provided for in the PAIC Purchase Agreement but in any event in an amount not exceeding $1,000,000 to the extent payable by or on behalf of the Borrower and (ii) the amount of the PAIC receivable paid by SAIC prior to the consummation of the PAIC Acquisition and the equal amount paid by the Borrower to SAIC in connection with such consummation), consisting of (a) a portion of the purchase price in an amount equal to $28,579,600 was paid in cash upon consummation of such acquisition, (b) the remaining portion of the purchase price consisted of an unsecured, subordinated convertible note (the "PAIC Subordinated Convertible Note") issued by the Borrower to SAIC and agreed to by Holdco as to certain provisions thereof relating solely to the obligation of Holdco to issue its common stock to SAIC if SAIC exercises its rights of conversion thereunder and to perform obligations related to registration rights with respect to such common stock, which note was issued in a principal amount equal to $12,000,000 and (c) related transaction fees and expenses (the "PAIC Transaction Fees and Expenses");

WHEREAS the Borrower intends to acquire (the "Primedica Acquisition") from TSI Corporation, a Delaware corporation ("TSI"), all of the issued and outstanding Capital Stock of TSI's wholly-owned subsidiary, Primedica Corporation, a Delaware corporation ("Primedica"), pursuant to a stock purchase agreement (the "Primedica Purchase Agreement"), to be entered into by Primedica, TSI, Genzyme Transgenics Corporation, the holder of all of TSI's capital stock ("GTC") and the Borrower for gross consideration not exceeding $53,700,000 (including related transaction fees and expenses (the "Primedica Transaction Fees and Expenses") of up to $1,200,000 but excluding purchase price adjustment payments provided for in the Primedica Purchase Agreement to the extent such purchase price adjustment payments payable by or on behalf of the Borrower do not exceed $1,500,000);

WHEREAS, the Primedica Acquisition is to be accomplished through (a) the use of excess cash of the Borrower equal to $2,800,000, (b) the incurrence of the Term-C Loans by the Borrower in a single Borrowing equal to $25,000,000, (c) the assumption of up to $10,000,000 of (i) senior secured debt consisting of mortgages, equipment leases and letter of credit reimbursement obligations and (ii) other obligations of Primedica (the "Primedica Debt Assumption") and (d) the issuance by Holdco of $16,500,000 of its common stock to TSI (the "Primedica Related Issuance", and, together with the Primedica Acquisition, the Borrowing of the

Term-C Loans, and the Primedica Debt Assumption, the "New Transaction", and together with the PAIC Acquisition, the issuance of the PAIC Subordinated Convertible Note and the Original Transaction, the "Transaction"), and in connection with the New Transaction, the Borrower is requesting:

(a) a Term-C Loan Commitment pursuant to which Borrowings of Term-C Loans will be made to the Borrower on the Primedica Acquisition Date in an original principal amount of $25,000,000 to be used by the Borrower to pay a portion of the purchase price and the Primedica Transaction Fees and Expenses due in connection with the consummation of the Primedica Acquisition; and

(b) modifications to various provisions of the Existing Credit Agreement and the amendment and restatement thereof (other than the signature pages and schedules (other than Schedule I) thereto);

WHEREAS, the Borrower intends to consummate the Primedica Acquisition using the Lenders are willing, on the terms and subject to the conditions set forth in the Amendment Agreement (including Article III thereof) and hereinafter set forth (including Article V), to so amend and restate the Existing Credit Agreement and to extend the Commitments and maintain and make the Loans described herein to the Borrower and issue (or participate in) Letters of Credit for the account of the Borrower and its Restricted Subsidiaries; and

WHEREAS, the Lenders are willing, on the terms and subject to the conditions set forth in the Amendment Agreement (including Article III thereof) and hereinafter set forth (including Article V), to so amend and restate the Existing Credit Agreement and to extend the Commitments and maintain and make the Loans described herein to the Borrower and issue (or participate in) Letters of Credit for the account of the Borrower and its Restricted Subsidiaries;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1. Defined Terms. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Acquired Controlled Person" means any Person (i) in which the Borrower or any of its Restricted Subsidiaries has made an Investment permitted under clause (l)(i)(y) of Section 7.2.5 and (ii) as to which the Borrower or such Restricted Subsidiary exercises control. For purposes

hereof, "control" means the power to appoint a majority of the board of directors (or other equivalent governing body) of such Person or to otherwise direct or cause the direction of the management or policies of such Person, whether by contractual arrangement or otherwise.

"Acquisition LLC" is defined in the second recital.

"Acquisition Subco" is defined in the second recital.

"Administrative Agent" is defined in the preamble and includes each other Person as shall have subsequently been appointed as the successor Administrative Agent pursuant to Section 9.4.

"Administrative Agent Fee Letter" means the confidential fee letter, dated September 29, 1999, between the Borrower and the Administrative Agent.

"Affiliate" of any Person means any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person (excluding any trustee under, or any committee with responsibility for administering, any Plan). A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power (i) to vote 10% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners, or (ii) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Agents" means, collectively, the Administrative Agent and the Syndication Agent.

"Agreement" means, on any date, the Existing Credit Agreement as amended and restated on the Amendment Effective Date and as the same may thereafter from time to time be further amended, supplemented, amended and restated, or otherwise modified and in effect on such date.

"Alternate Base Rate" means, for any day and with respect to all Base Rate Loans, the higher of: (a) 0.50% per annum above the latest Federal Funds Rate; and (b) the reference rate of interest in effect for such day as most recently publicly announced or established by the Administrative Agent in the Designated City. Any change in the reference rate established or announced by the Administrative Agent shall take effect at the opening of business on the day of such establishment or announcement. As used herein, the reference rate shall mean an index rate determined by the Administrative Agent from time to time as a means of pricing certain extensions of credit and is neither directly tied to any external rate of interest or index nor necessarily the lowest rate of interest charged by the Administrative Agent at any given time.

"Amendment Agreement" means the Amendment Agreement, dated as of February 2, 2001, among the Borrower, the Lenders with a Term-C Loan Commitment party thereto, and the Agents.

"Amendment Effective Date" means the date this Agreement becomes effective pursuant to the terms and conditions of the Amendment Agreement.

"Amendment Effective Date Certificate" means the certificate executed and delivered by the Borrower pursuant to Section 3.4 of the Amendment Agreement and in form and substance reasonably satisfactory to the Agents.

"Applicable Commitment Fee" means, (i) for each day from the Closing Date through (but excluding) the date upon which the Compliance Certificate for the second full Fiscal Quarter ending after the Closing Date is delivered or required to be delivered by the Borrower to the Administrative Agent pursuant to clause (c) of Section 7.1.1, a fee which shall accrue at a rate of 1/2 of 1% per annum, and (ii) for each day thereafter, a fee which shall accrue at the applicable rate per annum set forth below under the column entitled "Applicable Commitment Fee", determined by reference to the applicable Leverage Ratio referred to below:

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

The Leverage Ratio used to compute the Applicable Commitment Fee for any day referred to in clause (ii) above shall be the Leverage Ratio set forth in the Compliance Certificate most recently delivered by the Borrower to the Administrative Agent on or prior to such day pursuant to clause (c) of Section 7.1.1. Changes in the Applicable Commitment Fee resulting from a change in the Leverage Ratio shall become effective on the first day following delivery by the Borrower to the Administrative Agent of a new Compliance Certificate pursuant to clause (c) of Section 7.1.1. If the Borrower shall fail to deliver a Compliance Certificate within the number of days after the end of any Fiscal Quarter as required pursuant to clause (c) of Section 7.1.1 (without giving effect to any grace period), the Applicable Commitment Fee from and including the first day after the date on which such Compliance Certificate was required to be delivered to and including the date the Borrower delivers to the Administrative Agent the next Compliance Certificate shall conclusively equal the highest Applicable Commitment Fee set forth above. Notwithstanding the foregoing, the Borrower may, in its sole discretion, within ten Business Days following the end of any Fiscal Quarter, deliver to the Administrative Agent a written estimate (the "Leverage Ratio Estimate") setting forth the Borrower's good faith estimate of the Leverage Ratio (based on calculations contained in an estimated Compliance Certificate) that will be set forth in the next Compliance Certificate required to be delivered by the Borrower to the Administrative Agent pursuant to clause (c) of Section 7.1.1. In the event that the Leverage Ratio Estimate indicates that there would be a change in the Applicable Commitment Fee resulting from a change in the Leverage Ratio, such change will become effective on the first day

following delivery of the Leverage Ratio Estimate. In the event that, once the next Compliance Certificate is delivered, the Leverage Ratio as set forth in such Compliance Certificate differs from that calculated in the Leverage Ratio Estimate delivered for the Fiscal Quarter with respect to which such Compliance Certificate has been delivered, and such difference results in an Applicable Commitment Fee which is greater than the Applicable Commitment Fee theretofore in effect, then (A) such greater Applicable Commitment Fee shall be deemed to be in effect for all purposes of this Agreement from the first day following the delivery of the Leverage Ratio Estimate and (B) if the Borrower shall have theretofore made any payment of commitment fees in respect of the period from the first day following the delivery of the Leverage Ratio Estimate to the actual date of delivery of such Compliance Certificate, then, on the next Quarterly Payment Date, the Borrower shall pay as a supplemental payment of commitment fees, an amount which equals the difference between the amount of commitment fees that would otherwise have been paid based on such new Leverage Ratio and the amount of such commitment fees actually so paid.

"Applicable Margin" means at all times during the applicable periods set forth below,

(a) with respect to the unpaid principal amount of each (i) Term-B Loan maintained as a (A) Base Rate Loan, 2.50% per annum and (B) LIBO Rate Loan, 3.75% per annum and (ii) Term-C Loan maintained as a (A) Base Rate Loan, 2.00% per annum and (B) LIBO Rate Loan, 3.25% per annum;

(b) from the Amendment Effective Date through (but excluding) the date upon which the Compliance Certificate for the Fiscal Quarter ending December 31, 2000 is delivered by the Borrower to the Administrative Agent pursuant to clause (c) of Section 7.1.1, with respect to the unpaid principal amount of each (i) Swing Line Loan (which shall be borrowed and maintained only as a Base Rate Loan) and each Revolving Loan and Term-A Loan maintained as a Base Rate Loan, 0.50% per annum, and (ii) Revolving Loan and Term-A Loan maintained as a LIBO Rate Loan, 1.75% per annum; and

(c) at all times after the date of delivery of the Compliance Certificate described in clause (b) above, with respect to the unpaid principal amount of each Swing Line Loan (which shall be borrowed and maintained only as a Base Rate Loan) and each Revolving Loan and Term-A Loan, the rate determined by reference to the applicable Leverage Ratio and at the applicable percentage per annum set forth below under the column entitled "Applicable Margin for Base Rate Loans", in the case of Base Rate Loans, or by reference to the applicable Leverage Ratio and at the applicable percentage per annum set forth below under the column entitled "Applicable Margin for LIBO Rate Loans" in the case of LIBO Rate Loans:

Applicable Margin For Revolving Loans, Swing Line Loans and Term-A Loans

Leverage Ratio	Applicable Margin For Base Rate Loans	Applicable Margin For LIBO Rate Loans
greater than or equal to 5.0:1.0	2.00%	3.25%
greater than or equal to 4.0:1.0 and less than 5.0:1.0	1.50%	2.75%
greater than or equal to 3.0:1.0 and less than 4.0:1.0	1.00%	2.25%
less than 3.0:1.0	0.50%	1.75%

The Leverage Ratio used to compute the Applicable Margin for Swing Line Loans, Revolving Loans and Term-A Loans for any day referred to in clause (c) above shall be the Leverage Ratio set forth in the Compliance Certificate most recently delivered by the Borrower to the Administrative Agent on or prior to such day pursuant to clause (c) of Section 7.1.1. Changes in the Applicable Margin for Swing Line Loans, Revolving Loans and Term-A Loans resulting from a change in the Leverage Ratio shall become effective on the first day following delivery by the Borrower to the Administrative Agent of a new Compliance Certificate pursuant to clause (c) of Section 7.1.1. If the Borrower shall fail to deliver a Compliance Certificate within the number of days after the end of any Fiscal Quarter as required pursuant to clause (c) of Section 7.1.1 (without giving effect to any grace period), the Applicable Margin for Swing Line Loans, Revolving Loans and Term-A Loans from and including the first day after the date on which such Compliance Certificate was required to be delivered to the date the Borrower delivers to the Administrative Agent the next Compliance Certificate shall conclusively equal the highest Applicable Margin for Swing Line Loans, Revolving Loans and Term-A Loans set forth above. Notwithstanding the foregoing, the Borrower may, in its sole discretion, within ten Business Days following the end of any Fiscal Quarter, deliver to the Administrative Agent a Leverage Ratio Estimate setting forth the Borrower's good faith estimate of the Leverage Ratio (based on calculations set forth in an estimated Compliance Certificate) that will be set forth in the next Compliance Certificate required to be delivered by the Borrower to the Administrative Agent pursuant to clause (c) of Section 7.1.1. In the event that the Leverage Ratio Estimate indicates that there would be a change in the Applicable Margin resulting from a change in the Leverage Ratio, such change will become effective on the first day following delivery of the Leverage Ratio Estimate. In the event that, once the next Compliance Certificate is delivered, the Leverage Ratio as set forth in such Compliance Certificate differs from that calculated in the Leverage Ratio Estimate delivered for the Fiscal Quarter with respect to which such Compliance Certificate has been delivered, and such difference results in an Applicable Margin which is greater than the Applicable Margin theretofore in effect, then (A) such greater Applicable Margin shall be deemed

to be in effect for all purposes of this Agreement from the first day following the delivery of the Leverage Ratio Estimate and (B) if the Borrower shall have theretofore made any payment of interest in respect of Swing Line Loans, Revolving Loans or Term-A Loans, or of letter of credit fees pursuant to the first sentence of Section 3.3.3, in any such case in respect of the period from the first day following the delivery of the Leverage Ratio Estimate to the actual date of delivery of such Compliance Certificate, then, on the next Quarterly Payment Date, the Borrower shall pay as a supplemental payment of interest and/or letter of credit fees, an amount which equals the difference between the amount of interest and letter of credit fees that would otherwise have been paid based on such new Leverage Ratio and the amount of such interest and letter of credit fees actually so paid.

"Assignee Lender" is defined in Section 10.11.1.

"Assignor Lender" is defined in Section 10.11.1.

"Assumed Indebtedness" means Indebtedness of a Person which is (i) in existence at the time such Person becomes a Restricted Subsidiary of the Borrower or (ii) is assumed in connection with an Investment in or acquisition of such Person, and has not been incurred or created by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Restricted Subsidiary of the Borrower.

"Authorized Officer" means, relative to any Obligor, those of its officers whose signatures and incumbency shall have been certified to the Administrative Agent and the Lenders pursuant to Section 5.1.1 of the Existing Credit Agreement or Section 3.2 of the Amendment Agreement.

"Base Financial Statements" is defined in clause (a) of Section 5.1.9 of the Existing Credit Agreement.

"Base Rate Loan" means a Loan bearing interest at a fluctuating rate determined by reference to the Alternate Base Rate.

"B&L" is defined in the first recital.

"Borrower" is defined in the preamble.

"Borrower Pledge and Security Agreement" means the Pledge and Security Agreement executed and delivered by an Authorized Officer of Borrower pursuant to Section 3.6 of the Amendment Agreement, substantially in the form of Exhibit G-1 hereto, together with any supplemental Foreign Pledge Agreements delivered pursuant to the terms of the Existing Credit Agreement or this Agreement, in each case as amended, supplemented, amended and restated or otherwise modified from time to time.

"Borrowing" means Loans of the same type and, in the case of LIBO Rate Loans, having the same Interest Period made by the relevant Lenders on the same Business Day and pursuant to the same Borrowing Request in accordance with Section 2.1.

"Borrowing Request" means a loan request and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit B-1 hereto.

"Business Day" means any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in Designated City and, with respect to Borrowings of, Interest Periods with respect to, payments of principal and interest in respect of, and conversions of Base Rate Loans into, LIBO Rate Loans, on which dealings in Dollars are carried on in the London interbank market.

"Capital Expenditures" means for any period, the sum, without duplication, of (i) the aggregate amount of all expenditures of the Borrower and its Restricted Subsidiaries for fixed or capital assets made during such period which, in accordance with GAAP, would be classified as capital expenditures, and (ii) the aggregate amount of the principal component of all Capitalized Lease Liabilities incurred during such period by the Borrower and its Restricted Subsidiaries; provided that Capital Expenditures shall not include (i) any such expenditures or any such principal component funded with (x) any Casualty Proceeds, as permitted under clause (e) of Section 3.1.1, or (y) any Net Disposition Proceeds of any asset sale permitted under clause (c) of Section 7.2.9 or any asset sale of obsolete or worn out equipment permitted under subclause (a)(i) of Section 7.2.9 or (ii) any Investment made under Section 7.2.5 (other than pursuant to clause (d) thereof).

"Capital Stock" means, (i) in the case of a corporation, any and all capital or corporate stock, including shares of preferred or preference stock of such corporation, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) in respect of corporate or capital stock, (iii) in the case of a partnership or limited liability company, any and all partnership or membership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Capitalized Lease Liabilities" means, without duplication, all monetary obligations of the Borrower or any of its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, would be classified as capitalized leases, and, for purposes of this Agreement and each other Loan Document, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"Cash Equivalent Investment" means, at any time:

(a) any evidence of Indebtedness, maturing not more than one year after such time, issued directly by the United States of America or any agency thereof or guaranteed by the United States of America or any agency thereof;

(b) commercial paper, maturing not more than nine months from the date of issue, which is (i) rated at least A-l by S&P or P-l by Moody's and not issued by an Affiliate of any Obligor, or (ii) issued by any Lender (or its holding company);

(c) any time deposit, certificate of deposit or bankers acceptance, maturing not more than one year after such time, maintained with or issued by either (i) a commercial banking institution (including U.S. branches of foreign banking institutions) that is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than $500,000,000, or (ii) any Lender;

(d) short-term tax-exempt securities rated not lower than MIG-1/1+ by either Moody's or S&P with provisions for liquidity or maturity accommodations of 183 days or less;

(e) repurchase agreements which (i) are entered into with any entity referred to in clause (b) or (c) above or any other financial institution whose unsecured long-term debt (or the unsecured long-term debt of whose holding company) is rated at least A- or better by S&P or Baa1 or better by Moody's and maturing not more than one year after such time, (ii) are secured by a fully perfected security interest in securities of the type referred to in clause (a) above and (iii) have a market value at the time of such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such counterparty entity with whom such repurchase agreement has been entered into;

(f) any money market or similar fund not less than 95% of the assets of which are comprised of any of the items specified in clauses (a) through (e) above and as to which withdrawals are permitted at least every 90 days; or

(g) in the case of any Restricted Subsidiary of the Borrower organized or having its principal place of business outside the United States, investments denominated in the currency of the jurisdiction in which such Subsidiary is organized or has its principal place of business which are similar to the items specified in clauses (a) through (f) above.

"Casualty Event" means the damage, destruction or condemnation, as the case may be, of any property of the Borrower or any of its Restricted Subsidiaries.

"Casualty Proceeds" means, with respect to any Casualty Event, the amount of any insurance proceeds or condemnation awards received by the Borrower or any of its Restricted Subsidiaries in connection therewith, but excluding any proceeds or awards required to be paid to a creditor (other than the Lenders) which holds a Lien on the property which is the subject of such Casualty Event which Lien (x) is permitted by Section 7.2.3 and (y) has priority over the Liens securing the Obligations.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"CERCLIS" means the Comprehensive Environmental Response Compensation Liability Information System List.

"Change in Control" means (i) the failure of Holdco at any time to own, free and clear of all Liens and encumbrances (other than Liens of the types permitted to exist under clauses (b), (d) and (g) of Section 7.2.3), all right, title and interest in 100% of the Capital Stock of the Borrower; (ii) the failure of the DLJMBP at any time to own, free and clear of all Liens and encumbrances (other than Liens (x) arising under the Investors' Agreement and (y) of the types permitted to exist under clause (d) or (g) of Section 7.2.3) all right, title and interest in at least 30% (on a fully diluted basis) of the economic and voting interest in the Voting Stock of Holdco; or (iii) the failure of DLJMBP and its Affiliates at any time to have the right to designate or cause to be elected a majority of the Board of Directors of Holdco.

"Charles River China" means SPAFAS Jinan Poultry Company, Ltd., a Chinese corporation and Zhanjiang A&C Biological Ltd., a Chinese corporation.

"Charles River Mexico" means Avers Libers de Patogenos Especificos, S.A. de C.V., a Mexican corporation.

"Charles River Japan" means Charles River Japan, Inc., a Japanese corporation.

"Charter Document" means, relative to any Obligor, its certificate of incorporation, its by-laws or other constituent documents and all shareholder agreements, voting trusts and similar arrangements to which such Obligor is a party applicable to any of its authorized shares of Capital Stock.

"Closing Date" means September 29, 1999, the date the initial Credit Extensions were made under the Existing Credit Agreement.

"Closing Date Certificate" means the certificate of an Authorized Officer of the Borrower delivered pursuant to Section 5.1.4 of the Existing Credit Agreement, a copy of which is attached hereto as Exhibit D.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commitment" means, as the context may require, (i) a Lender's Term-C Loan Commitment, Revolving Loan Commitment or Letter of Credit Commitment or (ii) the Swing Line Lender's Swing Line Loan Commitment.

"Commitment Amount" means, as the context may require, the Term-C Loan Commitment Amount, the Revolving Loan Commitment Amount, the Letter of Credit Commitment Amount or the Swing Line Loan Commitment Amount.

"Commitment Termination Date" means, as the context may require, the Revolving Loan Commitment Termination Date or the Term-C Loan Commitment Termination Date.

"Commitment Termination Event" means (i) the occurrence of any Event of Default described in clauses (b) through (d) of Section 8.1.9 with respect to any Obligor (other than Subsidiaries that are not Material Subsidiaries), or (ii) the occurrence and continuance of any other Event of Default and either (x) the declaration of the Loans to be due and payable pursuant to Section 8.3, or (y) in the absence of such declaration, the giving of notice to the Borrower by the Administrative Agent, acting at the direction of the Required Lenders, that the Commitments have been terminated.

"Compliance Certificate" means a certificate duly completed and executed by an Authorized Officer that is the president, the chief executive officer or the chief financial or accounting officer of the Borrower, substantially in the form of Exhibit E hereto.

"Contingent Liability" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the indebtedness, obligation or any other liability of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person's obligation under any Contingent Liability shall (subject to any limitation set forth therein) be deemed to be the outstanding principal amount of the debt, obligation or other liability guaranteed thereby.

"Continuation/Conversion Notice" means a notice of continuation or conversion and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit C hereto.

"Controlled Group" means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under

Section 414(b) or 414(c) of the Code or Section 4001 of ERISA, or for purposes of Section 412 of the Code, Section 414(m) or Section 414(o) of the Code.

"Credit Extension" means, as the context may require, (i) the making of a Loan by a Lender, or (ii) the issuance of any Letter of Credit, or the extension of any Stated Expiry Date of any previously issued Letter of Credit, by any Issuer.

"Credit Extension Request" means, as the context may require, any Borrowing Request or Issuance Request.

"CSFB" is defined in the preamble.

"CRL" is defined in the first recital.

"Current Assets" means, on any date, without duplication, all assets which, in accordance with GAAP, would be included as current assets on a consolidated balance sheet of the Borrower and its Restricted Subsidiaries at such date as current assets (excluding, however, amounts due and to become due from Affiliates of the Borrower which have arisen from transactions which are other than arm's-length and in the ordinary course of its business).

"Current Liabilities" means, on any date, without duplication, all amounts which, in accordance with GAAP, would be included as current liabilities on a consolidated balance sheet of the Borrower and its Restricted Subsidiaries at such date, excluding current maturities of Indebtedness.

"Debt" means, without duplication, the outstanding principal amount of all Indebtedness of the Borrower and its Restricted Subsidiaries that (i) is of the type referred to in clause (a), (b) (other than undrawn commercial letters of credit and undrawn letters of credit in respect of workers' compensation, insurance, performance and surety bonds and similar obligations, in each case incurred in the ordinary course of business) or (c) of the definition of "Indebtedness" and (ii) any Contingent Liability in respect of any of the foregoing types of Indebtedness.

"Default" means any Event of Default or any condition, occurrence or event which, after notice or lapse of time or both, would, unless cured or waived, constitute an Event of Default.

"Designated City" means (i) Los Angeles, California if the Administrative Agent is UBOC and (ii) Boston, Massachusetts if the Administrative Agent is Fleet National Bank.

"Disbursement" is defined in Section 2.6.2.

"Disbursement Date" is defined in Section 2.6.2.

"Disbursement Due Date" is defined in Section 2.6.2.

"Disclosure Schedule" means the Disclosure Schedule attached hereto as Schedule I, as it may be amended, supplemented or otherwise modified from time to time by the Borrower with the written consent of the Required Lenders.

"Discount Debentures Issuance" is defined in clause (b) of the fifth recital.

"DLJMBP" is defined in the first recital.

"DLJMBP Contribution" is defined in the second recital.

"Documentation Agent" is defined in the preamble.

"Dollar" and the sign "$" mean lawful money of the United States.

"Earn-outs" means any obligations by the Borrower or any of its Restricted Subsidiaries to pay any amounts constituting the payment of deferred purchase price with respect to any acquisition of a business (whether through the purchase of assets or shares of Capital Stock), the amount of which payments is calculated on the basis of, or by reference to, the bona fide financial or other operating performance of such business or specified portion thereof or any other similar arrangement.

"EBITDA" means, for any applicable period, subject to clause (b) of Section 1.4, the sum (without duplication) for the Borrower and its Restricted Subsidiaries on a consolidated basis of

(a) Net Income,

plus

(b) the amount deducted in determining Net Income representing non-cash charges or expenses, including depreciation and amortization (excluding any non-cash charges representing an accrual of or reserve for cash charges to be paid within the next twelve months),

plus

(c) the amount deducted in determining Net Income representing income taxes (whether paid or deferred),

plus

(d) the amount deducted in determining Net Income representing Interest Expense and Transaction Payments,

minus

(e) Restricted Payments of the type referred to in clause (c)(i) of Section 7.2.6 made during such period.

"Eligible Institution" means a financial institution that has combined capital and surplus of not less than $500,000,000 or its equivalent in foreign currency, whose the long-term certificate of deposit rating or long-term senior unsecured debt rating is rated "BBB" or higher by S&P and "Baa2" or higher by Moody's or an equivalent or higher rating by a nationally recognized rating agency if both of the two named rating agencies cease publishing ratings of investments.

"Environmental Laws" means all applicable federal, state or local statutes, laws, ordinances, codes, rules and regulations (including consent decrees and administrative orders) relating to the protection of the environment or the effect of the environment on human health and safety.

"Equity Contributions" is defined in the second recital.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Event of Default" is defined in Section 8.1.

"Excess Cash Flow" means, for any applicable period, the excess (if any), of

(a) EBITDA for such applicable period;

over

(b) the sum, without duplication (for such applicable period) of

(i) the cash portion of Interest Expense (net of interest income) for such applicable period;

plus

(ii) scheduled payments, to the extent actually made, of the principal amount of the Term Loans and scheduled payments and optional and mandatory prepayments of the principal of any other funded Debt (including Capitalized Lease Liabilities) and mandatory prepayments of the principal amount of Revolving Loans pursuant to clause (f) of Section 3.1.1 in connection with a permanent reduction of any Revolving Loan Commitment Amount, in each case to the extent actually made and for such applicable period;

plus

(iii) all federal, state and foreign income taxes actually paid in cash by the Borrower and its Restricted Subsidiaries for such applicable period;

plus

(iv) Capital Expenditures actually made during such applicable period pursuant to clause (a) of Section 7.2.7 (excluding Capital Expenditures constituting Capitalized Lease Liabilities and by way of the incurrence of Indebtedness permitted pursuant to clause (c) of Section 7.2.2 to a vendor of any assets permitted to be acquired pursuant to Section 7.2.7 to finance the acquisition of such assets);

plus

(v) the amount of the net increase (if any) of Current Assets, other than cash and Cash Equivalent Investments, over Current Liabilities of the Borrower and its Restricted Subsidiaries for such applicable period;

plus

(vi) Investments permitted and actually made, in cash, pursuant to clause (d), (h), (l), (p), (q) or (r) (to the extent the Investments made in cash under such clause (r) are out of available cash of the Borrower and not using the proceeds of any Loans) of Section 7.2.5 during such applicable period (excluding Investments financed with the proceeds of any issuance of Capital Stock or Indebtedness other than Revolving Loans);

plus

(vii) Restricted Payments of the type described in clauses (c)(ii) and (c)(iii) of Section 7.2.6 made during such applicable period.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Equity Proceeds" means any proceeds received by Holdco, the Borrower or any of their respective Subsidiaries from the sale or issuance by such Person of its Capital Stock or any warrants or options in respect of any such Capital Stock or the exercise of any such warrants or options, in each case pursuant to any such sale, issuance or exercise constituting or resulting from (i) capital contributions to, or Capital Stock issuances by, Holdco, the Borrower or any of their respective Subsidiaries (exclusive of any such contribution or issuance resulting from a Public Offering or a widely distributed private offering exempted from the registration

requirements of Section 5 of the Securities Act of 1933, as amended), (ii) any subscription agreement, option plan, incentive plan or similar arrangement with any officer, employee or director of such Person or any of its Subsidiaries, (iii) any loan made by Holdco, the Borrower or any of their respective Subsidiaries pursuant to clause (g) of Section 7.2.5, (iv) the sale of any Capital Stock of Holdco to any officer, director or employee described in clause (ii) above; provided such proceeds do not exceed $15,000,000 in the aggregate, (v) the exercise of any options or warrants issued to any officer, employee or director pursuant to any agreement, plan or arrangement described in clause (ii) above, (vi) the issuance by Holdco of any of its common stock to repay or prepay the PAIC Subordinated Convertible Note in accordance with the proviso to clause (b) of Section 7.2.6 and (B) $16,500,000 of its common stock in connection with the Primedica Related Issuance, (vii) the Primedica Related Issuance or (viii) the exercise of any Warrants.

"Existing Business" means the businesses of the commercial production and supply of animal research models and related biomedical products and services of CRL and the Other Asset Contributors contributed to the Borrower as such businesses were in existence and carried on immediately prior to the Closing Date.

"Existing Credit Agreement" is defined in the Amendment Agreement.

"Existing Revolving Loans" means the "Revolving Loans" held by the Lenders under the Existing Credit Agreement which have been designated as Existing Revolving Loans hereunder pursuant to Section 2.3.3.

"Existing Term-A Loans" means the "Term-A Loans" held by the Lenders under the Existing Credit Agreement which have been designated as Existing Term-A Loans hereunder pursuant to Section 2.3.3.

"Existing Term-B Loans" means the "Term-B Loans" held by the Lenders under the Existing Credit Agreement which have been designated as Existing Term-B Loans hereunder pursuant to Section 2.3.3.

"Existing Term Loans" means collectively, the Existing Term-A Loans and the Existing Term-B Loans.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to (i) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or (ii) if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

"Fee Letter" means the confidential fee letter, dated as of February 2, 2001, between the Borrower and CSFB.

"Filing Agent" is defined in Section 5.1.8.

"Filing Statement" means any UCC financing statement (Form UCC-1) or other similar statement or UCC termination statement (Form UCC-3) required pursuant to the Loan Documents.

"Fiscal Quarter" means any fiscal quarter of a Fiscal Year.

"Fiscal Year" means any twelve-month period ending on December 31 of any calendar year.

"Fixed Charge Coverage Ratio" means, at the end of any Fiscal Quarter, subject to clause (b) of Section 1.4, the ratio computed for the period consisting of such Fiscal Quarter and each of the three immediately prior Fiscal Quarters of

(a) (i) EBITDA for all such Fiscal Quarters;

minus

(ii) Capital Expenditures actually made during all such Fiscal Quarters pursuant to clause (a) of Section 7.2.7 (excluding Capital Expenditures constituting Capitalized Lease Liabilities and by way of the incurrence of Indebtedness permitted pursuant to Section 7.2.2(c) to a vendor of any assets permitted to be acquired pursuant to Section 7.2.7 to finance the acquisition of such assets). over

(b) the sum (without duplication) of

(i) the cash portion of Interest Expense (net of interest income) for all such Fiscal Quarters;

plus

(ii) all scheduled payments of principal of the Term Loans and other funded Debt (including the principal portion of any Capitalized Lease Liabilities) during all such Fiscal Quarters;

plus

(iii) Restricted Payments made or permitted to be made pursuant to clauses (c)(ii) and (c)(iii)(y) of Section 7.2.6 during all such Fiscal Quarters;

plus

(iv) all federal, state and foreign income taxes actually paid or payable in cash by the Borrower and its Restricted Subsidiaries for all such Fiscal Quarters.

"Foreign Pledge Agreement" means any supplemental pledge agreement governed by the laws of a jurisdiction other than the United States or a State thereof executed and delivered by the Borrower or any of its Restricted Subsidiaries pursuant to the terms of this Agreement, in form and substance satisfactory to the Administrative Agent, as may be necessary or desirable under the laws of organization or incorporation of a Subsidiary to further protect or perfect the Lien on and security interest in any Collateral (as defined in a Pledge Agreement).

"Foreign Subsidiary" means any Subsidiary that is not a U.S. Subsidiary.

"F.R.S. Board" means the Board of Governors of the Federal Reserve System or any successor thereto.

"Future Pledged Foreign Subsidiary" is a Restricted Subsidiary and a Foreign Subsidiary having, at any time of determination, total assets with a value of at least $5,000,000.

"GAAP" is defined in Section 1.4.

"GTC" is defined in the eighth recital.

"Hazardous Material" means

(a) any "hazardous substance", as defined by CERCLA;

(b) any "hazardous waste", as defined by the Resource Conservation and Recovery Act, as amended;

(c) any petroleum product; or

(d) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material or substance within the meaning of any other applicable Environmental Law.

"Hedging Obligations" means, with respect to any Person, all liabilities of such Person under interest rate or currency swap agreements, interest or exchange rate cap agreements and

interest or exchange rate collar agreements, and all other agreements or arrangements designed to protect such Person against fluctuations in interest rates, currency exchange rates or commodity prices.

"herein", "hereof", "hereto", "hereunder" and similar terms contained in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular Section, paragraph or provision of this Agreement or such other Loan Document.

"Holdco" is defined in the second recital.

"Holdco Guaranty and Pledge Agreement" means the Amended and Restated Guaranty and Pledge Agreement executed and delivered by an Authorized Officer of Holdco pursuant to Section 3.5 of the Amendment Agreement, substantially in the form of Exhibit G-1 hereto, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Impermissible Qualification" means, relative to the opinion or certification of any independent public accountant as to any financial statement of any Obligor, any qualification or exception to such opinion or certification (i) which is of a "going concern" or similar nature, (ii) which relates to the limited scope of examination of matters relevant to such financial statement (except, in the case of matters relating to any acquired business or assets, in respect of the period prior to the acquisition by such Obligor of such business or assets), or (iii) which relates to the treatment or classification of any item in such financial statement and which, as a condition to its removal, would require an adjustment to such item the effect of which would be to cause the Borrower to be in default of any of its obligations under Section 7.2.4.

"including" means including without limiting the generality of any description preceding such term, and, for purposes of this Agreement and each other Loan Document, the parties hereto agree that the rule of ejusdem generis shall not be applicable to limit a general statement, which is followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned.

"Indebtedness" of any Person means, without duplication:

(a) all obligations of such Person for borrowed money or for the deferred purchase price of property or services (exclusive of (i) deferred purchase price arrangements in the nature of open or other accounts payable owed to suppliers on normal terms in connection with the purchase of goods and services in the ordinary course of business and (ii) Earn-outs (until such time as the obligation associated with the Earn-out is recorded as a liability on the balance sheet of the Borrower in accordance with GAAP)) and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(b) all obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person;

(c) all Capitalized Lease Liabilities;

(d) net liabilities of such Person under all Hedging Obligations;

(e) whether or not so included as liabilities in accordance with GAAP, all Indebtedness of the types referred to in clauses (a) through (d) above (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including Indebtedness arising under conditional sales or other title retention agreements), whether or not such Indebtedness shall have been assumed by such Person or is limited in recourse; provided, however, that, to the extent such Indebtedness is limited in recourse to the assets securing such Indebtedness, the amount of such Indebtedness shall be limited to the fair market value of such assets; and

(f) all Contingent Liabilities of such Person in respect of any of the foregoing.

For all purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer (to the extent such Person is liable for such Indebtedness).

"Indemnified Liabilities" is defined in Section 10.4.

"Indemnified Parties" is defined in Section 10.4.

"Initial Public Offering" means for any Person, any sale of the Capital Stock of such Person to the public pursuant to an initial primary offering registered under the Securities Act of 1933.

"Interest Coverage Ratio" means, at the end of any Fiscal Quarter, subject to clause (b) of Section 1.4, the ratio computed for the period consisting of such Fiscal Quarter and each of the three immediately prior Fiscal Quarters of:

(a) EBITDA (for all such Fiscal Quarters)

to

(b) the cash portion of Interest Expense (net of interest income) (for all such Fiscal Quarters).

"Interest Expense" means, for any applicable period, the aggregate consolidated interest expense of the Borrower and its Restricted Subsidiaries for such applicable period, as determined in accordance with GAAP, including the portion of any payments made in respect of Capitalized Lease Liabilities allocable to interest expense, but excluding (to the extent included in interest expense) up-front fees and expenses and the amortization of all deferred financing costs.

"Interest Period" means, as to any LIBO Rate Loan, the period commencing on the Borrowing date of such Loan or on the date on which the Loan is converted into or continued as a LIBO Rate Loan, and ending on the date one, two, three, six or, if consented to by each applicable Lender, nine or twelve months thereafter as selected by the Borrower in its Borrowing Request or its Conversion/Continuation Notice; provided however that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period;

(iii) no Interest Period for any Loan shall extend beyond the Stated Maturity Date for such Loan;

(iv) no Interest Period applicable to a Term Loan or portion thereof shall extend beyond any date upon which is due any scheduled principal payment in respect of the Term Loans unless the aggregate principal amount of Term Loans represented by Base Rate Loans, or by LIBO Rate Loans having Interest Periods that will expire on or before such date, equals or exceeds the amount of such principal payment; and

(v) there shall be no more than ten Interest Periods in effect at any one time;

provided that with respect to the single Borrowing of Term-C Loans consisting of LIBO Rate Loans to be made on the Primedica Acquisition Date, Interest Period means the period commencing on (and including) the Business Day on which such Borrowing is made and ending on (and including) the last Business Day of the calendar month following the month in which such Borrowing is made.

"Investors' Agreement" means the Investors' Agreement dated as of September 29, 1999 among Holdco, DLJMBP, Acquisition LLC and certain other holders of the Capital Stock of Holdco from time to time party thereto.

"Investment" means, relative to any Person, (i) any loan or advance made by such Person to any other Person (excluding commission, travel, relocation and similar advances to officers, directors and employees (or individuals acting in similar capacities) made in the ordinary course of business), and (ii) any ownership or similar interest (in the nature of Capital Stock) held by such Person in any other Person. The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon (and without adjustment by reason of the financial condition of such other Person) and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property at the time of such transfer or exchange.

"Issuance Request" means a Letter of Credit request and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit B-3 hereto.

"Issuer" means the Administrative Agent in its capacity as issuer of Letters of Credit and any Lender as may be designated by the Borrower (and consented to by the Agents and such Lender, such consent by the Agents not to be unreasonably withheld) in its capacity as issuer of Letters of Credit.

"Lead Arranger" means CSFB.

"Lender Assignment Agreement" means a Lender Assignment Agreement substantially in the form of Exhibit I hereto.

"Lenders" is defined in the preamble.

"Letter of Credit" is defined in Section 2.1.3.

"Letter of Credit Commitment" means, with respect to any Issuer, such Issuer's obligation to issue Letters of Credit pursuant to Section 2.1.3 and, with respect to each of the other Lenders that has a Revolving Loan Commitment, the obligation of each such Lender to participate in such Letters of Credit pursuant to Section 2.6.1.

"Letter of Credit Commitment Amount" means, on any date, a maximum amount of $15,000,000, as such amount may be reduced from time to time pursuant to Section 2.2.

"Letter of Credit Outstandings" means, on any date, an amount equal to the sum of

(a) the then aggregate amount which is undrawn and available under all issued and outstanding Letters of Credit,

plus

(b) the then aggregate amount of all unpaid and outstanding Reimbursement Obligations in respect of such Letters of Credit.

"Leverage Ratio" means, at the end of any Fiscal Quarter, subject to clause (b) of Section 1.4, the ratio of

(a) total Debt less cash and Cash Equivalent Investments of the Borrower and its Restricted Subsidiaries on a consolidated basis outstanding at such time;

to

(b) EBITDA for the period of four consecutive Fiscal Quarters ended on such date.

"Leverage Ratio Estimate" is defined in the definition of Applicable Commitment Fee.

"LIBO Rate" means, relative to any Interest Period for LIBO Rate Loans, the applicable London interbank offered rate for deposits in U.S. dollars appearing on Dow Jones Markets (Telerate Page 3750) as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period; provided that, if Dow Jones Markets (Telerate Page 3750) is not available for any reason, the applicable Eurodollar Base Rate for the relevant Interest Period shall instead be the applicable London interbank offered rate for deposits in U.S. Dollars appearing on Reuters Screen FRBD as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period.

"LIBO Rate Loan" means a Loan bearing interest, at all times during an Interest Period applicable to such Loan, at a fixed rate of interest determined by reference to the LIBO Rate (Reserve Adjusted).

"LIBO Rate (Reserve Adjusted)" means, relative to any Loan to be made, continued or maintained as, or converted into, a LIBO Rate Loan for any Interest Period, the rate of interest per annum (rounded upwards to the next 1/100th of 1%) determined by the Administrative Agent as follows:

$$\text{LIBO Rate (Reserve Adjusted)} = \frac{\text{LIBO Rate}}{1.00 - \text{LIBOR Reserve Percentage}}$$

The LIBO Rate (Reserve Adjusted) for any Interest Period for LIBO Rate Loans will be adjusted automatically as to all LIBO Rate Loans then outstanding as of the effective date of any change in the LIBOR Reserve Percentage.

"LIBOR Office" means, relative to any Lender, the office of such Lender designated as such on Schedule II hereto or in the Lender Assignment Agreement pursuant to which such Lender became a Lender under the Existing Credit Agreement or hereunder or such other office of a Lender as shall be so designated from time to time by notice from such Lender to the Borrower and the Administrative Agent, which shall be making or maintaining LIBO Rate Loans of such Lender hereunder.

"LIBOR Reserve Percentage" means, relative to any Interest Period for LIBO Rate Loans, the percentage (expressed as a decimal, rounded upward to the next 1/100th of 1%) in effect on such day (whether or not applicable to any Lender) under regulations issued from time to time by the F.R.S. Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the F.R.S. Board).

"Lien" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property, or any filing or recording of any instrument or document in respect of the foregoing, to secure payment of a debt or performance of an obligation or any other priority or preferential treatment of any kind or nature whatsoever that has the practical effect of creating a security interest in property.

"Loan" means, as the context may require, a Revolving Loan, a Term-A Loan, a Term-B Loan, a Term-C Loan or a Swing Line Loan, of any type.

"Loan Document" means this Agreement, the Amendment Agreement, the Notes, the Letters of Credit, each Rate Protection Agreement under which the counterparty to such agreement is (or at the time such Rate Protection Agreement was entered into, was) a Lender or an Affiliate of a Lender relating to Hedging Obligations of the Borrower or any of its Subsidiaries, each Borrowing Request, each Issuance Request, the Fee Letter, the Administrative Agent Fee Letter, each Pledge Agreement, the Subsidiary Guaranty, each Mortgage (upon execution and delivery thereof), and each other agreement, document or instrument delivered in connection with this Agreement or any other Loan Document, whether or not specifically mentioned herein or therein.

"Material Adverse Effect" means (a) a material adverse effect on the financial condition, operations, assets, business, properties or prospects of the Borrower and its Restricted Subsidiaries, taken as a whole, (b) a material impairment of the ability of the Borrower or any other Obligor to perform its respective material obligations under the Loan Documents to which it is or will be a party, or (c) an impairment of the validity or enforceability of, or a material impairment of the rights, remedies or benefits available to each Issuer, the Agents, the Lead Arranger or the Lenders under, this Agreement or any other Loan Document.

"Material Documents" means the Recapitalization Agreement, the Sierra Acquisition Agreement, the Charter Documents of each of the Borrower and Holdco, the Investors' Agreement, Seller Subordinated Discount Note, Senior Discount Debentures, the Warrants, the Warrant Agreement, the PAIC Purchase Agreement, the PAIC Subordinated Convertible Note, the Primedica Purchase Agreement and the Senior Subordinated Debt Documents, each as amended, supplemented, amended and restated or otherwise modified from time to time as permitted in accordance with the terms hereof or of any other Loan Document.

"Material Subsidiary" means (i) any direct or indirect Restricted Subsidiary of the Borrower which holds, owns or contributes, as the case may be, 3% or more of the gross revenues, assets or EBITDA of the Borrower and its Restricted Subsidiaries, on a consolidated basis, and (ii) any Restricted Subsidiary of the Borrower designated by the Borrower as a Material Subsidiary. The Borrower shall designate one or more Restricted Subsidiaries of the Borrower as Material Subsidiaries if, in the absence of such designation, the aggregate gross revenues, assets or EBITDA of all Restricted Subsidiaries of the Borrower that are not Material Subsidiaries would exceed 5% of the gross revenues, assets or EBITDA of the Borrower and its Restricted Subsidiaries, on a consolidated basis.

"Merger" is defined in the second recital.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means, collectively, each Mortgage or Deed of Trust executed and delivered pursuant to the terms of this Agreement, including Section 7.1.8(b) or 7.1.12 of the Existing Credit Agreement and Section 7.1.8(b), in form and substance reasonably satisfactory to the Agents.

"Net Debt Proceeds" means with respect to the incurrence, sale or issuance by Holdco, the Borrower or any Restricted Subsidiary of the Borrower of any Debt (other than Debt incurred as part of the Original Transaction and other Debt permitted by Section 7.2.2 and clause (b)(i) of Section 5.9 of the Holdco Guaranty and Pledge Agreement) the excess of:

(a) the gross cash proceeds received by Holdco, the Borrower or any such Restricted Subsidiary from such incurrence, sale, or issuance,

over

(b) the sum (without duplication) of (i) all reasonable and customary underwriting commissions and legal, investment banking, brokerage and accounting and other professional fees, sales commissions and disbursements and all other reasonable fees, expenses and charges, in each case actually incurred in connection with such incurrence, sale or issuance and (ii) in the case of any Debt incurred, sold or issued by any Foreign

Subsidiary, any taxes or other costs or expenses resulting from repatriating any such proceeds to the United States.

"Net Disposition Proceeds" means, with respect to any sale, transfer or other disposition of any assets of the Borrower or any of its Restricted Subsidiaries (other than transfers made as part of the Original Transaction and other sales permitted pursuant to clause (a), (b), (d) (to the extent the proceeds of the transfer permitted thereunder constitute Net Casualty Proceeds) or (e) of Section 7.2.9, but including any sale or issuance of Capital Stock of any such Subsidiary to any Person other than the Borrower or any of its Restricted Subsidiaries), the excess of

(a) the sum of the gross cash proceeds received, directly or indirectly, by the Borrower or any of its Restricted Subsidiaries from any such sale, transfer or other disposition and any cash payments received in respect of promissory notes or other non- cash consideration delivered to the Borrower or such Restricted Subsidiary in respect thereof,

less

(b) the sum (without duplication) of (i) all reasonable and customary fees and expenses with respect to legal, investment banking, brokerage, accounting and other professional fees, sales commissions and disbursements and all other reasonable fees, expenses and charges, in each case actually incurred in connection with such sale, transfer or other disposition, (ii) all taxes and other governmental costs and expenses actually paid or estimated by the Borrower (in good faith) to be payable in cash in connection with such sale, transfer or other disposition (including, in the event of a transfer, sale or other disposition of non-U.S. assets, any such taxes or other costs or expenses resulting from repatriating any such proceeds to the United States), (iii) payments made by the Borrower or any of its Restricted Subsidiaries to retire Indebtedness (other than the Loans) of the Borrower or any of its Restricted Subsidiaries where payment of such Indebtedness is required in connection with such sale, transfer or other disposition and (iv) reserves for purchase price adjustments and retained fixed liabilities reasonably expected to be payable by the Borrower and its Restricted Subsidiaries in cash in connection therewith;

provided, however, that if, after the payment of all taxes, purchase price adjustments and retained fixed liabilities with respect to such sale, transfer or other disposition, the amount of estimated taxes, purchase price adjustments or retained fixed liabilities, if any, pursuant to clause (b)(ii) or (b)(iv) above exceeded the tax, purchase price adjustment or retained fixed liabilities amount actually paid in cash in respect of such sale, transfer or other disposition, the aggregate amount of such excess shall, at such time, constitute Net Disposition Proceeds.

"Net Equity Proceeds" means with respect to any sale or issuance by Holdco or the Borrower to any Person of any Capital Stock of Holdco or the Borrower, as the case may be, or any warrants or options with respect to any such Capital Stock or the exercise of any such

warrants or options after the Closing Date (exclusive of any such proceeds constituting Excluded Equity Proceeds) the excess of:

(a) the gross cash proceeds received by Holdco or the Borrower from such sale, exercise or issuance,

over

(b) the sum, without duplication, of all reasonable and customary underwriting commissions and legal, investment banking, brokerage, accounting and other professional fees, sales commissions and disbursements and all other reasonable fees, expenses and charges, in each case actually incurred in connection with such sale or issuance.

"Net Income" means, for any period, the net income of the Borrower and its Subsidiaries for such period on a consolidated basis, excluding (a) net losses or gains realized in connection with any sale, lease, conveyance or other disposition of any asset (other than in the ordinary course of business) and (b) extraordinary or non-recurring losses or gains; provided, however, that the Net Income or loss of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid to the Borrower or a Restricted Subsidiary in cash.

"New Transaction" is defined in the ninth recital.

"Non-Consenting Lender" means any Lender that, in response to any request by the Borrower or any Agent to a departure from, waiver of or amendment to any provision of any Loan Document that requires the agreement of all Lenders or all Lenders with respect to a particular Tranche, which departure, waiver or amendment receives the consent of the Required Lenders or the holders of a majority of the Commitments or (if the applicable Commitments in respect of such Tranche shall have expired or been terminated) outstanding Credit Extensions in respect of such Tranche, as the case may be, shall not have given its consent to such departure, waiver or amendment.

"Non-Funding Lender" means a Lender that shall have failed to fund any Loan hereunder that it was required to have funded in accordance with the terms hereof, which Loan was included in any Borrowing in respect of which a majority of the aggregate principal amount of all Loans included in such Borrowing were funded by the Lenders party thereto.

"Non-Recourse Debt" means Indebtedness (i) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit (upon notice, lapse of time or both) any holder of any other Indebtedness of the Borrower or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity, and (ii) as to which the lenders have been notified in writing that they will not have any

recourse to the Capital Stock or assets of the Borrower or any of its Restricted Subsidiaries (other than Capital Stock of Unrestricted Subsidiaries pledged by the Borrower or a Restricted Subsidiary to secure Debt of such Unrestricted Subsidiary); provided, however, that in no event shall Indebtedness of any Unrestricted Subsidiary fail to be Non-Recourse Debt solely as a result of any default provisions contained in a guarantee thereof by the Borrower or any of its Restricted Subsidiaries if the Borrower or such Restricted Subsidiary was otherwise permitted to incur such guarantee under this Agreement.

"Non-U.S. Lender" means any Lender (including each Assignee Lender) that is not (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any state thereof, or (iii) an estate or trust that is subject to U.S. Federal income taxation regardless of the source of its income.

"Note" means, as the context may require, a Revolving Note, a Term-A Note, a Term-B Note, a Term-C Note or a Swing Line Note.

"Obligations" means all obligations (monetary or otherwise) of the Borrower and each other Obligor arising under or in connection with this Agreement and each other Loan Document.

"Obligor" means the Borrower or any other Person (other than any Agent, the Lead Arranger, any Issuer, the Swing Line Lender or any Lender) obligated under any Loan Document.

"Original Transaction" is defined in the second recital.

"Other Asset Contributors" is defined in the second recital.

"PAIC" is defined in the seventh recital.

"PAIC Acquisition" is defined in the seventh recital.

"PAIC Conversion Event" is defined in clause (b) of Section 7.2.6.

"PAIC Purchase Agreement" is defined in the seventh recital.

"PAIC Subordinated Convertible Note" is defined in the seventh recital.

"PAIC Transaction Fees and Expenses" is defined in the seventh recital.

"PAIC Trigger Date" means the earlier of (x) the date on which PAIC becomes liable or contingently liable for any Indebtedness of the Borrower or any of its Subsidiaries (other than PAIC or any of its Subsidiaries) and (y) three months following the date on which the PAIC becomes a Subsidiary of the Borrower.

"Participant" is defined in Section 10.11.2.

"PBGC" means the Pension Benefit Guaranty Corporation and any successor entity.

"Pension Plan" means a "pension plan", as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multiemployer plan as defined in Section 4001(a)(3) of ERISA), and to which the Borrower or any corporation, trade or business that is, along with the Borrower, a member of a Controlled Group, has or within the prior six years has had any liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

"Percentage" means, relative to any Lender, the applicable percentage relating to Term-A Loans, Term-B Loans, Term-C Loans or Revolving Loans, as the case may be, as set forth opposite its name in Schedule II to the Existing Credit Agreement, the Amendment Agreement or in a Lender Assignment Agreement(s) under the applicable column heading, as such percentage may be adjusted from time to time pursuant to Lender Assignment Agreement(s) executed by such Lender and its Assignee Lender(s) and delivered pursuant to Section 10.11 or, in the case of a Lender's Percentage relating to Revolving Loans, pursuant to clause (c) of Section 2.1.2. A Lender shall not have any Commitment to make Revolving Loans or Term-C Loans (as the case may be) if its percentage under the respective column heading is zero.

"Person" means any natural person, corporation, partnership, firm, association, trust, government, governmental agency, limited liability company or any other entity, whether acting in an individual, fiduciary or other capacity.

"Plan" means any Pension Plan or Welfare Plan.

"Pledge Agreement" means, as the context may require, the Borrower Pledge and Security Agreement, the Holdco Guaranty and Pledge Agreement or the Subsidiary Pledge and Security Agreement.

"Pledge and Security Agreement" means, as the context may require, the Borrower Pledge and Security Agreement or the Subsidiary Pledge and Security Agreement.

"Primedica" is defined in the eighth recital.

"Primedica Acquisition" is defined in the eighth recital.

"Primedica Acquisition Date" means the date that the Primedica Acquisition is consummated pursuant to clause (q) of Section 7.2.5 and the conditions set forth in Section 5.1 shall have been satisfied.

"Primedica Acquisition Date Certificate" means the certificate executed and delivered by the Borrower pursuant to Section 5.1.7 and in form and substance reasonably satisfactory to the Agents.

"Primedica Assumed Debt" is defined in clause (q) of Section 7.2.5.

"Primedica Assumed Debt Documents" is defined in clause (q) of Section 7.2.5.

"Primedica Debt Assumption" is defined in the ninth recital.

"Primedica Mortgaged Facilities" means the Primedica Toxicology Facility and the Primedica Worcester Facility, in each case, to the extent a mortgage or deed of trust in respect of such facility was executed and delivered by Primedica or any of Subsidiaries in favor of a creditor holding Primedica Assumed Debt prior to the Amendment Effective Date and for so long as such mortgage or deed of trust (or a replacement therefor was executed and delivered by the Borrower following the merger of any such Person with and into the Borrower as permitted under Section 7.2.8(a)) remains in full force and effect.

"Primedica Purchase Agreement" is defined in the eighth recital.

"Primedica Related Issuance" is defined in the ninth recital.

"Primedica Toxicology Facility" means the toxicology facility of Primedica located at 100 East Boone Street, Redfield, Arkansas.

"Primedica Transaction Fees and Expenses" is defined in the eighth recital.

"Primedica Trigger Date" means the earlier of (x) the date on which Primedica becomes liable or contingently liable for any Indebtedness of the Borrower or any of its Subsidiaries (other than Primedica or any of its Subsidiaries) and (y) 30 days following the date on which the Primedica becomes a Subsidiary of the Borrower.

"Primedica Worcester Facility" means the facility of Primedica Worcester, Inc. located at 57 Union Street, Worcester, Massachusetts.

"Pro Forma Financial Statements" is defined in clause (b) of Section 5.1.9 of the Existing Credit Agreement.

"Public Offering" means, for any Person, any sale after the Closing Date of the Capital Stock of such Person to the public pursuant to a primary offering registered under the Securities Act of 1933, as amended.

"Quarterly Payment Date" means the last day of each of March, June, September and December, or, if any such day is not a Business Day, the next succeeding Business Day, commencing with March 31, 2001.

"Rate Protection Agreement" means any interest rate swap, cap, collar or similar agreement entered into by the Borrower pursuant to the terms of this Agreement under which the counterparty to such agreement is (or at the time such Rate Protection Agreement was entered into, was) a Lender or an Affiliate of a Lender.

"Recapitalization Agreement" is defined in the first recital.

"Refunded Swing Line Loans" is defined in clause (b) of Section 2.3.2.

"Register" is defined in clause (b) of Section 2.7.

"Reimbursement Obligation" is defined in Section 2.6.3.

"Reinstatement Date" is defined in Section 4.1.

"Related Fund" means, with respect to any Lender that is a fund that invests in commercial loans, any other fund that invests in commercial loans and is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Release" means a "release", as such term is defined in CERCLA.

"Replacement Lender" is defined in Section 4.11.

"Replacement Notice" is defined in Section 4.11.

"Required Lenders" means, at any time, Lenders holding at least 51% of the Total Exposure Amount.

"Resource Conservation and Recovery Act" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., as in effect from time to time.

"Restricted Payments" is defined in Section 7.2.6.

"Restricted Payments Compliance Certificate" means a certificate duly completed and executed by an Authorized Officer that is the president, the chief executive officer or the chief financial or accounting officer of the Borrower, substantially in the form of Exhibit F hereto.

"Restricted Subsidiary" means any Subsidiary of the Borrower that is not an Unrestricted Subsidiary.

"Revolving Loans" is defined in Section 2.1.2.

"Revolving Loan Commitment" is defined in Section 2.1.2.

"Revolving Loan Commitment Amount" means, on any date, $30,000,000, as such amount may be increased from time to time pursuant to clause (c) of Section 2.1.2 or reduced from time to time pursuant to Section 2.2.

"Revolving Loan Commitment Termination Date" means the earlier of (i) the sixth anniversary of the Closing Date and (ii) the date on which the Revolving Loan Commitment Amount is terminated in full or reduced to zero pursuant to Section 2.2, and (iii) the date on which any Commitment Termination Event occurs.

"Revolving Note" means, collectively, (i) each Revolving Note (as defined in the Existing Credit Agreement) (as such promissory note may be amended, endorsed or otherwise modified from time to time (including in the form of Exhibit A-1 hereto)), evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from outstanding Existing Revolving Loans, (ii) each promissory note of the Borrower payable to the order of any Lender, in the form of Exhibit A-1 hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from outstanding Revolving Loans, and (iii) each other promissory note accepted from time to time in substitution therefor or renewal thereof.

"Rollover Equity" means the shares equal to approximately 12.5% of Holdco outstanding after the Merger which will either be retained by CRL or exchanged by CRL for such percentage of a new class of shares of common stock of Holdco.

"SAIC" is defined in the seventh recital.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw Hill, Inc.

"SBI" is defined in the fourth recital.

"Secured Parties" means, collectively, the Lenders, the Issuers, the Agents and each counterparty to a Rate Protection Agreement that is (or at the time such Rate Protection Agreement was entered into, was) a Lender or an Affiliate of a Lender.

"Seller Note Issuance" is defined in clause (d) of the fifth recital.

"Seller Subordinated Discount Note" means the Subordinated Discount Note in an initial principal amount of $43,000,000 issued by Holdco to CRL on the Closing Date.

"Senior Discount Debentures" the Senior Discount Debentures in an initial principal amount of $40,000,000 issued by Holdco on the Closing Date.

"Senior Subordinated Debt" means the Senior Subordinated Notes.

"Senior Subordinated Debt Documents" means the Senior Subordinated Notes and all other instruments, agreements or other documents evidencing or governing any Senior Subordinated Debt or pursuant to which any Senior Subordinated Debt has been issued.

"Senior Subordinated Notes" is defined in clause (a) of the fifth recital.

"Sierra Acquisition" is defined in the fourth recital.

"Sierra Acquisition Agreement" is defined in the fourth recital.

"Solvent" means, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (d) such Person is not engaged in business or a transaction, and such Person is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in light of all the facts and circumstances existing at such time, can reasonably be expected to become an actual or matured liability.

"Stated Amount" of each Letter of Credit means the total amount available to be drawn under such Letter of Credit upon the issuance thereof.

"Stated Expiry Date" is defined in Section 2.6.

"Stated Maturity Date" means (i) in the case of any Revolving Loan, the sixth anniversary of the Closing Date, (ii) in the case of any Term-A Loan, the sixth anniversary of the Closing Date and (iii) in the case of any Term-B Loan or Term-C Loan, the eighth anniversary of the Closing Date or, in the case of any such day that is not a Business Day, the first Business Day following such day.

"Subject Lender" is defined in Section 4.11.

"Subco Dividend" is defined in the second recital.

"Subordinated Debt Issuance" is defined in clause (a) of the fifth recital.

"Subordination Provisions" is defined in Section 8.1.11.

"Subsidiary" means, with respect to any Person, any corporation, partnership or other business entity of which more than 50% of the outstanding Capital Stock (or other ownership interest) having ordinary voting power to elect a majority of the board of directors, managers or other voting members of the governing body of such entity (irrespective of whether at the time Capital Stock (or other ownership interests) of any other class or classes of such entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person. For purposes of this Agreement and the other Loan Documents, any Acquired Controlled Person shall be deemed to be a "Subsidiary" of the Borrower for purposes of Sections 6.1, 6.7, 6.9, 6.10, 6.11, 6.12, 7.1.2, 7.1.3, 7.1.4, 7.1.5, 7.1.6, 7.1.7(b), 7.2.1, 7.2.2, 7.2.3, 7.2.5, 7.2.6, 7.2.9, 7.2.11, 7.2.12 and 7.2.14 and, to the extent (and only to the extent) that it relates to any of the foregoing Sections, Article VIII.

"Subsidiary Guarantor" means each U.S. Subsidiary of the Borrower that has executed and delivered a Subsidiary Guaranty (or a supplement thereto).

"Subsidiary Guaranty" means the Guaranty, if any, executed and delivered by an Authorized Officer of a Subsidiary Guarantor pursuant to Section 7.1.7, substantially in the form of Exhibit H hereto, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Subsidiary Pledge and Security Agreement" means the Pledge and Security Agreement executed and delivered by an Authorized Officer of each Subsidiary Guarantor pursuant to Section 7.1.7, substantially in the form of Exhibit G-3 hereto, together with any supplemental Foreign Pledge Agreements delivered pursuant to the terms of this Agreement, in each case as amended, supplemented, amended and restated or otherwise modified from time to time.

"Swing Line Lender" means the Administrative Agent in its capacity as Swing Line Lender hereunder.

"Swing Line Loan" is defined in clause (b) of Section 2.1.2.

"Swing Line Loan Commitment" is defined in clause (b) of Section 2.1.2.

"Swing Line Loan Commitment Amount" means, on any date, $5,000,000, as such amount may be reduced from time to time pursuant to Section 2.2.

"Swing Line Note" means (i) a Swing Line Note (as defined in the Existing Credit Agreement) with respect to any such note issued prior to the Amendment Effective Date, (ii) a promissory note, substantially in the form of Exhibit A-4 hereto with respect to any such note issued on or subsequent to the Amendment Effective Date (as either such promissory note may be

amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to the Swing Line Lender resulting from outstanding Swing Line Loans, or (iii) any other promissory note accepted from time to time in substitution therefor or renewal thereof.

"Syndication Agent" is defined in the preamble.

"Taxes" is defined in Section 4.6.

"Term-A Loans" means the Existing Term-A Loans held by the Lenders under the Existing Credit Agreement which have been designated as Term-A Loans hereunder pursuant to Section 2.3.3.

"Term-A Notes" means, collectively, (i) each Term-A Note (as defined in the Existing Credit Agreement) (as such promissory note may be amended, endorsed or otherwise modified from time to time (including in the form of Exhibit A-2 hereto)), evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from outstanding Existing Term-A Loans, (ii) each promissory note of the Borrower payable to the order of any Lender, in the form of Exhibit A-2 hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from outstanding Term-A Loans, and (iii) each other promissory note accepted from time to time in substitution therefor or renewal thereof.

"Term-B Loans" means the Existing Term-B Loans held by the Lenders under the Existing Credit Agreement which have been designated as Term-B Loans hereunder pursuant to Section 2.3.3.

"Term-B Notes" means, collectively, (i) each Term-B Note (as defined in the Existing Credit Agreement) (as such promissory note may be amended, endorsed or otherwise modified from time to time (including in the form of Exhibit A-3 hereto)), evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from outstanding Existing Term-B Loans, (ii) each promissory note of the Borrower payable to the order of any Lender, in the form of Exhibit A-3 hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from outstanding Term-B Loans, and (iii) each other promissory note accepted from time to time in substitution therefor or renewal thereof.

"Term-C Loans" is defined in Section 2.1.1.

"Term-C Loan Commitment" is defined in Section 2.1.1.

"Term-C Loan Commitment Amount" means $25,000,000.

"Term-C Loan Commitment Termination Date" means the earlier of (i) February 28, 2001, if the Term-C Loans have not been made on or prior to such date, (ii) the Primedica Acquisition Date (immediately after the making of the Term-C Loans on such date), and (iii) the date on which any Commitment Termination Event occurs.

"Term-C Notes" means, collectively, (i) each promissory note of the Borrower payable to the order of any Lender, in the form of Exhibit A-4 hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from outstanding Term-C Loans, and (ii) each other promissory notes accepted from time to time in substitution therefor or renewal thereof.

"Term Loans" means, as the context may require, the Term-A Loans, the Term-B Loans and/or the Term-C Loans.

"Term Notes" means, as the context may require, the Term-A Notes, the Term-B Notes and/or the Term-C Notes.

"Termination Date" means the date on which all Obligations have been paid in full in cash, all Letters of Credit have been terminated, expired or cash collateralized, all Rate Protection Agreements have been terminated and all Commitments shall have terminated.

"Total Exposure Amount" means, on any date of determination, (a) with respect to any provision of this Agreement other than the declaration of the acceleration of the maturity of all or any portion of the outstanding principal amount of the Loans and other Obligations to be due and payable pursuant to Section 8.3, the sum of (i) the aggregate principal amount of all Term Loans outstanding at such time, (ii) the then effective Term-C Loan Commitment Amount, if the Term-C Loans were not made prior to such date of determination and there are any Term-C Loan Commitments then outstanding and (iii) (x) the then effective Revolving Loan Commitment Amount, if there are any Revolving Loan Commitments then outstanding, or (y) if all Revolving Loan Commitments shall have expired or been terminated, the sum of (1) the aggregate principal amount of all Revolving Loans and Swing Line Loans outstanding at such time and (2) the Letter of Credit Outstandings at such time; and (b) with respect to the declaration of the acceleration of the maturity of all or any portion of the outstanding principal amount of the Loans and other Obligations to be due and payable pursuant to Section 8.3, the sum of (i) the aggregate principal amount of all Loans outstanding at such time and (ii) the Letter of Credit Outstandings at such time.

"Tranche" means, as the context may require, the Loans constituting Term-A Loans, Term-B Loans, Term-C Loans, Revolving Loans and/or Swing Line Loans.

"Transaction" is defined in the ninth recital.

"Transaction Documents" means each of the Material Documents and all other agreements, documents, instruments, certificates, filings, consents, approvals, board of directors resolutions and opinions furnished pursuant to or in connection with the Recapitalization, Merger, Equity Contributions, Subco Dividend, Subordinated Debt Issuance, Discount Debentures Issuance, the Seller Note Issuance, the Sierra Acquisition, the PAIC Acquisition, the Primedica Acquisition and the transactions contemplated hereby or thereby, each as amended, supplemented, amended and restated or otherwise modified from time to time as permitted in accordance with the terms hereof or of any other Loan Document.

"Transaction Payments" means the retention bonus payments, performance bonus payments, Earn-outs and any fees, expenses and financing and other transaction costs to be paid by the Borrower under any present or future acquisition agreement.

"TSI" is defined in the eighth recital.

"type" means, relative to any Loan, the portion thereof, if any, being maintained as a Base Rate Loan or a LIBO Rate Loan.

"UBOC" is defined in the preamble.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York; provided, that if, with respect to any Filing Statement or by reason of any mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interests granted to the Administrative Agent pursuant to the applicable Loan Document is governed by the Uniform Commercial Code as in effect in a jurisdiction of the United States other than the State of New York, UCC means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions of this Agreement, each Loan Document and any Filing Statement relating to such perfection or effect of perfection or non-perfection.

"United States" or "U.S." means the United States of America, its fifty states and the District of Columbia.

"U.S. Subsidiary" means any Subsidiary of the Borrower that is incorporated or organized in or under the laws of the United States, any state thereof or the District of Columbia.

"Unrestricted Subsidiary" means any Subsidiary of the Borrower that is designated by a resolution of the Board of Directors of the Borrower as an Unrestricted Subsidiary, but only to the extent that such Subsidiary: (i) has no Indebtedness other than Non-Recourse Debt; (ii) is not party to any agreement, contract, arrangement or understanding with the Borrower or any Restricted Subsidiary of the Borrower unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Borrower or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the

Borrower; (iii) is a Person with respect to which neither the Borrower nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Capital Stock or warrants, options or other rights to acquire Capital Stock or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and (iv) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Borrower or any of its Restricted Subsidiaries. If, at any time, any Unrestricted Subsidiary would fail to meet the foregoing requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes hereof. The Board of Directors of the Borrower may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Borrower of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if no Default or Event of Default would be in existence following such designation.

"Voting Stock" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees (or Persons performing similar functions) of any Person (irrespective of whether or not, at the time, Capital Stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"Waiver" means an agreement in favor of the Agents for the benefit of the Lenders in form and substance reasonably satisfactory to the Agents.

"Warrants" is defined in clause (a) of the fifth recital.

"Warrant Agreement" is defined in clause (a) of the fifth recital.

"Welfare Plan" means a "welfare plan", as such term is defined in Section 3(1) of ERISA, and to which the Borrower has any liability.

"wholly-owned Subsidiary" means, with respect to any Person, any Subsidiary of such Person all of the Capital Stock (and all rights and options to purchase such Capital Stock) of which, other than directors' qualifying shares, are owned, beneficially and of record, by such Person and/or one or more wholly-owned Subsidiaries of such Person.

SECTION 1.2. Use of Defined Terms. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in the Disclosure Schedule and in each other Loan Document, notice and other communication delivered from time to time in connection with this Agreement or any other Loan Document.

SECTION 1.3. Cross-References. Unless otherwise specified, references in this Agreement and in each other Loan Document to any Article or Section are references to such

Article or Section of this Agreement or such other Loan Document, as the case may be, and, unless otherwise specified, references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

SECTION 1.4. Accounting and Financial Determinations.

(a) Unless otherwise specified and subject to Section 1.4(b) below, all accounting terms used herein or in any other Loan Document shall be interpreted, all accounting determinations and computations hereunder or thereunder (including under Section 7.2.4) shall be made, and all financial statements required to be delivered hereunder or thereunder shall be prepared in accordance with, those generally accepted accounting principles ("GAAP"), as in effect on December 31, 1998 and, unless otherwise expressly provided herein, shall be computed or determined on a consolidated basis and without duplication.

(b) For purposes of computing the Fixed Charge Coverage Ratio, Interest Coverage Ratio and Leverage Ratio (and any financial calculations required to be made or included within such ratios) as of the end of any Fiscal Quarter, all components of such ratios, including Capital Expenditures, in the case of any disposition, but excluding Capital Expenditures, in the case of any acquisition, for the period of four Fiscal Quarters ending at the end of such Fiscal Quarter shall include or exclude, as the case may be, without duplication, such components of such ratios attributable to any business or assets that have been acquired or disposed of by the Borrower or any of its Subsidiaries (including through mergers or consolidations) after the first day of such period of four Fiscal Quarters and prior to the end of such period, as determined in good faith by the Borrower on a pro forma basis for such period of four Fiscal Quarters as if such acquisition or disposition had occurred on such first day of such period (including cost savings that would have been realized had such acquisition occurred on such day and which inclusion when not otherwise permitted under GAAP has been approved by a majority of the board of directors of Holdco).

ARTICLE II

COMMITMENTS, BORROWING AND ISSUANCE PROCEDURES, NOTES AND LETTERS OF CREDIT

SECTION 2.1. Commitments. On the terms and subject to the conditions of this Agreement (including Sections 2.1.4, 2.1.5 and Article V) and the Amendment Agreement (including Article III thereof),

(a) each Lender severally agrees to make Loans (other than Swing Line Loans) pursuant to each of its Commitments and the Swing Line Lender agrees to make Swing

Line Loans pursuant to the Swing Line Loan Commitment, in each case as described in this Section 2.1; and

(b) each Issuer severally agrees that it will issue Letters of Credit pursuant to Section 2.1.3, and each other Lender that has a Revolving Loan Commitment severally agrees that it will purchase participation interests in such Letters of Credit pursuant to Section 2.6.1.

SECTION 2.1.1. Term-C Loan Commitments. Subject to compliance by the Borrower with the terms of Article III of the Amendment Agreement and Sections 2.1.4, 5.1 and 5.2, on (but solely on) the Primedica Acquisition Date (which shall be a Business Day), each Lender that has a Percentage in excess of zero of the Term-C Loan Commitment will make a loan (relative to such Lender, its "Term-C Loans") to the Borrower equal to such Lender's Percentage of the aggregate amount of the Borrowing or Borrowings of Term-C Loans requested by the Borrower to be made on the Primedica Acquisition Date (with the commitment of each such Lender described in this Section 2.1.1 herein referred to as its "Term-C Loan Commitment"). No amounts paid or prepaid with respect to Term-C Loans may be reborrowed.

SECTION 2.1.2. Revolving Loan Commitment and Swing Line Loan Commitment. Subject to compliance by the Borrower with the terms of Article III of the Amendment Agreement and Section 2.1.4 and Section 5.2, from time to time on any Business Day occurring concurrently with (or after) the Amendment Effective Date but prior to the Revolving Loan Commitment Termination Date,

(a) each Lender that has a Percentage of the Revolving Loan Commitment in excess of zero will make loans (relative to such Lender, its "Revolving Loans") to the Borrower equal to such Lender's Percentage of the aggregate amount of the Borrowing or Borrowings of Revolving Loans requested by the Borrower to be made on such day. The Commitment of each Lender described in this Section 2.1.2 is herein referred to as its "Revolving Loan Commitment". On the terms and subject to the conditions hereof, the Borrower may from time to time borrow, prepay and reborrow Revolving Loans.

(b) the Swing Line Lender will make a loan (a "Swing Line Loan") to the Borrower equal to the principal amount of the Swing Line Loan requested by the Borrower to be made on such day. The Commitment of the Swing Line Lender described in this clause (b) is herein referred to as its "Swing Line Loan Commitment". On the terms and subject to the conditions hereof, the Borrower may from time to time borrow, prepay and reborrow Swing Line Loans.

(c) At any time that no Default has occurred and is continuing, and prior to the Revolving Loan Commitment Termination Date, the Borrower may notify the Agents that the Borrower is requesting that, on the terms and subject to the conditions contained in this Agreement, the Lenders and/or other lenders not then a party to this Agreement

provide up to an aggregate amount of $25,000,000 in additional Revolving Loan Commitments. Upon receipt of such notice, the Syndication Agent shall use commercially reasonable efforts to arrange for the Lenders or other Eligible Institutions to provide such additional Revolving Loan Commitments; provided that the Syndication Agent will first offer each of the Lenders that then has a Percentage of the Revolving Loan Commitment a pro rata portion of any such additional Revolving Loan Commitment. Alternatively, CSFB may commit to provide the full amount of the requested additional Revolving Loan Commitment and then offer portions of such additional Revolving Loan Commitment to the Lenders or other Eligible Institutions, subject to the proviso to the immediately preceding sentence. Nothing contained in this clause (c) or otherwise in this Agreement is intended to commit any Lender or any Agent to provide any portion of any such additional Revolving Loan Commitments. If and to the extent that any Lenders and/or other lenders agree, in their sole discretion, to provide any such additional Revolving Loan Commitments, (i) the Revolving Loan Commitment Amount shall be increased by the amount of the additional Revolving Loan Commitments agreed to be so provided, (ii) the Percentages of the respective Lenders in respect of the Revolving Loan Commitment shall be proportionally adjusted (provided that the Percentage of each Lender shall not be increased without the consent of such Lender), (iii) at such time and in such manner as the Borrower and the Syndication Agent shall agree (it being understood that the Borrower and the Agents will use commercially reasonable efforts to avoid the prepayment or assignment of any LIBO Rate Loan on a day other than the last day of the Interest Period applicable thereto), the Lenders shall assign and assume outstanding Revolving Loans and participations in outstanding Letters of Credit so as to cause the amounts of such Revolving Loans and participations in Letters of Credit held by each Lender to conform to the respective Percentages of the Revolving Loan Commitment of the Lenders and (iv) the Borrower shall execute and deliver any additional Notes or other amendments or modifications to this Agreement or any other Loan Document as the Agents may reasonably request.

SECTION 2.1.3. Letter of Credit Commitment. Subject to compliance by the Borrower with the terms of Article III of the Amendment Agreement and Section 2.1.5 and 5.2, from time to time on any Business Day occurring concurrently with (or after) the Amendment Effective Date but prior to the Revolving Loan Commitment Termination Date, the applicable Issuer will (i) issue one or more standby or commercial letters of credit (each referred to as a "Letter of Credit") for the account of the Borrower or any of its Restricted Subsidiaries in the Stated Amount requested by the Borrower on such day, or (ii) extend the Stated Expiry Date of an existing standby or commercial Letter of Credit previously issued hereunder to a date not later than the earlier of (x) the sixth anniversary of the Closing Date and (y) one year from the date of such extension (subject to automatic renewal provisions); provided that, notwithstanding the terms of this clause (y), a Letter of Credit may, if required by the beneficiary thereof, contain automatic renewal provisions pursuant to which the Stated Expiry Date shall be automatically extended (to a date not beyond the date specified in clause (x) above), unless notice to the contrary shall have been given to the beneficiary prior to the then existing Stated Expiry Date in accordance with the

terms specified in such Letter of Credit by the applicable Issuer or the account party of such Letter of Credit (which notice by the account party shall also have been provided to the applicable Issuer in writing).

SECTION 2.1.4. Lenders Not Permitted or Required to Make the Loans. No Lender shall be permitted or required to, and the Borrower shall not request any Lender to, make

(a) any Term-C Loan if, after giving effect thereto, the aggregate original principal amount of all the Term-C Loans of such Lender would exceed such Lender's Percentage of the Term-C Loan Commitment Amount;

(b) any Revolving Loan if, after giving effect thereto, the aggregate outstanding principal amount of all the Revolving Loans (i) of all the Lenders with Revolving Loan Commitments, together with the Letter of Credit Outstandings and the aggregate outstanding principal amount of all Swing Line Loans, would exceed the then existing Revolving Loan Commitment Amount, or (ii) of such Lender, together with such Lender's Percentage of the aggregate amount of all Letter of Credit Outstandings, and such Lender's Percentage of the outstanding principal amount of all Swing Line Loans, would exceed such Lender's Percentage of the then existing Revolving Loan Commitment Amount.

(c) any Swing Line Loan if, after giving effect thereto (i) the aggregate outstanding principal amount of all Swing Line Loans would exceed the Swing Line Loan Commitment Amount or (ii) the sum of the aggregate amount of all Letter of Credit Outstandings plus the aggregate principal amount of all Revolving Loans and Swing Line Loans then outstanding would exceed the then existing Revolving Loan Commitment Amount.

SECTION 2.1.5. Issuer Not Permitted or Required to Issue Letters of Credit. No Issuer shall be permitted or required to issue any Letter of Credit if, after giving effect thereto, (a) the aggregate amount of all Letter of Credit Outstandings would exceed the Letter of Credit Commitment Amount or (b) the sum of the aggregate amount of all Letter of Credit Outstandings plus the aggregate principal amount of all Revolving Loans and Swing Line Loans then outstanding would exceed the then existing Revolving Loan Commitment Amount.

SECTION 2.2. Reduction of Revolving Loan Commitment Amount. The Borrower may, from time to time on any Business Day occurring after the Closing Date, voluntarily reduce the Revolving Loan Commitment Amount; provided, however, that all such reductions shall require at least three Business Days' prior notice to the Administrative Agent and be permanent, and any partial reduction of any Commitment Amount shall be in an aggregate amount of $500,000 or any larger integral multiple of $100,000. Any such reduction of the Revolving Loan Commitment Amount which reduces the Revolving Loan Commitment Amount below the Letter of Credit Commitment Amount or the Swing Line Loan Commitment Amount shall result in an automatic

and corresponding reduction of the Letter of Credit Commitment Amount or the Swing Line Loan Commitment Amount, as the case may be, to an aggregate amount not in excess of the Revolving Loan Commitment Amount, as so reduced, without any further action on the part of the applicable Issuer or the Swing Line Lender.

SECTION 2.3. Borrowing Procedures and Funding Maintenance. Term-C Loans and Revolving Loans shall be made by the Lenders in accordance with Section 2.3.1, and Swing Line Loans shall be made by the Swing Line Lender in accordance with Section 2.3.2.

SECTION 2.3.1. Term-C Loans and Revolving Loans. By delivering a Borrowing Request to the Administrative Agent on or before 12:00 p.m. (noon), Designated City time, on a Business Day, the Borrower may from time to time irrevocably request, on not less than one Business Day's notice (in the case of Base Rate Loans) or three Business Days' notice (in the case of LIBO Rate Loans) nor more than five Business Days' notice (in the case of any Loans), that a Borrowing consisting of Term-C Loans and/or Revolving Loans be made in an aggregate amount of $500,000 or any larger integral multiple of $100,000, or in the unused amount of the applicable Commitment. No Borrowing Request shall be required, and the minimum aggregate amounts specified under this Section 2.3.1 shall not apply, in the case of Revolving Loans made under clause (b) of Section 2.3.2 to refund Refunded Swing Line Loans or Revolving Loans deemed made under Section 2.6.2 in respect of unreimbursed Disbursements. On the terms and subject to the conditions of this Agreement, each Borrowing shall be comprised of the type of Loans, and shall be made on the Business Day, specified in such Borrowing Request. On or before 1:00 p.m., Designated City time, on such Business Day each Lender shall deposit with the Administrative Agent same day funds in an amount equal to such Lender's Percentage of the requested Borrowing. Such deposit will be made to an account which the Administrative Agent shall specify from time to time by notice to the Lenders. To the extent funds are received from the Lenders, the Administrative Agent shall make such funds available to the Borrower by wire transfer to the accounts the Borrower shall have specified in its Borrowing Request. No Lender's obligation to make any Loan shall be affected by any other Lender's failure to make any Loan.

SECTION 2.3.2. Swing Line Loans. (a) By telephonic notice, promptly followed (within one Business Day) by the delivery of a confirming Borrowing Request, to the Swing Line Lender and the Administrative Agent on or before 10:00 a.m., Designated City time, on the Business Day the proposed Swing Line Loan is to be made, the Borrower may from time to time irrevocably request that a Swing Line Loan be made by the Swing Line Lender in a minimum principal amount of $500,000 or any larger integral multiple of $100,000. All Swing Line Loans shall be made as Base Rate Loans and shall not be entitled to be converted into LIBO Rate Loans. The proceeds of each Swing Line Loan shall be made available by the Swing Line Lender, by 3:00 p.m., Designated City time, on the Business Day telephonic notice is received by it as provided in this clause (a), to the Borrower by wire transfer to the account the Borrower shall have specified in its notice therefor.

(b) If (i) any Swing Line Loan shall be outstanding for more than four Business Days or (ii) any Default shall occur and be continuing, each Lender with a Revolving Loan Commitment (other than the Swing Line Lender) irrevocably agrees that it will, at the request of the Swing Line Lender and upon notice from the Administrative Agent, unless such Swing Line Loan shall have been earlier repaid in full, make a Revolving Loan (which shall initially be funded as a Base Rate Loan) in an amount equal to such Lender's Percentage in respect of the Revolving Loan Commitments of the aggregate principal amount of all such Swing Line Loans then outstanding (such outstanding Swing Line Loans hereinafter referred to as the "Refunded Swing Line Loans"); provided, that the Swing Line Lender shall not request, and no Lender with a Revolving Loan Commitment shall make, any Refunded Swing Line Loan if, after giving effect to the making of such Refunded Swing Line Loan, the sum of all Swing Line Loans and Revolving Loans made by such Lender, plus such Lender's Percentage in respect of the Revolving Loan Commitments of the aggregate amount of all Letter of Credit Outstandings, would exceed such Lender's Percentage of the then existing Revolving Loan Commitment Amount. On or before 12:00 p.m., Designated City time, on the first Business Day following receipt by each Lender of a request to make Revolving Loans as provided in the preceding sentence, each such Lender with a Revolving Loan Commitment shall deposit in an account specified by the Swing Line Lender the amount so requested in same day funds and such funds shall be applied by the Swing Line Lender to repay the Refunded Swing Line Loans. At the time the aforementioned Lenders make the above referenced Revolving Loans, the Swing Line Lender shall be deemed to have made, in consideration of the making of the Refunded Swing Line Loans, a Revolving Loan in an amount equal to the Swing Line Lender's Percentage in respect of the Revolving Loan Commitments of the aggregate principal amount of the Refunded Swing Line Loans. Upon the making (or deemed making, in the case of the Swing Line Lender) of any Revolving Loans pursuant to this clause (b), the amount so funded shall become outstanding as a Revolving Loan of such Lender and to the extent to made (or deemed made, in the case of the Swing Line Lender) shall no longer constitute a portion of the applicable Swing Line Loan. All interest payable with respect to any Revolving Loans made (or deemed made, in the case of the Swing Line Lender) pursuant to this clause (b) shall be appropriately adjusted to reflect the period of time during which the Swing Line Lender had outstanding Swing Line Loans in respect of which such Revolving Loans were made. Each Lender's obligation (in the case of Lenders with a Revolving Loan Commitment) to make the Revolving Loans referred to in this clause (b) shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, the Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuance of any Default; (iii) any adverse change in the condition (financial or otherwise) of the Borrower or any other Obligor; (iv) the acceleration or maturity of any Loans or the termination of any Commitment after the making of any Swing Line Loan; (v) any breach of this Agreement or any other Loan Document by the Borrower or any Lender; or (vi) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

SECTION 2.3.3. Existing Revolving Loans, Existing Term-A Loans and Existing Term-B Loans. As of the Amendment Effective Date, the Existing Revolving Loans, the Existing Term-A

Loans and the Existing Term-B Loans originally made under the Existing Credit Agreement shall remain outstanding hereunder as Revolving Loans, Term-A Loans and Term-B Loans, respectively, in each case, as if made hereunder on the Amendment Effective Date. No amounts paid or prepaid with respect to Term-A Loans or Term-B Loans may be reborrowed.

SECTION 2.4. Continuation and Conversion Elections. By delivering a Continuation/Conversion Notice to the Administrative Agent on or before 12:00 p.m. (noon), Designated City time, on a Business Day, the Borrower may from time to time irrevocably elect, on not less than one Business Day's notice (in the case of a conversion of LIBO Rate Loans to Base Rate Loans) or three Business Days' notice (in the case of a continuation of LIBO Rate Loans or a conversion of Base Rate Loans into LIBO Rate Loans) nor more than five Business Days' notice (in the case of any Loans) that all, or any portion in a minimum amount of $500,000 or any larger integral multiple of $100,000, be, in the case of Base Rate Loans, converted into LIBO Rate Loans or, in the case of LIBO Rate Loans, converted into Base Rate Loans or continued as LIBO Rate Loans (in the absence of delivery of a Continuation/Conversion Notice with respect to any LIBO Rate Loan at least three Business Days before the last day of the then current Interest Period with respect thereto, such LIBO Rate Loan shall, on such last day, automatically convert to a Base Rate Loan); provided, however, that (x) each such conversion or continuation shall be pro rated among the applicable outstanding Loans of the relevant Lenders, and (y) no portion of the outstanding principal amount of any Loans may be continued as, or be converted into, LIBO Rate Loans when any Default has occurred and is continuing.

SECTION 2.5. Funding. Each Lender may, if it so elects, fulfill its obligation to make, continue or convert LIBO Rate Loans hereunder by causing one of its foreign branches or Affiliates (or an international banking facility created by such Lender) to make or maintain such LIBO Rate Loan, so long as such action does not result in increased costs to the Borrower; provided, however, that such LIBO Rate Loan shall nonetheless be deemed to have been made and to be held by such Lender, and the obligation of the Borrower to repay such LIBO Rate Loan shall nevertheless be to such Lender for the account of such foreign branch, Affiliate or international banking facility; and provided, further, however, that, except for purposes of determining whether any such increased costs are payable by the Borrower, such Lender shall cause such foreign branch, Affiliate or international banking facility to comply with the applicable provisions of clause (b) of Section 4.6 with respect to such LIBO Rate Loan. In addition, the Borrower hereby consents and agrees that, for purposes of any determination to be made for purposes of Section 4.1, 4.2, 4.3 or 4.4, it shall be conclusively assumed that each Lender elected to fund all LIBO Rate Loans by purchasing Dollar deposits in its LIBOR Office's interbank Eurodollar market.

SECTION 2.6. Issuance Procedures. By delivering to the applicable Issuer and the Administrative Agent an Issuance Request on or before 12:00 p.m. (noon), Designated City time, on a Business Day, the Borrower may, from time to time irrevocably request, on not less than five Business Days' notice (or such shorter or longer notice as may be acceptable to the applicable Issuer), in the case of an initial issuance of a Letter of Credit, and not less than five nor more than

ten Business Days' notice (unless a shorter or longer notice period is acceptable to the applicable Issuer) prior to the then existing Stated Expiry Date of a Letter of Credit, in the case of a request for the extension of the Stated Expiry Date of a Letter of Credit, that such Issuer issue, or extend the Stated Expiry Date of, as the case may be, an irrevocable Letter of Credit on behalf of the Borrower (whether issued for the account of or on behalf of the Borrower or any of its Restricted Subsidiaries) in such form as may be requested by the Borrower and approved by such Issuer, for the purposes described in Section 7.1.9. Notwithstanding anything to the contrary contained herein or in any separate application for any Letter of Credit, the Borrower hereby acknowledges and agrees that it shall be obligated to reimburse the applicable Issuer upon each Disbursement paid under a Letter of Credit, and it shall be deemed to be the obligor for purposes of each such Letter of Credit issued hereunder (whether the account party on such Letter of Credit is the Borrower or a Subsidiary of the Borrower). Upon receipt of an Issuance Request, the Administrative Agent shall promptly notify the applicable Issuer and each Lender that has a Revolving Loan Commitment thereof. Each Letter of Credit shall by its terms be stated to expire on a date (its "Stated Expiry Date") no later than the earlier to occur of (i) the sixth anniversary of the Closing Date or (ii) one year from the date of its issuance (subject to automatic renewal provisions); provided that, notwithstanding the terms of this clause (ii), a Letter of Credit may, if required by the beneficiary thereof, contain automatic renewal provisions pursuant to which the Stated Expiry Date shall be automatically extended (to a date not beyond the date specified in clause (i) above), unless notice to the contrary shall have been given to the beneficiary prior to the then existing Stated Expiry Date in accordance with the terms specified in such Letter of Credit by the applicable Issuer or the account party of such Letter of Credit (which notice by the account party shall also have been provided to the applicable Issuer in writing). The applicable Issuer will make available to the beneficiary thereof the original of each Letter of Credit which it issues hereunder. In the event that the Issuer is other than the Administrative Agent, such Issuer will send by facsimile transmission to the Administrative Agent, promptly on the first Business Day of each week, its daily maximum amount available to be drawn under the Letters of Credit issued by such Issuer for the previous week. The Administrative Agent shall deliver to each Lender upon each calendar month end, and upon each payment of the letter of credit fees payable pursuant to Section 3.3.3, a report setting forth the daily maximum amount available to be drawn for all Issuers during such period. Notwithstanding anything to the contrary herein, any Issuance Request delivered to the applicable Issuer or Administrative Agent by the Borrower by telecopier shall be confirmed promptly in an original writing delivered to such Issuer or Administrative Agent, as the case may be.

SECTION 2.6.1. Other Lenders' Participation. Upon the issuance of each Letter of Credit issued by an Issuer pursuant hereto, and without further action, each Lender (other than such Issuer) that has a Revolving Loan Commitment shall be deemed to have irrevocably purchased from such Issuer, to the extent of its Percentage in respect of the Revolving Loan Commitments, and such Issuer shall be deemed to have irrevocably granted and sold to such Lender a participation interest in such Letter of Credit (including the Contingent Liability and any Reimbursement Obligation and all rights with respect thereto), and such Lender shall, to the extent of its Percentage in respect of the Revolving Loan Commitments, be responsible for

reimbursing promptly (and in any event within one Business Day) the applicable Issuer for Reimbursement Obligations which have not been reimbursed by the Borrower in accordance with Section 2.6.3. In addition, such Lender shall, to the extent of its Percentage in respect of the Revolving Loan Commitments, be entitled to receive a ratable portion of the letter of credit fees payable pursuant to Section 3.3.3 with respect to each Letter of Credit and of interest payable pursuant to Section 3.2 with respect to any Reimbursement Obligation. To the extent that any Lender has reimbursed the applicable Issuer for a Disbursement as required by this Section, such Lender shall be entitled to receive its ratable portion of any amounts subsequently received (from the Borrower or otherwise) in respect of such Disbursement.

SECTION 2.6.2. Disbursements; Conversion to Revolving Loans. The applicable Issuer will notify the Borrower and the Administrative Agent promptly of the presentment for payment of any drawing under any Letter of Credit issued by such Issuer, together with notice of the date (the "Disbursement Date") such payment shall be made (each such payment, a "Disbursement"). Subject to the terms and provisions of such Letter of Credit and this Agreement, such Issuer shall make such payment to the beneficiary (or its designee) of such Letter of Credit. Prior to 12:30 p.m., Designated City time, on the first Business Day following the Disbursement Date (the "Disbursement Due Date"), the Borrower will reimburse the Administrative Agent, for the account of such Issuer, for all amounts which such Issuer has disbursed under such Letter of Credit, together with interest thereon at the rate per annum otherwise applicable to Revolving Loans (made as Base Rate Loans) from and including the Disbursement Date to but excluding the Disbursement Due Date and, thereafter (unless such Disbursement is converted into a Base Rate Loan on the Disbursement Due Date), at a rate per annum equal to the rate per annum then in effect with respect to overdue Revolving Loans (made as Base Rate Loans) pursuant to Section 3.2.2 for the period from the Disbursement Due Date through the date of such reimbursement; provided, however, that, if no Default shall have then occurred and be continuing, unless the Borrower has notified the Administrative Agent no later than one Business Day prior to the Disbursement Due Date that it will reimburse such Issuer for the applicable Disbursement, then the amount of the Disbursement shall be deemed to be a Borrowing of Revolving Loans constituting Base Rate Loans and following the giving of notice thereof by the Administrative Agent to the Lenders, each Lender with a Revolving Loan Commitment (other than such Issuer) will deliver to such Issuer on the Disbursement Due Date immediately available funds in an amount equal to such Lender's Percentage of such Borrowing. Each conversion of Disbursement amounts into Revolving Loans shall constitute a representation and warranty by the Borrower that on the date of the making of such Revolving Loans all of the statements set forth in Section 5.2.1 are true and correct.

SECTION 2.6.3. Reimbursement. The obligation (a "Reimbursement Obligation") of the Borrower under Section 2.6.2 to reimburse the applicable Issuer with respect to each Disbursement (including interest thereon) not converted into a Base Rate Loan pursuant to Section 2.6.2, and, upon the Borrower failing or electing not to reimburse such Issuer and the giving of notice thereof by the Administrative Agent to the Lenders, each Lender's (to the extent it has a Revolving Loan Commitment) obligation under Section 2.6.1 to reimburse such Issuer or

fund its Percentage of any Disbursement converted into a Base Rate Loan, shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower or such Lender, as the case may be, may have or have had against such Issuer or any such Lender, including any defense based upon the failure of any Disbursement to conform to the terms of the applicable Letter of Credit (if, in such Issuer's good faith opinion, such Disbursement is determined to be appropriate) or any non-application or misapplication by the beneficiary of the proceeds of such Letter of Credit; provided, however, that after paying in full its Reimbursement Obligation hereunder, nothing herein shall adversely affect the right of the Borrower or such Lender, as the case may be, to commence any proceeding against such Issuer for any wrongful Disbursement made by such Issuer under a Letter of Credit as a result of acts or omissions constituting gross negligence or willful misconduct on the part of such Issuer.

SECTION 2.6.4. Deemed Disbursements. Upon the occurrence and during the continuation of any Event of Default of the type described in clauses (b) through (d) of Section 8.1.9 with respect to any Obligor (other than Subsidiaries that are not Material Subsidiaries) or, with notice from the Administrative Agent acting at the direction of the Required Lenders, upon the occurrence and during the continuation of any other Event of Default,

(a) an amount equal to that portion of all Letter of Credit Outstandings attributable to the then aggregate amount which is undrawn and available under all Letters of Credit issued and outstanding shall, without demand upon or notice to the Borrower or any other Person, be deemed to have been paid or disbursed by the applicable Issuer under such Letters of Credit (notwithstanding that such amount may not in fact have been so paid or disbursed); and

(b) upon notification by the Administrative Agent to the Borrower of its obligations under this Section, the Borrower shall be immediately obligated to reimburse the applicable Issuer for the amount deemed to have been so paid or disbursed by such Issuer.

Any amounts so payable by the Borrower pursuant to this Section shall be deposited in cash with the Administrative Agent and held as collateral security for the Obligations in connection with the Letters of Credit issued by the applicable Issuer. At such time as the Events of Default giving rise to the deemed disbursements hereunder shall have been cured or waived, the Administrative Agent shall return to the Borrower all amounts then on deposit with the Administrative Agent pursuant to this Section, together with accrued interest at the Federal Funds Rate, which have not been applied to the satisfaction of such Obligations.

SECTION 2.6.5. Nature of Reimbursement Obligations. The Borrower and, to the extent set forth in Section 2.6.1, each Lender with a Revolving Loan Commitment, shall assume all risks of the acts, omissions or misuse of any Letter of Credit by the beneficiary thereof. No

Issuer (except to the extent of its own gross negligence or willful misconduct) shall be responsible for:

(a) the form, validity, sufficiency, accuracy, genuineness or legal effect of any Letter of Credit or any document submitted by any party in connection with the application for and issuance of a Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged;

(b) the form, validity, sufficiency, accuracy, genuineness or legal effect of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or the proceeds thereof in whole or in part, which may prove to be invalid or ineffective for any reason;

(c) failure of the beneficiary to comply fully with conditions required in order to demand payment under a Letter of Credit;

(d) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise; or

(e) any loss or delay in the transmission or otherwise of any document or draft required in order to make a Disbursement under a Letter of Credit.

None of the foregoing shall affect, impair or prevent the vesting of any of the rights or powers granted to any Issuer or any Lender with a Revolving Loan Commitment hereunder. In furtherance and extension and not in limitation or derogation of any of the foregoing, any action taken or omitted to be taken by the applicable Issuer in good faith (and not constituting gross negligence or willful misconduct) shall be binding upon the Borrower, each Obligor and each such Lender, and shall not put such Issuer under any resulting liability to the Borrower, any Obligor or any such Lender, as the case may be.

SECTION 2.6.6. Existing Letters of Credit. Notwithstanding anything to the contrary herein, the Letters of Credit outstanding under and as defined in the Existing Credit Agreement shall be deemed to be Letters of Credit outstanding hereunder as if issued on the Amendment Effective Date.

SECTION 2.7. Register; Notes.

(a) Each Lender may maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder. In the case of a Lender that does not request, pursuant to clause (b)(ii) below, execution and delivery of a Note evidencing the Loans made by such Lender to the Borrower, such account or accounts shall, to the extent

not inconsistent with the notations made by the Administrative Agent in the Register, be conclusive and binding on the Borrower absent manifest error; provided, however, that the failure of any Lender to maintain such account or accounts shall not limit or otherwise affect any Obligations of the Borrower or any other Obligor.

(b)(i) The Borrower hereby designates the Administrative Agent to serve as the Borrower's agent, solely for the purpose of this clause (b), to maintain a register (the "Register") on which the Administrative Agent will record each Lender's Commitments, the Loans made by each Lender and each repayment in respect of the principal amount of the Loans of each Lender and annexed to which the Administrative Agent shall retain a copy of each Lender Assignment Agreement delivered to the Administrative Agent pursuant to Section 10.11.1. Failure to make any recordation, or any error in such recordation, shall not affect the Borrower's obligation in respect of such Loans. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person in whose name a Loan (and as provided in clause (ii) the Note evidencing such Loan, if any) is registered as the owner thereof for all purposes of this Agreement, notwithstanding notice or any provision herein to the contrary. A Lender's Commitment and the Loans made pursuant thereto may be assigned or otherwise transferred in whole or in part only by registration of such assignment or transfer in the Register. Any assignment or transfer of a Lender's Commitment or the Loans made pursuant thereto shall be registered in the Register only upon delivery to the Administrative Agent of a Lender Assignment Agreement duly executed by the assignor thereof. No assignment or transfer of a Lender's Commitment or the Loans made pursuant thereto shall be effective unless such assignment or transfer shall have been recorded in the Register by the Administrative Agent as provided in this Section.

(ii) The Borrower agrees that, upon the request to the Administrative Agent by any Lender, the Borrower will execute and deliver to such Lender, as applicable, a Revolving Note, a Term-A Note, a Term-B Note, a Term-C Note and a Swing Line Note evidencing the Loans made by such Lender. The Borrower hereby irrevocably authorizes each Lender to make (or cause to be made) appropriate notations on the grid attached to such Lender's Notes (or on any continuation of such grid), which notations, if made, shall evidence, inter alia, the date of, the outstanding principal amount of, and the interest rate and Interest Period applicable to the Loans evidenced thereby. Such notations shall, to the extent not inconsistent with the notations made by the Administrative Agent in the Register, be conclusive and binding on the Borrower absent manifest error; provided, however, that the failure of any Lender to make any such notations or any error in any such notations shall not limit or otherwise affect any Obligations of the Borrower or any other Obligor. The Loans evidenced by any such Note and interest thereon shall at all times (including after assignment pursuant to Section 10.11.1) be represented by one or more Notes payable to the order of the payee named therein and its registered assigns. A Note and the obligation evidenced thereby may be assigned or otherwise transferred in

whole or in part only by registration of such assignment or transfer of such Note and the obligation evidenced thereby in the Register (and each Note shall expressly so provide). Any assignment or transfer of all or part of an obligation evidenced by a Note shall be registered in the Register only upon surrender for registration of assignment or transfer of the Note evidencing such obligation, accompanied by a Lender Assignment Agreement duly executed by the assignor thereof, and thereupon, if requested by the assignee, one or more new Notes shall be issued to the designated assignee and the old Note shall be returned by the Administrative Agent to the Borrower marked "exchanged". No assignment of a Note and the obligation evidenced thereby shall be effective unless it shall have been recorded in the Register by the Administrative Agent as provided in this Section.

ARTICLE III

REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1. Repayments and Prepayments; Application.

SECTION 3.1.1. Repayments and Prepayments. The Borrower shall repay in full the unpaid principal amount of each Loan upon the Stated Maturity Date therefor. Prior thereto, payments and repayments of Loans shall or may be made as set forth below.

(a) From time to time on any Business Day, the Borrower may make a voluntary prepayment, in whole or in part, of the outstanding principal amount of any

(i) Loans (other than Swing Line Loans); provided, however, that

(A) any such prepayment of the Term-A Loans, Term-B Loans or Term-C Loans shall be made pro rata among Term-A Loans, Term-B Loans and Term-C Loans, as applicable, of the same type and, if applicable, having the same Interest Period of all Lenders that have made such Term-A Loans, Term-B Loans or Term-C Loans, and any such prepayment of Revolving Loans shall be made pro rata among the Revolving Loans of the same type and, if applicable, having the same Interest Period of all Lenders that have made such Revolving Loans;

(B) the Borrower shall comply with Section 4.4 in the event that any LIBO Rate Loan is prepaid on any day other than the last day of the Interest Period for such Loan;

(C) all such voluntary prepayments shall require at least one Business Day's notice in the case of Base Rate Loans, three Business Days'

notice in the case of LIBO Rate Loans, but no more than five Business Days' notice in the case of any Loans, in each case in writing to the Administrative Agent; and

(D) all such voluntary partial prepayments shall be in an aggregate amount of $500,000 or any larger integral multiple of $100,000 or in the aggregate principal amount of all Loans of the applicable Tranche and type then outstanding; or

(ii) Swing Line Loans, provided that

(A) all such voluntary prepayments shall require prior telephonic notice to the Swing Line Lender on or before 11:00 a.m., Designated City time, on the day of such prepayment (such notice to be confirmed in writing by the Borrower within 24 hours thereafter); and

(B) all such voluntary partial prepayments shall be in an aggregate amount of $500,000 and an integral multiple of $100,000 or in the aggregate principal amount of all Swing Line Loans then outstanding.

(b) No later than five Business Days following the delivery by the Borrower of its annual audited financial reports required pursuant to clause (b) of Section 7.1.1 (beginning with the financial reports delivered in respect of the 2000 Fiscal Year), the Borrower shall deliver to the Administrative Agent a calculation of the Excess Cash Flow for the Fiscal Year last ended and, no later than five Business Days following the delivery of such calculation, make or cause to be made a mandatory prepayment of the Term Loans in an amount equal to 50% of the Excess Cash Flow (if any) for such Fiscal Year less (ii) the aggregate amount of all voluntary prepayments of the principal of the Term Loans actually made in such Fiscal Year pursuant to clause (a) of Section 3.1.1, to be applied as set forth in Section 3.1.2; provided, however, that such prepayment shall only be required to be made to the extent that the amount of Debt, as reduced by giving effect to such prepayment, would result in a Leverage Ratio of greater than 3.50:1 on a pro forma basis as of the date of such prepayment.

(c) No later than one Business Day (in the case of Net Debt Proceeds) or 30 calendar days (in the case of Net Disposition Proceeds) following the receipt of any Net Disposition Proceeds or Net Debt Proceeds by (x) in the case of Net Debt Proceeds, Holdco, the Borrower or any Restricted Subsidiary of the Borrower and (y) in the case of Net Disposition Proceeds, the Borrower or any Restricted Subsidiary of the Borrower, the Borrower shall deliver to the Administrative Agent a calculation of the amount of such Net Disposition Proceeds or Net Debt Proceeds, as the case may be, and, to the extent the amount of such Net Disposition Proceeds or Net Debt Proceeds, as the case may be, with respect to any single transaction or series of related transactions, exceeds $2,000,000,

make a mandatory prepayment of the Term Loans in an amount equal to 100% of such Net Disposition Proceeds or Net Debt Proceeds, as the case may be, to be applied as set forth in Section 3.1.2; provided, that no mandatory prepayment on account of such Net Disposition Proceeds shall be required under this clause if the Borrower informs the Agents no later than 30 days following the receipt of any Net Disposition Proceeds of its or its Restricted Subsidiary's good faith intention to apply such Net Disposition Proceeds to the acquisition of other assets or property consistent with the business permitted to be conducted pursuant to Section 7.2.1 (including by way of merger or Investment) within 365 days following the receipt of such Net Disposition Proceeds, with the amount of such Net Disposition Proceeds unused after such 365 day period being applied to the Loans pursuant to Section 3.1.2.

(d) The Borrower shall, concurrently with the receipt of any Net Equity Proceeds by Holdco, the Borrower or any Restricted Subsidiary of the Borrower, deliver to the Administrative Agent a calculation of the amount of such Net Equity Proceeds, and no later than five Business Days following the delivery of such calculation, and, to the extent that the amount of such Net Equity Proceeds with respect to any single transaction or series of related transactions exceeds $2,000,000, and subject to the proviso below, make or cause to be made a mandatory prepayment of the Term Loans in an amount equal to 50% of such Net Equity Proceeds to be applied as set forth in Section 3.1.2; provided, however, that such prepayment shall only be required to be made to the extent that the amount of Debt, as reduced by giving effect to such prepayment would result in a Leverage Ratio of greater than 3.50:1 on a pro forma basis as of the date of such prepayment (which pro forma calculation shall include, in the case of Net Equity Proceeds of the Initial Public Offering, the use of up to $60,000,000 of such Net Equity Proceeds to redeem Senior Subordinated Notes (including in such $60,000,000 amounts paid on account of principal of, and premium, if any, on, such Senior Subordinated Notes but excluding amounts paid on account of interest accrued on such Senior Subordinated Notes or fees in respect thereof));

(e) The Borrower shall, no later than the 60th calendar day following the receipt by the Borrower or any of its Restricted Subsidiaries of any Casualty Proceeds in excess of $2,000,000 (individually or in the aggregate in any Fiscal Year), make or cause to be made a mandatory prepayment of the Term Loans in an amount equal to 100% of such Casualty Proceeds, to be applied as set forth in Section 3.1.2; provided, that no mandatory prepayment on account of Casualty Proceeds shall be required under this clause if the Borrower informs the Agents no later than 60 days following the occurrence of the Casualty Event resulting in such Casualty Proceeds of its or its Restricted Subsidiary's good faith intention to apply such Casualty Proceeds to the rebuilding or replacement of the damaged, destroyed or condemned assets or property subject to such Casualty Event or the acquisition of other assets or property consistent with the business permitted to be conducted pursuant to Section 7.2.1 (including by way of merger or Investment) and in fact uses such Casualty Proceeds to rebuild or replace the damaged, destroyed or

condemned assets or property subject to such Casualty Event or to acquire such other property or assets within 365 days following the receipt of such Casualty Proceeds, with the amount of such Casualty Proceeds unused after such 365 day period being applied to the Loans pursuant to Section 3.1.2; provided further, however, that at any time when any Event of Default shall have occurred and be continuing or Casualty Proceeds not applied as provided above shall exceed $2,000,000, such Casualty Proceeds will be deposited in an account maintained with the Administrative Agent for disbursement at the request of the Borrower to pay for such rebuilding, replacement or acquisition.

(f) On each date when any reduction in the Revolving Loan Commitment Amount shall become effective, the Borrower shall make a mandatory prepayment of Revolving Loans and (if necessary) Swing Line Loans and (if necessary) deposit with the Administrative Agent cash collateral for Letter of Credit Outstandings in an aggregate amount equal to the excess, if any, of the sum of (i) the aggregate outstanding principal amount of all Revolving Loans and Swing Line Loans and (ii) the aggregate amount of all Letter of Credit Outstandings over the Revolving Loan Commitment Amount as so reduced;

(g) The Borrower shall, on the Stated Maturity Date and on each Quarterly Payment Date occurring during any period set forth below, make a scheduled repayment of the outstanding principal amount, if any, of Term-A Loans in an aggregate amount equal to the amount set forth below opposite such Stated Maturity Date or period, as applicable (as such amounts may have otherwise been reduced pursuant to this Agreement):

Period	Scheduled Principal Repayment
10/15/03 to 1/14/04	$2,000,000
1/15/04 to 10/14/04	$2,500,000
10/15/04 to the Sixth Anniversary of the Closing Date	$4,000,000

(h) The Borrower shall, on the Stated Maturity Date and on each Quarterly Payment Date set forth below, make a scheduled repayment of the outstanding principal amount, if any, of Term-B Loans in an aggregate amount equal to the amount set forth below opposite such Stated Maturity Date or period, as applicable (as such amounts may have otherwise been reduced pursuant to this Agreement):

Quarterly Payment Date	Scheduled Principal Repayment
March 31, 2007	$19,800,00
June 30, 2007	$27,900,000
Eighth Anniversary of the Closing Date	$27,900,000

(i) The Borrower shall, on the Stated Maturity Date and on each Quarterly Payment Date occurring during any period set forth below, make a scheduled repayment of the outstanding principal amount, if any, of Term-C Loans in an aggregate amount equal to the amount set forth below opposite such Stated Maturity Date or period, as applicable (as such amounts may have otherwise been reduced pursuant to this Agreement):

Period	Scheduled Principal Repayment
1/15/01 to 10/14/06	$62,500
10/15/06 to the Eighth Anniversary of the Closing Date	$5,890,625

(j) Following the prepayment in full of the Term Loans, on the date the Term Loans would otherwise have been required to be prepaid on account of any Net Disposition Proceeds, Net Debt Proceeds, Excess Cash Flow, Net Equity Proceeds or Casualty Proceeds, the Borrower shall first, prepay Revolving Loans and Swing Line Loans, and, second, deposit with the Administrative Agent cash collateral for Letter of Credit Outstandings, in an aggregate amount equal to the amount by which the Term Loans would otherwise have been required to be prepaid if Term Loans had been outstanding.

(k) The Borrower shall, immediately upon any acceleration of the Stated Maturity Date of any Loans or Obligations pursuant to Section 8.2 or Section 8.3, repay all outstanding Loans and other Obligations, unless, pursuant to Section 8.3, only a portion of all Loans and other Obligations are so accelerated (in which case the portion so accelerated shall be so prepaid).

Each prepayment of any Loans made pursuant to this Section shall be without premium or penalty, except as may be required by Section 4.4. No prepayment of principal of any Revolving Loans or Swing Line Loans pursuant to clause (a) or (j) of this Section 3.1.1 shall cause a reduction in the Revolving Loan Commitment Amount or the Swing Line Loan Commitment Amount, as the case may be.

SECTION 3.1.2. Application. (a) Subject to clause (b) below, each prepayment or repayment of principal of the Loans of any Tranche shall be applied, to the extent of such prepayment or repayment, first, to the principal amount thereof being maintained as Base Rate Loans, and second, to the principal amount thereof being maintained as LIBO Rate Loans.

(b) Each prepayment of Term Loans made pursuant to clauses (a), (b), (c), (d) and (e) of Section 3.1.1 shall be applied, (i) on a pro rata basis, to the outstanding principal amount of all remaining Term-A Loans, Term-B Loans and Term-C Loans and (ii) in respect of each Tranche of Term Loans, in direct order of maturity of the remaining scheduled quarterly amortization payments in respect thereof, until all such Term-A Loans, Term-B Loans and Term-C Loans have been paid in full (provided, however, that if the Borrower at any time elects in writing, in its sole discretion, to permit any Lender that has Term-B Loans or Term-C Loans to decline to have such Loans prepaid, then any Lender having Term-B Loans or Term-C Loans outstanding may, by delivering a notice to the Agents at least one Business Day prior to the date that such prepayment is to be made, decline to have such Loans prepaid with the amounts set forth above, in which case 50% of the amounts that would have been applied to a prepayment of such Lender's Term-B Loans or Term-C Loans, as the case may be, shall instead be applied to a prepayment of the Term-A Loans (until paid in full), with the balance being retained by the Borrower).

SECTION 3.2. Interest Provisions. Interest on the outstanding principal amount of the Loans shall accrue and be payable in accordance with this Section 3.2.

SECTION 3.2.1. Rates. (a) Each Base Rate Loan shall accrue interest on the unpaid principal amount thereof for each day from and including the day upon which such Loan was made or converted to a Base Rate Loan to but excluding the date such Loan is repaid or converted to a LIBO Rate Loan at a rate per annum equal to the sum of the Alternate Base Rate for such day plus the Applicable Margin for such Loan on such day.

(b) Each LIBO Rate Loan shall accrue interest on the unpaid principal amount thereof for each day during each Interest Period applicable thereto at a rate per annum equal to the sum of the LIBO Rate (Reserve Adjusted) for such Interest Period plus the Applicable Margin for such Loan on such day.

All LIBO Rate Loans shall bear interest from and including the first day of the applicable Interest Period to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such LIBO Rate Loan.

SECTION 3.2.2. Post-Maturity Rates. After the date any principal amount of any Loan shall have become due and payable (whether on the applicable Stated Maturity Date, upon acceleration or otherwise), or any other monetary Obligation (other than overdue Reimbursement Obligations which shall bear interest as provided in Section 2.6.2) of the Borrower shall have become due and payable, the Borrower shall pay, but only to the extent permitted by law, interest (after as well as before judgment) on such amounts at a rate per annum equal to (a) in the case of any overdue principal of Loans, overdue interest thereon, overdue commitment fees or other overdue amounts in respect of Loans or other obligations (or the related Commitments) under a particular Tranche, the rate that would otherwise be applicable to Base Rate Loans under such Tranche pursuant to Section 3.2.1 plus 2% and (b) in the case of other overdue monetary Obligations, the rate that would otherwise be applicable to Revolving Loans that were Base Rate Loans plus 2%.

SECTION 3.2.3. Payment Dates. Interest accrued on each Loan shall be payable, without duplication:

(a) on the Stated Maturity Date therefor;

(b) in the case of a LIBO Rate Loan, on the date of any payment or prepayment, in whole or in part, of principal outstanding on such Loan, to the extent of the unpaid interest accrued through such date on the principal so paid or prepaid;

(c) with respect to Base Rate Loans, on each Quarterly Payment Date occurring after the Amendment Effective Date;

(d) with respect to LIBO Rate Loans, on the last day of each applicable Interest Period (and, if such Interest Period shall exceed three months, at intervals of three months after the first day of such Interest Period); and

(e) on that portion of any Loans the Stated Maturity Date of which is accelerated pursuant to Section 8.2 or Section 8.3, immediately upon such acceleration.

Interest accrued on Loans, Reimbursement Obligations or other monetary Obligations arising under this Agreement or any other Loan Document after the date such amount is due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise) shall be payable upon demand.

SECTION 3.3. Fees. The Borrower agrees to pay the fees set forth in this Section 3.3. All such fees shall be non-refundable.

SECTION 3.3.1. Commitment Fee. The Borrower agrees to pay to the Administrative Agent for the account of each Lender that has a Revolving Loan Commitment (under the Existing Credit Agreement or hereunder), for each day during the period (including any portion thereof

when any of the Lenders' Revolving Loan Commitments are suspended by reason of the Borrower's inability to satisfy any condition of Article V) commencing on the Closing Date and continuing to but excluding the Revolving Loan Commitment Termination Date, a commitment fee on such Lender's Percentage of the unused portion, whether or not then available, of the Revolving Loan Commitment Amount (net of Letter of Credit Outstandings) for such day at a rate per annum equal to the Applicable Commitment Fee for such day. Such commitment fee shall be payable by the Borrower in arrears on each Quarterly Payment Date, commencing with the first such day following the Closing Date, and on the Revolving Loan Commitment Termination Date. The making of Swing Line Loans shall not constitute usage of the Revolving Loan Commitment with respect to the calculation of commitment fees to be paid by the Borrower to the Lenders. Payments by the Borrower to the Swing Line Lender in respect of accrued interest on Swing Line Loans shall be net of the commitment fee payable in respect of the Swing Line Lender's Revolving Loan Commitment.

SECTION 3.3.2. Administrative Agent Fee. The Borrower agrees to pay an administration fee to the Administrative Agent, for its own account, in the amount and at such times set forth in the Administrative Agent Fee Letter.

SECTION 3.3.3. Letter of Credit Fee. The Borrower agrees to pay to the Administrative Agent, for the pro rata account of the applicable Issuer and each other Lender that has a Revolving Loan Commitment (under the Existing Credit Agreement or hereunder), a letter of credit fee for each day on which there shall be any Letters of Credit outstanding in an amount equal to (i) with respect to each standby Letter of Credit, a rate per annum equal to the then Applicable Margin for Revolving Loans maintained as LIBO Rate Loans, multiplied by the Stated Amount of each such Letter of Credit; and (ii) with respect to each documentary Letter of Credit, 1.25% per annum multiplied by the Stated Amount of each such Letter of Credit, such fees being payable quarterly in arrears on each Quarterly Payment Date. The Borrower further agrees to pay to the applicable Issuer an issuance fee at the rates and on such dates agreed to between the Borrower and such Issuer.

ARTICLE IV

CERTAIN LIBO RATE AND OTHER PROVISIONS

SECTION 4.1. LIBO Rate Lending Unlawful. If any Lender shall determine (which determination shall, in the absence of manifest error, upon notice thereof to the Borrower and the Lenders, be conclusive and binding on the Borrower) that the introduction of or any change in or in the interpretation of any law, in each case after the date upon which such Lender shall have become a Lender under the Existing Credit Agreement or hereunder, makes it unlawful, or any central bank or other governmental authority asserts, after such date, that it is unlawful, for such Lender to make, continue or maintain any Loan as, or to convert any Loan into, a LIBO Rate Loan, the obligations of such Lender to make, continue, maintain or convert any Loans as or to

LIBO Rate Loans shall, upon such determination, forthwith be suspended until such Lender shall notify the Administrative Agent that the circumstances causing such suspension no longer exist (with the date of such notice being the "Reinstatement Date"), and (i) all LIBO Rate Loans previously made by such Lender shall automatically convert into Base Rate Loans at the end of the then current Interest Periods with respect thereto or sooner, if required by such law or assertion and (ii) all Loans thereafter made by such Lender and outstanding prior to the Reinstatement Date shall be made as Base Rate Loans, with interest thereon being payable on the same date that interest is payable with respect to the corresponding Borrowing of LIBO Rate Loans made by Lenders not so affected.

SECTION 4.2. Deposits Unavailable. If the Administrative Agent shall have determined that (i) Dollar deposits in the relevant amount and for the relevant Interest Period are not available to the Administrative Agent in its relevant market, or (ii) by reason of circumstances affecting the Administrative Agent's relevant market, adequate means do not exist for ascertaining the interest rate applicable hereunder to LIBO Rate Loans, then, upon notice from the Administrative Agent to the Borrower and the Lenders, the obligations of all Lenders under Section 2.3 and Section 2.4 to make or continue any Loans as, or to convert any Loans into, LIBO Rate Loans shall forthwith be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 4.3. Increased LIBO Rate Loan Costs, etc. The Borrower agrees to reimburse each Lender for any increase in the cost to such Lender of, or any reduction in the amount of any sum receivable by such Lender in respect of, making, continuing or maintaining (or of its obligation to make, continue or maintain) any Loans as, or of converting (or of its obligation to convert) any Loans into, LIBO Rate Loans (excluding any amounts, whether or not constituting Taxes, referred to in Section 4.6) arising as a result of any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other governmental authority that occurs after the date upon which such Lender became a Lender under the Existing Credit Agreement or hereunder. Such Lender shall promptly notify the Administrative Agent and the Borrower in writing of the occurrence of any such event, such notice to state, in reasonable detail, the reasons therefor and the additional amount required fully to compensate such Lender for such increased cost or reduced amount. Such additional amounts shall be payable by the Borrower directly to such Lender within five days of its receipt of such notice, and such notice shall, in the absence of manifest error, be conclusive and binding on the Borrower.

SECTION 4.4. Funding Losses. In the event any Lender shall incur any loss or expense (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to make, continue or maintain any portion of the principal amount of any Loan as, or to convert any portion of the principal amount of any Loan into, a LIBO Rate Loan, but excluding any loss of margin after the date of any such conversion, repayment, prepayment or failure to borrow, continue or convert) as a result of (i) any conversion

or repayment or prepayment of the principal amount of any LIBO Rate Loans on a date other than the scheduled last day of the Interest Period applicable thereto, whether pursuant to Section 3.1 or otherwise, (ii) any Loans not being borrowed as LIBO Rate Loans in accordance with the Borrowing Request therefor, or (iii) any Loans not being continued as, or converted into, LIBO Rate Loans in accordance with the Continuation/ Conversion Notice therefor, then, upon the written notice of such Lender to the Borrower (with a copy to the Administrative Agent), the Borrower shall, within five days of its receipt thereof, pay directly to such Lender such amount as will (in the reasonable determination of such Lender) reimburse such Lender for such loss or expense. Such written notice (which shall include calculations in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the Borrower.

SECTION 4.5. Increased Capital Costs. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other governmental authority, in each case occurring after the applicable Lender became a Lender under the Existing Credit Agreement or hereunder, affects or would affect the amount of capital required or expected to be maintained by any Lender or any Person controlling such Lender, and such Lender determines (in its sole and absolute discretion) that the rate of return on its or such controlling Person's capital as a consequence of its Commitments, participation in Letters of Credit or the Loans made by such Lender is reduced to a level below that which such Lender or such controlling Person could have achieved but for the occurrence of any such circumstance, then, in any such case upon notice from time to time by such Lender to the Borrower, the Borrower shall immediately pay directly to such Lender additional amounts sufficient to compensate such Lender or such controlling Person for such reduction in rate of return. A statement of such Lender as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the Borrower. In determining such amount, such Lender may use any method of averaging and attribution that it (in its sole and absolute discretion) shall deem applicable; provided, that such Lender may not impose materially greater costs on the Borrower than on other similarly situated borrowers by virtue of any such averaging or attribution method.

SECTION 4.6. Taxes. (a) All payments by the Borrower of principal of, and interest on, the Loans and all other amounts payable hereunder or under any other Loan Document (including Reimbursement Obligations, fees and expenses) shall be made free and clear of and without deduction for any present or future income, excise, stamp or franchise taxes and other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority from or through which payments originate or are made or deemed made by or to the Borrower, but excluding (i) any income, excise, stamp or franchise taxes and other similar taxes, fees, duties, withholdings or other charges imposed on any Lender or either of the Agents by a jurisdiction under the laws of which such Lender or Agent is organized or in which its principal executive office is located, or otherwise as a result of a present or former connection between the applicable lending office (or office through which it performs any of its actions as Lender or Agent) of such Lender or Agent and the jurisdiction of the governmental authority imposing such tax or any

political subdivision or taxing authority thereof or therein (other than any such connection arising solely from such Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or taken any action to enforce, this Agreement and any Note) or (ii) any income, excise, stamp or franchise taxes and other similar taxes, fees, duties, withholdings or other charges to the extent that they are in effect and would apply as of the date any Person becomes a Lender or Assignee Lender under the Existing Credit Agreement or hereunder, or as of the date that any Lender changes its applicable lending office, to the extent such taxes become applicable as a result of such change (other than a change in an applicable lending office made pursuant to Section 4.10 below) (such non-excluded items being called "Taxes"). In the event that any withholding or deduction from any payment to be made by the Borrower hereunder is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Borrower will (i) pay directly to the relevant taxing authority the full amount required to be so withheld or deducted, (ii) promptly forward to the Administrative Agent an official receipt or other documentation available to the Borrower reasonably satisfactory to the Administrative Agent evidencing such payment to such authority, and (iii) pay to the Administrative Agent for the account of the Lenders such additional amount or amounts as is necessary to ensure that the net amount actually received by each Lender will equal the full amount such Lender would have received had no such withholding or deduction been required, provided, however, that the Borrower shall not be required to pay any such additional amounts in respect of amounts payable to any Lender that is not organized under the laws of the United States or a state thereof to the extent that the related tax is imposed (or an exemption therefrom is not available) as a result of such Lender or Agent failing to comply with the requirements of clause (b) of Section 4.6.

Moreover, if any Taxes are directly asserted against either of the Agents or any Lender with respect to any payment received by such Agents or such Lender hereunder, such Agents or such Lender may pay such Taxes and the Borrower will promptly pay to such Person such additional amount (including any penalties, interest or expenses) as is necessary in order that the net amount received by such Person (including any Taxes on such additional amount) shall equal the amount of such Taxes paid by such Person; provided, however, that the Borrower shall not be obligated to make payment to the Lenders or the Agents (as the case may be) pursuant to this sentence in respect of penalties or interest attributable to any Taxes, if written demand therefor has not been made by such Lenders or the Agents within 60 days from the date on which such Lenders or the Agents knew of the imposition of Taxes by the relevant taxing authority or for any additional imposition which may arise from the failure of the Lenders or the Agents to apply payments in accordance with the tax law after the Borrower has made the payments required hereunder; provided, further, that the Borrower shall not be required to pay any such additional amounts in respect of any amounts payable to any Lender or any Agent (as the case may be) that is not organized under the laws of the United States or a state thereof to the extent the related Tax is imposed as a result of such Lender failing to comply with the requirements of clause (b) of Section 4.6. After the Lenders or the Agents (as the case may be) learn of the imposition of Taxes, such Lenders and the Agents will act in good faith to notify the Borrower of its obligations hereunder as soon as reasonably possible.

If the Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent, for the account of the respective Lenders, the required receipts or other required documentary evidence, the Borrower shall indemnify the Lenders for any incremental Taxes, interest or penalties that may become payable by any Lender as a result of any such failure.

(b) Each Non-U.S. Lender shall, (i) on or prior to the date of the execution and delivery of this Agreement, in the case of each Lender listed on the signature pages hereof, or, in the case of an Assignee Lender, on or prior to the date it becomes a Lender, execute and deliver to the Borrower and the Administrative Agent, two or more (as the Borrower or the Agents may reasonably request) United States Internal Revenue Service Forms W-8ECI or Forms W-8BEN (or successor forms) establishing the Lender's exemption from United States federal withholding tax, or, solely if such Lender is claiming exemption from United States withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", United States Internal Revenue Service Forms W-8BEN and a certificate signed by a duly authorized officer of such Lender representing that such Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, or such other forms or documents (or successor forms or documents), appropriately completed, establishing that payments to such Lender are exempt from withholding or deduction of United States federal withholding taxes; and (ii) deliver to the Borrower and the Administrative Agent two further copies of any such form or documents on or before the date that any such form or document expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent such form or document previously delivered by it to the Borrower. Each Lender and each Agent agrees, to the extent reasonable and without material cost to it, to provide to the Borrower and the Administrative Agent such other applicable forms or certificates as would reduce or eliminate any Tax otherwise applicable.

(c) If the Borrower determines in good faith that a reasonable basis exists for contesting the imposition of a Tax with respect to a Lender or either of the Agents, the relevant Lender or Agent, as the case may be, shall cooperate with the Borrower in challenging such Tax at the Borrower's expense if requested by the Borrower; provided, however, that nothing in this Section 4.6 shall require any Lender or Agent to submit to the Borrower or any Person any tax returns or any part thereof, or to prepare or file any tax returns other than as such Lender or Agent in its sole discretion shall determine.

(d) If a Lender or an Agent shall receive a refund (including any offset or credits from a taxing authority (as a result of any error in the imposition of Taxes by such taxing authority) of any Taxes paid by the Borrower pursuant to subsection 4.6(a) above, such Lender or such Agent (as the case may be) shall promptly pay the Borrower the amount so received, with interest from the taxing authority with respect to such refund, net of any tax liability incurred by such Lender or Agent that is attributable to the receipt of such refund and such interest.

(e) Each Lender and each Agent agrees, to the extent reasonable and without material cost to it, to cooperate with the Borrower to minimize any amounts payable by the Borrower

under this Section 4.6; provided, however, that nothing in this Section 4.6 shall require any Lender or Agent to take any action which, in the sole discretion of such Lender or Agent, is inconsistent with its internal policy and legal and regulatory restrictions.

(f) If the Borrower is required to pay additional amounts to or for the account of any Lender or Agent pursuant to clause (a) of this Section 4.6 as a result of a change of law occurring after the Closing Date, then such Lender or Agent, at the request of the Borrower, will change the jurisdiction of its applicable lending office (or office through which it performs any of its actions as Agent) if such change (i) would eliminate or reduce any such additional payment which may thereafter accrue and (ii) is not, in the good faith determination of such Lender or Agent, otherwise disadvantageous to such Lender or Agent.

SECTION 4.7. Payments, Computations, etc. Unless otherwise expressly provided, all payments by or on behalf of the Borrower pursuant to this Agreement or any other Loan Document shall be made by the Borrower to the Administrative Agent for the pro rata account of the Lenders, Agents or Lead Arranger, as applicable, entitled to receive such payment. All such payments required to be made to the Administrative Agent shall be made, without setoff, deduction or counterclaim, not later than 11:00 a.m., Designated City time, on the date due, in same day or immediately available funds, to such account as the Administrative Agent shall specify from time to time by notice to the Borrower. Funds received after that time shall be deemed to have been received by the Administrative Agent on the next succeeding Business Day. The Administrative Agent shall promptly remit in same day funds to each Lender, Agent or Lead Arranger, as the case may be, its share, if any, of such payments received by the Administrative Agent for the account of such Lender, Agent or Lead Arranger, as the case may be. All interest and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year comprised of 360 days (or, in the case of interest on a Base Rate Loan, 365 days or, if appropriate, 366 days). Whenever any payment to be made shall otherwise be due on a day which is not a Business Day, such payment shall (except as otherwise required by clause (i) of the definition of the term "Interest Period") be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees, if any, in connection with such payment.

SECTION 4.8. Sharing of Payments. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Loan or Reimbursement Obligation (other than pursuant to the terms of Sections 4.3, 4.4 and 4.5) in excess of its pro rata share of payments then or therewith obtained by all Lenders entitled thereto, such Lender shall purchase from the other Lenders such participation in the Credit Extensions made by them as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them; provided, however, that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Lender, the purchase shall be rescinded and each Lender which has sold a participation to the purchasing Lender shall repay to the purchasing Lender the purchase price to the ratable extent of

such recovery together with an amount equal to such selling Lender's ratable share (according to the proportion of (i) the amount of such selling Lender's required repayment to the purchasing Lender in respect of such recovery, to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to Section 4.9) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. If under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this Section applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section to share in the benefits of any recovery on such secured claim.

SECTION 4.9. Setoff. Each Lender shall, upon the occurrence of any Event of Default described in clauses (b) through (d) of Section 8.1.9 with respect to any Obligor (other than a Subsidiary that is not a Material Subsidiary) or, with the consent of the Required Lenders, upon the occurrence of any other Event of Default, to the fullest extent permitted by law, have the right to appropriate and apply to the payment of the Obligations then due to it, and (as security for such Obligations) the Borrower hereby grants to each Lender a continuing security interest in, any and all balances, credits, deposits, accounts or moneys of the Borrower then or thereafter maintained with or otherwise held by such Lender; provided, however, that any such appropriation and application shall be subject to the provisions of Section 4.8. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Lender may have.

SECTION 4.10. Mitigation. Each Lender agrees that if it makes any demand for payment under Sections 4.3, 4.4, 4.5, or 4.6, or if any adoption or change of the type described in Section 4.1 shall occur with respect to it, it will use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and so long as such efforts would not be disadvantageous to it, as determined in its sole discretion) to designate a different lending office if the making of such a designation would reduce or obviate the need for the Borrower to make payments under Section 4.3, 4.4, 4.5, or 4.6, or would eliminate or reduce the effect of any adoption or change described in Section 4.1.

SECTION 4.11. Replacement of Lenders. Each Lender hereby severally agrees as set forth in this Section. If any Lender (a "Subject Lender") (i) makes demand upon the Borrower for (or if the Borrower is otherwise required to pay) amounts pursuant to Section 4.3, 4.5 or 4.6, (ii) gives notice pursuant to Section 4.1 requiring a conversion of such Subject Lender's LIBO Rate Loans to Base Rate Loans or any change in the basis upon which interest is to accrue in

respect of such Subject Lender's LIBO Rate Loans or suspending such Lender's obligation to make Loans as, or to convert Loans into, LIBO Rate Loans, (iii) becomes a Non-Consenting Lender or (iv) becomes a Non-Funding Lender, the Borrower may, within 180 days of receipt by the Borrower of such demand or notice (or the occurrence of such other event causing the Borrower to be required to pay such compensation) or within 180 days of such Lender becoming a Non-Consenting Lender or a Non-Funding Lender, as the case may be, give notice (a "Replacement Notice") in writing to the Agents and such Subject Lender of its intention to replace such Subject Lender with a financial institution (a "Replacement Lender") designated in such Replacement Notice. If the Agents shall, in the exercise of their reasonable discretion and within 30 days of their receipt of such Replacement Notice, notify the Borrower and such Subject Lender in writing that the designated financial institution is satisfactory to the Agents (such consent not being required where the Replacement Lender is already a Lender), then such Subject Lender shall, subject to the payment of any amounts due pursuant to Section 4.4, assign, in accordance with Section 10.11.1, all of its Commitments, Loans and other rights and obligations under this Agreement and all other Loan Documents (including Reimbursement Obligations) to such designated financial institution; provided, however, that (i) such assignment shall be without recourse, representation or warranty and shall be on terms and conditions reasonably satisfactory to such Subject Lender and such designated financial institution and (ii) the purchase price paid by such designated financial institution shall be in the amount of such Subject Lender's Loans and its Percentage in respect of any Revolving Loan Commitment under which there are outstanding Reimbursement Obligations of such Reimbursement Obligation, together with all accrued and unpaid interest and fees in respect thereof, plus all other amounts (including the amounts demanded and unreimbursed under Sections 4.3, 4.5 and 4.6), owing to such Subject Lender hereunder. Upon the effective date of an assignment described above, the designated financial institution or Replacement Lender shall become a "Lender" for all purposes under this Agreement and the other Loan Documents.

ARTICLE V

CONDITIONS TO CREDIT EXTENSIONS

SECTION 5.1. Borrowing of Term-C Loans. The obligations of the Lenders having a Term-C Loan Commitment to fund the Term-C Loans on the Primedica Acquisition Date shall be subject to the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 5.1.

SECTION 5.1.1. New Transaction Documents. The Agents shall have received (with copies for each Lender that shall have expressly requested copies thereof) copies of the fully executed version of the Primedica Purchase Agreement, certified to be true and complete copies thereof by an Authorized Officer of the Borrower. The Primedica Purchase Agreement shall be in full force and effect and shall not have been modified or waived in any material respect, nor shall there have been any forbearance to exercise any material rights with respect to any of the terms or

provisions relating to the conditions to the consummation of the Primedica Acquisition as set forth in the Primedica Purchase Agreement unless otherwise agreed to by the Required Lenders.

SECTION 5.1.2. Consummation of Primedica Acquisition. The Agents shall have received evidence satisfactory to each of them that all actions necessary to consummate the Primedica Acquisition shall have been taken.

SECTION 5.1.3. Primedica Related Issuance. Holdco shall have issued $16,500,000 of its common stock to TSI.

SECTION 5.1.4. Primedica Transaction Fees and Expenses. The amount of Primedica Transaction Fees and Expenses shall not have exceeded $1,200,000.

SECTION 5.1.5. Available Cash. The Company shall have available cash in an amount of at least $2,800,000 to consummate the Primedica Acquisition.

SECTION 5.1.6. Cash Consideration. The cash portion of the consideration used to consummate the Primedica Acquisition shall not have exceeded $27,800,000.

SECTION 5.1.7. Primedica Acquisition Date Certificate. The Agents shall have received, with counterparts for each Lender, the Primedica Acquisition Date Certificate, dated the Primedica Acquisition Date and duly executed and delivered by an Authorized Officer that is the president, the chief executive officer, the chief financial officer or, if the Borrower does not have a chief financial officer, the controller of the Borrower, in which certificate the Borrower shall agree and acknowledge that the statements made therein shall be deemed to be true and correct representations and warranties of the Borrower made as of such date under this Agreement, and, at the time such certificate is delivered, such statements shall in fact be true and correct.

SECTION 5.1.8. Delivery of Notes. The Agents shall have received, for the account of each Lender that has a Term-C Loan Commitment and has submitted, at least two Business Days prior to the Primedica Acquisition Date, a written request pursuant to Section 2.7(b)(ii), a Term-C Note duly executed and delivered by the Borrower.

SECTION 5.1.9. Solvency, etc. The Agents shall have received a solvency certificate from an Authorized Officer that is the chief financial or accounting officer of the Borrower, dated the Primedica Acquisition Date, in form and substance satisfactory to the Agents.

SECTION 5.1.10. Supplement to Borrower Pledge and Security Agreement, etc. The Agents shall have received executed counterparts of a supplement to the Borrower Pledge and Security Agreement, dated as of the Primedica Acquisition Date and in form and substance reasonably satisfactory to the Agents, duly executed and delivered by an Authorized Officer of the Borrower, together with

(a) the certificates evidencing all of the issued and outstanding shares of Capital Stock of Primedica pledged pursuant to such supplement, which certificates shall in each case be accompanied by undated powers of transfer duly executed in blank, or, if any such shares of Capital Stock of Primedica pledged pursuant to such supplement are uncertificated securities or are held through a securities intermediary, the Administrative Agent shall have obtained "control" (as defined in the UCC) over such shares of Capital Stock and such other instruments and documents as the Administrative Agent shall deem necessary or in the reasonable opinion of the Administrative Agent desirable under applicable law to perfect the security interest of the Administrative Agent in such shares of Capital Stock;

(b) all promissory notes (to the extent not previously delivered) evidencing intercompany Indebtedness payable to the Borrower by any of its Subsidiaries (including Primedica) duly endorsed to the order of the Administrative Agent;

(c) executed copies of proper UCC termination statements (Form UCC-3), if any, relating to Primedica or any of its Subsidiaries, as debtor, necessary to release all Liens and other rights of any Person (other than Liens permitted under Section 7.2.3), as secured party,

(i) in any collateral of the type described in Section 2.1 of any Pledge and Security Agreement previously granted by Primedica or any such Subsidiary, and

(ii) securing any of the Indebtedness to be repaid in connection with the New Transaction on or prior to the Primedica Acquisition Date,

together with such other UCC termination statements (Form UCC-3) as the Agents may reasonably request from Primedica or any such Subsidiary (but excluding any such statements evidencing liens securing any Primedica Assumed Indebtedness); and

(d) certified copies of UCC Requests for Information or Copies (Form UCC-11), or a similar search report certified by a party acceptable to the Agents, dated a date reasonably near to the Primedica Acquisition Date, listing all effective financing statements which name Primedica or any of its Subsidiaries (under its present names and any previous names) as the debtor and which are filed in the jurisdictions in which filings are to be made pursuant to clause (c) above, together with copies of such financing statements.

SECTION 5.1.11. Governmental and Third Party Approvals. All material governmental and third party approvals necessary or advisable in connection with the New Transaction and the continuing operations of the Borrower, Primedica and their respective subsidiaries shall, in each case, have been obtained and be in full force and effect, and all applicable waiting periods, if any, shall have expired without any action being taken or threatened by any competent authority which would restrain, prevent or otherwise impose adverse conditions on the New Transaction.

SECTION 5.1.12. Litigation. There shall exist no pending or threatened material litigation, proceedings or investigations which (i) would contest the consummation of the New Transaction or (ii) could reasonably be expected to have a Material Adverse Effect.

SECTION 5.1.13. Reliance Letters. The Agents shall, unless otherwise agreed, have received reliance letters, dated the Primedica Acquisition Date and addressed to each Lender and each Agent, in respect of each of the legal opinions (other than "disclosure" and other similar opinions) delivered in connection with the Primedica Acquisition.

SECTION 5.1.14. Costs, Expenses, etc. The Agents and the Lead Arranger shall have received, each for its own respective account all costs and expenses due and payable pursuant to Section 10.3, if then invoiced.

SECTION 5.1.15. Satisfactory Legal Form. All documents executed or submitted pursuant hereto by or on behalf of the Borrower or any of its Subsidiaries or any other Obligors, shall be reasonably satisfactory in form and substance to the Agents and their counsel; the Agents and their counsel shall have received all information, approvals, opinions, documents or instruments that the Agents or their counsel shall have reasonably requested.

SECTION 5.2. All Credit Extensions. The obligation of each Lender and, if applicable, the Issuer, to make any Credit Extension (including its initial Credit Extension) shall be subject to the satisfaction of each of the conditions precedent set forth in this Section 5.2.

SECTION 5.2.1. Compliance with Warranties, No Default, etc. Both before and after giving effect to any Credit Extension the following statements shall be true and correct:

(a) the representations and warranties set forth in Article VI and in each other Loan Document shall, in each case, be true and correct in all material respects with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date);

(b) the sum of (i) the aggregate outstanding principal amount of all Revolving Loans and Swing Line Loans, plus (ii) the aggregate amount of all Letter of Credit Outstandings, does not exceed the then existing Revolving Loan Commitment Amount; and

(c) no Default shall have then occurred and be continuing.

SECTION 5.2.2. Credit Extension Request. The Agents shall have received a Borrowing Request if Loans are being requested, or an Issuance Request if a Letter of Credit is being requested or extended. Each of the delivery of a Borrowing Request or Issuance Request and the acceptance by the Borrower of proceeds of any Credit Extension shall constitute a representation

and warranty by the Borrower that on the date of such Credit Extension (both immediately before and after giving effect thereto and the application of the proceeds thereof) the statements made in Section 5.2.1 are true and correct.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders, the Issuers and the Agents to enter into this Agreement and to make Credit Extensions hereunder, the Borrower represents and warrants unto the Agents, the Issuers and each Lender as set forth in this Article VI.

SECTION 6.1. Organization, etc. The Borrower and each of its Restricted Subsidiaries (a) is validly organized and existing and in good standing to the extent required under the laws of the jurisdiction of its incorporation, except to the extent that the failure to be in good standing would not reasonably be expected to have a Material Adverse Effect, (b) is duly qualified to do business and is in good standing to the extent required under the laws of each jurisdiction where the nature of its business requires such qualification, except to the extent that the failure to qualify would not reasonably be expected to result in a Material Adverse Effect, and (c) has full power and authority and holds all requisite governmental licenses, permits and other approvals to (i) enter into and perform its obligations in connection with the Transaction and its Obligations under this Agreement and each other Loan Document to which it is a party and (ii) own and hold under lease its property and to conduct its business substantially as currently conducted by it except, in the case of this clause (c)(ii), where the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 6.2. Due Authorization, Non-Contravention, etc. The execution, delivery and performance by the Borrower of this Agreement and each other Loan Document executed or to be executed by it, and the execution, delivery and performance by each other Obligor of each Loan Document executed or to be executed by it and the Borrower's and, where applicable, each such other Obligor's participation in the consummation of the Transaction, are within the Borrower's and each such Obligor's company powers, have been duly authorized by all necessary company action, and do not (i) contravene the Borrower's or any such Obligor's Charter Documents, (ii) contravene any contractual restriction (other than any such contractual restriction that shall have been waived on or prior to the Closing Date), law or governmental regulation or court decree or order binding on or affecting the Borrower or any such Obligor, where such contravention, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, or (iii) result in, or require the creation or imposition of, any Lien on any of the Borrower's or any other Obligor's properties, except pursuant to the terms of a Loan Document.

SECTION 6.3. Government Approval, Regulation, etc. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person, is required for the due execution, delivery or performance by the Borrower or any other Obligor of this Agreement or any other Loan Document to which it is a party, except as have been duly obtained or made and are in full force and effect or those which the failure to obtain or make could not reasonably be expected to have a Material Adverse Effect. All authorizations, approvals and other actions by, and all notices to and filings with, any governmental authority or regulatory body that are required pursuant to the Recapitalization Agreement in connection with the Original Transaction, the PAIC Purchase Agreement in connection with the PAIC Acquisition and the Primedica Purchase Agreement in connection with the Primedica Acquisition have been duly obtained or made and are in full force and effect, except those which the failure to obtain or make could not reasonably be expected to have a Material Adverse Effect. None of the Borrower or any other Obligor is an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 6.4. Validity, etc. This Agreement constitutes, and each other Loan Document executed by the Borrower will, on the due execution and delivery thereof, constitute, the legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms; and each Loan Document executed pursuant hereto by each other Obligor will, on the due execution and delivery thereof by such Obligor, be the legal, valid and binding obligation of such Obligor enforceable in accordance with its terms, in each case with respect to this Section 6.4 subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

SECTION 6.5. Financial Information. The Borrower has delivered to the Agents and each Lender copies of each of (i) the Base Financial Statements, and (ii) Pro Forma Financial Statements. Each of the financial statements described above (A) has been prepared (1) in the case of clause (i), in accordance with GAAP consistently applied, (2) in the case of clause (ii), on a basis substantially consistent with the basis used to prepare the financial statements referred to in clause (i), and (B) (1) in the case of clause (i), present fairly the consolidated financial condition of the corporations covered thereby as at the date thereof and the results of their operations for the periods then ended, and (2) in the case of clause (ii), include appropriate pro forma adjustments to give pro forma effect to the Original Transaction.

SECTION 6.6. No Material Adverse Change. Since December 25, 1999, there has occurred no event, circumstance or condition that constitutes a Material Adverse Effect.

SECTION 6.7. Litigation, etc. There is no pending or, to the knowledge of the Borrower, threatened litigation, action, proceeding, arbitration or governmental investigation affecting any Obligor, or any of their respective properties, businesses, assets or revenues, which could reasonably be expected to result in a Material Adverse Effect except as disclosed in Item 6.7 ("Litigation") of the Disclosure Schedule. No development has occurred in any litigation, action or governmental investigation or other proceeding disclosed in Item 6.7 ("Litigation") of the Disclosure Schedule which could reasonably be expected to have a Material Adverse Effect.

SECTION 6.8. Subsidiaries. As of the Amendment Effective Date, the Borrower has only those Subsidiaries (i) which are identified in Item 6.8 ("Existing Subsidiaries") of the Disclosure Schedule, or (ii) which are permitted to have been acquired in accordance with Section 7.2.5 or 7.2.8.

SECTION 6.9. Ownership of Properties. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, the Borrower and each of its Restricted Subsidiaries owns good title to, or leasehold interests in, all of its properties and assets (other than insignificant properties and assets), real and personal, tangible and intangible, of any nature whatsoever (including patents, trademarks, trade names, service marks and copyrights), free and clear of all Liens or material claims (including material infringement claims with respect to patents, trademarks, copyrights and the like), except as permitted pursuant to Section 7.2.3.

SECTION 6.10. Taxes. Each of Holdco, the Borrower and each of their respective Subsidiaries has filed all Federal, State and other material tax returns required by law to have been filed by it and has paid all material taxes and governmental charges thereby shown to be owing, except any such taxes or charges which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books.

SECTION 6.11. Pension and Welfare Plans. During the twelve-consecutive-month period prior to the Closing Date, no steps have been taken to terminate any Pension Plan, and no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien under section 302(f) of ERISA, which, in either case, is reasonably expected to lead to a liability to such Pension Plan in excess of $5,000,000. No condition exists or event or transaction has occurred with respect to any Pension Plan which could reasonably be expected to result in the incurrence by the Borrower or any member of the Controlled Group of any material liability, fine or penalty other than such condition, event or transaction which would not reasonably be expected to have a Material Adverse Effect. Except as disclosed in Item 6.11 ("Employee Benefit Plans") of the Disclosure Schedule or otherwise approved by the Agents (such approval not to be unreasonably withheld or delayed), since the date of the last financial statement the Borrower has not increased any contingent liability with respect to any post-retirement benefit under a Welfare Plan, other than liability for continuation coverage described in Part 6 of Subtitle B of Title I of ERISA, except as would not have a Material Adverse Effect.

SECTION 6.12. Environmental Matters. Except as set forth in Item 6.12 ("Environmental Matters") of the Disclosure Schedule or as, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect:

(a) all facilities and property owned or leased by the Borrower or any of its Subsidiaries are, and continue to be, owned or leased by the Borrower and its Subsidiaries in compliance with all Environmental Laws;

(b) there are no pending or threatened (i) written claims, complaints, notices or requests for information received by the Borrower or any of its Subsidiaries with respect to any alleged violation of any Environmental Law, or (ii) written complaints, notices or inquiries to the Borrower or any of its Subsidiaries regarding potential liability under any Environmental Law;

(c) the Borrower and its Subsidiaries have been issued and are in compliance with all permits, certificates, approvals, licenses and other authorizations relating to environmental matters and necessary or desirable for their businesses;

(d) no property now or, to the best knowledge of the Borrower, previously owned or leased by the Borrower or any of its Subsidiaries is listed or, to the knowledge of the Borrower, proposed for listing (with respect to owned property only) on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list of sites requiring investigation or clean-up;

(e) to the knowledge of the Borrower, the Borrower and its Subsidiaries have not directly transported or directly arranged for the transportation of any Hazardous Material to any location (i) which is listed or, to the knowledge of the Borrower, proposed for listing on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list, or (ii) which is the subject of federal, state or local enforcement actions or other investigations in respect of any Environmental Law;

(f) to the knowledge of the Borrower, there are no underground storage tanks, active or abandoned, including petroleum storage tanks, on or under any property now or previously owned or leased by the Borrower or any of its Subsidiaries;

(g) to the knowledge of the Borrower, there are no polychlorinated biphenyls or friable asbestos present in a manner or condition requiring remedial action to comply with any Environmental Law; and

(h) to the best knowledge of the Borrower, no conditions exist at, on or under any property now or previously owned or leased by the Borrower or any of its Subsidiaries which, with the passage of time, or the giving of notice or both, would give rise to liability to the Borrower or any of its Subsidiaries under any Environmental Law.

SECTION 6.13. Regulations U and X. Neither the Borrower nor Holdco is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of any Credit Extension will be used in violation of F.R.S. Board Regulation U or X. Terms for which meanings are provided in F.R.S. Board Regulation U or X or any regulations substituted therefor, as from time to time in effect, are used in this Section with such meanings.

SECTION 6.14. Accuracy of Information. All material factual information concerning the financial condition, operations or prospects of the Borrower, Holdco and their respective Subsidiaries heretofore or contemporaneously furnished by or on behalf of the Borrower in writing to the Agents, the Lead Arranger, the Issuers or any Lender for purposes of or in connection with this Agreement or any transaction contemplated hereby or with respect to the Transaction is, and all other such factual information hereafter furnished by or on behalf of the Borrower, Holdco or any of their respective Subsidiaries to the Agents, the Lead Arranger, the Issuers or any Lender will be, taken as a whole, true and accurate in every material respect on the date as of which such information is dated or certified and such information is not, or shall not be, taken as a whole, as the case may be, incomplete by omitting to state any fact necessary to make such information not materially misleading.

Any term or provision of this Section to the contrary notwithstanding, insofar as any of the factual information described above includes assumptions, estimates, projections or opinions, no representation or warranty is made herein with respect thereto; provided, however, that to the extent any such assumptions, estimates, projections or opinions are based on factual matters, the Borrower has reviewed such factual matters and nothing has come to its attention in the context of such review which would lead it to believe that such factual matters were not or are not true and correct in all material respects or that such factual matters omit to state any material fact necessary to make such assumptions, estimates, projections or opinions not misleading in any material respect.

SECTION 6.15. Solvency. (a) The Original Transaction (including, among other things, the incurrence of the initial Credit Extensions under and as defined in the Existing Credit Agreement, the incurrence by the Borrower of the Indebtedness represented by the Notes under and as defined in the Existing Credit Agreement and the Senior Subordinated Notes, the execution and delivery by the Subsidiary Guarantor, if any, of a Subsidiary Guaranty under and as defined in the Existing Credit Agreement, and the application of the proceeds of the Credit Extensions under and as defined in the Existing Credit Agreement), did not involve or result in any fraudulent transfer or fraudulent conveyance under the provisions of Section 548 of the Bankruptcy Code (11 U.S.C. ss.101 et seq., as from time to time hereafter amended, and any successor or similar statute) or any applicable state law respecting fraudulent transfers or fraudulent conveyances. On the Closing Date, after giving effect to the Original Transaction, the Borrower was Solvent.

(b) The New Transaction (including, among other things, the incurrence of the Term-C Loans by the Borrower and the application of the proceeds of the Term-C Loans), will not

involve or result in any fraudulent transfer or fraudulent conveyance under the provisions of Section 548 of the Bankruptcy Code (11 U.S.C. ss.101 et seq., as from time to time hereafter amended, and any successor or similar statute) or any applicable state law respecting fraudulent transfers or fraudulent conveyances. On the Primedica Acquisition Date, after giving effect to the New Transaction, the Borrower is Solvent.

SECTION 6.16. Year 2000 Compliance. The Borrower believes that its and its Restricted Subsidiaries' computer applications that are material to its or its Restricted Subsidiaries' businesses and operations will on a timely basis be able to perform properly date- sensitive functions for all dates before, on and after January 1, 2000 (that is, be "Year 2000 compliant") except to the extent that a failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 6.17. Senior Debt. The Loans (including the Term-C Loans following the making thereof), Reimbursement Obligation and other Obligations constitute "Senior Indebtedness" (as defined in the Senior Subordinated Notes), "Senior Debt" (as defined in the PAIC Subordinated Convertible Note) and "senior indebtedness" (or any other similar term) under each document, instrument or agreement evidencing any other subordinated debt.

ARTICLE VII

COVENANTS

SECTION 7.1. Affirmative Covenants. The Borrower agrees with the Agents, the Issuers and each Lender that, until the Termination Date has occurred, the Borrower will perform the obligations set forth in this Section 7.1.

SECTION 7.1.1. Financial Information, Reports, Notices, etc. The Borrower will furnish, or will cause to be furnished, to each Lender and each Agent copies of the following financial statements, reports, notices and information:

(a) as soon as available and in any event within 60 days after the end of each of the first three Fiscal Quarters of each Fiscal Year of the Borrower (or, if the Borrower is required to file such information on a Form 10-Q with the Securities and Exchange Commission, promptly following such filing), a consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter, together with the related consolidated statements of operations and cash flows for such Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter (it being understood that the foregoing requirement may be satisfied by delivery of the Borrower's report to the Securities and Exchange Commission on Form 10-Q, if any), certified by an Authorized Officer that is the president, chief executive

officer, treasurer, assistant treasurer, controller or chief financial or accounting officer of the Borrower;

(b) as soon as available and in any event within 105 days after the end of each Fiscal Year of the Borrower (or, if the Borrower is required to file such information on a Form 10-K with the Securities and Exchange Commission, promptly following such filing), a copy of the annual audit report for such Fiscal Year for the Borrower and its Subsidiaries, including therein a consolidated balance sheet for the Borrower and its Subsidiaries as of the end of such Fiscal Year, together with the related consolidated statements of operations and cash flows for such Fiscal Year (it being understood that the foregoing requirement may be satisfied by delivery of the Borrower's report to the Securities and Exchange Commission on Form 10-K, if any), in each case certified (without any Impermissible Qualification) by PricewaterhouseCoopers or another "Big Five" firm of independent public accountants, together with a certificate from such accountants as to whether, in making the examination necessary for the signing of their report on such annual report by such accountants, they have become aware of any Default in respect of any term, covenant, condition or other provision of this Agreement (including any Default in respect of any of the financial covenants contained in Section 7.2.4) that relates to accounting matters that has occurred and is continuing or, if in the opinion of such accounting firm such a Default has occurred and is continuing, a statement as to the nature thereof;

(c) together with the delivery of the financial information required pursuant to clauses (a) and (b), a Compliance Certificate, in substantially the form of Exhibit E-1, executed by an Authorized Officer that is the president, the chief executive officer or the chief financial or accounting officer of the Borrower, showing (in reasonable detail and with appropriate calculations and computations in all respects satisfactory to the Agents) compliance with the financial covenants set forth in Section 7.2.4;

(d) as soon as possible and in any event within five Business Days after obtaining knowledge of the occurrence of any Default, if such Default is then continuing, a statement of an Authorized Officer that is the president, chief executive officer, treasurer, assistant treasurer, controller or chief financial or accounting officer of the Borrower setting forth details of such Default and the action which the Borrower has taken or proposes to take with respect thereto;

(e) promptly and in any event within five Business Days after (x) the occurrence of any development with respect to any litigation, action, proceeding or labor controversy described in Section 6.7 which could reasonably be expected to have a Material Adverse Effect or (y) the commencement of any labor controversy, litigation, action or proceeding of the type described in Section 6.7, notice thereof and of the action which the Borrower has taken or proposes to take with respect thereto;

(f) promptly after the sending or filing thereof, copies of all reports and registration statements (other than exhibits thereto and any registration statement on Form S-8 or its equivalent) which the Borrower or any of its Subsidiaries files with the Securities and Exchange Commission or any national securities exchange;

(g) as soon as practicable after the controller, chief financial or accounting officer or the chief executive officer of the Borrower or a member of the Borrower's Controlled Group becomes aware of (i) formal steps in writing to terminate any Pension Plan or (ii) the occurrence of any event with respect to a Pension Plan which, in the case of clause (i) or (ii), could reasonably be expected to result in a contribution to such Pension Plan by (or a liability to) the Borrower or a member of the Borrower's Controlled Group in excess of $5,000,000, (iii) the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under section 302(f) of ERISA in an amount in excess of $5,000,000, (iv) the taking of any action with respect to a Pension Plan which could reasonably be expected to result in the requirement that the Borrower furnish a bond to the PBGC or such Pension Plan in an amount in excess of $5,000,000 or (v) any material increase in the contingent liability of the Borrower with respect to any post-retirement Welfare Plan benefit as a result of a change in the level or scope of benefits thereunder, notice thereof and copies of all documentation relating thereto; and

(h) such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries as any Lender through the Administrative Agent may from time to time reasonably request.

SECTION 7.1.2. Compliance with Laws, etc. The Borrower will, and will cause each of its Subsidiaries to, comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include (i) except as permitted under Section 7.2.8, the maintenance and preservation of its existence and qualification as a foreign business entity, except where the failure to so qualify could not reasonably be expected to have a Material Adverse Effect, and (ii) the payment, before the same become delinquent, of all material taxes, assessments and governmental charges imposed upon it or upon its property except to the extent being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books.

SECTION 7.1.3. Maintenance of Properties. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, the Borrower will, and will cause each of its Restricted Subsidiaries to, maintain, preserve, protect and keep its properties (other than insignificant properties) in good repair, working order and condition (ordinary wear and tear excepted), and make necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times, unless the Borrower determines in good faith that the continued maintenance of any of its properties is no longer economically desirable.

SECTION 7.1.4. Insurance. The Borrower will, and will cause each of its Restricted Subsidiaries to, maintain or cause to be maintained with responsible insurance companies insurance with respect to its properties and business against such casualties and contingencies and of such types and in such amounts as is customary in the case of similar businesses and with such provisions and endorsements as the Agents may reasonably request and will, upon request of the Agents, furnish to the Agents and each Lender a certificate of an Authorized Officer of the Borrower setting forth the nature and extent of all insurance maintained by the Borrower and its Restricted Subsidiaries in accordance with this Section.

SECTION 7.1.5. Books and Records. The Borrower will, and will cause each of its Restricted Subsidiaries to, keep books and records which accurately reflect in all material respects all of its business affairs and transactions and permit the Agents, the Issuers and each Lender or any of their respective representatives, at reasonable times and intervals, and upon reasonable notice, but, unless an Event of Default shall have occurred and be continuing, not more frequently than once in each Fiscal Year, to visit its business offices, to discuss its financial matters with its officers and, after notice to the Borrower and provision of an opportunity for the Borrower to participate in such discussion, its independent public accountants (and the Borrower hereby authorizes such independent public accountants to discuss the Borrower's financial matters with each Issuer and each Lender or its representatives, whether or not any representative of the Borrower is present so long as the Borrower has been afforded a reasonable opportunity to be present) and to examine, and to photocopy extracts from, any of its books or other financial records. The cost and expense of each such visit shall be borne by the applicable Agent or Lender, except that the Administrative Agent may make one such visit each Fiscal Year and the cost and expense thereof shall be borne by the Borrower.

SECTION 7.1.6. Environmental Covenant. The Borrower will and will cause each of its Subsidiaries to,

(a) use and operate all of its facilities and properties in compliance with all Environmental Laws, keep all necessary permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in compliance therewith, and handle all Hazardous Materials in compliance with all applicable Environmental Laws, in each case except where the failure to comply with the terms of this clause could not reasonably be expected to have a Material Adverse Effect;

(b) promptly notify the Agents and provide copies of all written claims, complaints, notices or inquiries relating to the condition of its facilities and properties which relate to environmental matters or compliance with Environmental Laws which would have, or would reasonably be expected to have, a Material Adverse Effect, and promptly cure and have dismissed with prejudice any material actions and proceedings relating to compliance with Environmental Laws, except to the extent being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP have been set aside on its books; and

(c) provide such information and certifications which the Agents may reasonably request from time to time to evidence compliance with this Section 7.1.6.

SECTION 7.1.7. Future Subsidiaries. Upon any Person becoming, after the Closing Date, a Future Pledged Foreign Subsidiary or U.S. Subsidiary of the Borrower that is a Restricted Subsidiary, or (in the case of clause (b) below only) upon the Borrower or any such Subsidiary acquiring additional Capital Stock of any existing Subsidiary that is a Restricted Subsidiary and a U.S. Subsidiary or a Future Pledged Foreign Subsidiary, the Borrower shall notify the Agents of such acquisition, and

(a) the Borrower shall promptly cause such U.S. Subsidiary (other than (x) CRL Transactions Co., Inc., (y) until the PAIC Trigger Date, each of PAIC and each of its Subsidiaries unless such Person is merged into the Borrower as permitted under Section 7.2.8(a) prior to the PAIC Trigger Date, in which case the provisions of this clause (a) shall no longer apply to such Person and (z) until the Primedica Trigger Date, each of Primedica and each of its Subsidiaries unless such Person is merged into the Borrower as permitted under Section 7.2.8(a) prior to the Primedica Trigger Date, in which case the provisions of this clause (a) shall no longer apply to such Person) to execute and deliver to the Administrative Agent, with counterparts for each Lender, a Subsidiary Guaranty (or a supplement thereto) and a supplement to the Subsidiary Pledge and Security Agreement (and, if such U.S. Subsidiary owns any real property, to the extent required by clause (b) of Section 7.1.8, a Mortgage), together with UCC financing statements (form UCC-1) executed and delivered by such U.S. Subsidiary naming such U.S. Subsidiary as the debtor and the Administrative Agent as the secured party, or other similar instruments or documents, in appropriate form for filing under the UCC and any other applicable recording statutes, in the case of real property, of all jurisdictions as may be necessary or, in the reasonable opinion of the Administrative Agent, desirable to perfect the security interest of the Administrative Agent pursuant to the Subsidiary Pledge and Security Agreement or a Mortgage, as the case may be (other than the perfection of security interests in motor vehicles); and

(b) the Borrower shall promptly deliver, or cause to be delivered, to the Administrative Agent under a Pledge Agreement (as supplemented, if necessary, by a Foreign Pledge Agreement or other supplement thereto) certificates (if any) representing all of the issued and outstanding shares of Capital Stock of such Subsidiary owned by the Borrower or any Restricted Subsidiary of the Borrower that is a U.S. Subsidiary (other than (x) until the PAIC Trigger Date, each of PAIC and each of its Subsidiaries unless such Person is merged into the Borrower as permitted under Section 7.2.8(a) prior to the PAIC Trigger Date and (y) until the Primedica Trigger Date, each of Primedica and each of its Subsidiaries unless such Person is merged into the Borrower as permitted under Section 7.2.8(a) prior to the Primedica Trigger Date, which in either such case the provisions of this clause (b) shall no longer apply to such Person), as the case may be, along with undated powers of transfer for such certificates, executed in blank, or, if any

securities subject thereto are uncertificated securities or are held through a securities intermediary, the Administrative Agent shall have obtained "control" (as defined in the UCC applicable to the perfection of such securities) over such securities, or other appropriate steps shall have been taken under applicable law resulting in the perfection and "control" (as defined in the UCC) of the security interest granted in favor of the Administrative Agent pursuant to the terms of a Pledge Agreement,

together, in each case, with such opinions, in form and substance and from counsel satisfactory to the Agents, as the Agents may reasonably require; provided, however, that notwithstanding the foregoing, no Foreign Subsidiary shall be required to execute and deliver a Mortgage or a supplement to the Subsidiary Pledge and Security Agreement, nor will the Borrower or any U.S. Subsidiary of the Borrower be required to deliver in pledge pursuant to a Pledge Agreement in excess of 65% of the Voting Stock of a Foreign Subsidiary; provided further, however, that subject to the immediately preceding proviso, the Borrower shall be required to pledge for the benefit of the Lenders, as soon as reasonably practicable, only those shares of Capital Stock which it owns of Charles River Japan other than those shares which are required to be pledged to Ajinomoto Co., Inc. ("Ajinomoto") pursuant to its agreement to pay Ajinomoto 1.4 billion Yen over a three year period to acquire an additional 16% of Charles River Japan.

SECTION 7.1.8. Future Leased Property and Future Acquisitions of Real Property; Future Acquisition of Other Property.

(a) Prior to entering into any new lease of real property or renewing any existing lease of real property following the Closing Date, the Borrower shall, and shall cause each of its U.S. Subsidiaries that are Restricted Subsidiaries to, use its (and their) best efforts (which shall not require the expenditure of cash or the making of any material concessions under the relevant lease) to deliver to the Administrative Agent a Waiver executed by the lessor of any real property that is to be leased by the Borrower or such U.S. Subsidiary for a term in excess of one year in any state which by statute grants such lessor a "landlord's" (or similar) Lien which is superior to the Administrative Agent's, to the extent the value of any personal property of the Borrower or its U.S. Subsidiaries that are Restricted Subsidiaries to be held at such leased property exceeds (or it is anticipated that the value of such personal property will, at any point in time during the term of such leasehold term, exceed) $3,000,000.

(b) In the event that the Borrower or any of its U.S. Subsidiaries that are Restricted Subsidiaries shall acquire any real property (other than any Primedica Mortgaged Facility) having a value as determined in good faith by the Administrative Agent in excess of $2,000,000 in the aggregate, the Borrower or the applicable U.S. Subsidiary shall, promptly after such acquisition, execute a Mortgage in favor of the Administrative Agent, as mortgagee for the ratable benefit of the Lenders, and provide the Administrative Agent with (i) evidence of the completion (or satisfactory arrangements for the completion) of all recordings and filings of such Mortgage as may be necessary or, in

the reasonable opinion of the Administrative Agent, desirable effectively to create a valid, perfected, first priority Lien, subject to Liens permitted by Section 7.2.3, against the properties purported to be covered thereby, (ii) mortgagee's title insurance policies in favor of the Administrative Agent, as mortgagee for the ratable benefit of the Lenders, in amounts and in form and substance and issued by insurers, in each case reasonably satisfactory to the Agents, with respect to the property purported to be covered by such Mortgage, insuring that title to such property is indefeasible and that the interests created by the Mortgage constitute valid first Liens thereon free and clear of all defects and encumbrances other than as permitted by Section 7.2.3 or as approved by the Agents, and such policies shall also include, to the extent available, a revolving credit endorsement and such other endorsements as the Agents shall reasonably request and shall be accompanied by evidence of the payment in full of all premiums thereon, and (iii) such other approvals, opinions, or documents as the Agents may reasonably request; provided, however, that the provisions of this clause (b) shall not apply with respect to any properties owned or acquired by (A) any of PAIC or any of its Subsidiaries until the PAIC Trigger Date unless such Person is merged into the Borrower as permitted under Section 7.2.8(a) prior to the PAIC Trigger Date or (B) any of Primedica or any of its Subsidiaries until the Primedica Trigger Date unless such Person is merged into the Borrower as permitted under Section 7.2.8(a) prior to the Primedica Trigger Date, which in either such case the provisions of this clause (b) shall no longer apply to such Person.

(c) In accordance with the terms and provisions of the Pledge Agreements, the Borrower and each U.S. Subsidiary that is a Restricted Subsidiary shall provide the Agents with evidence of all recordings and filings as may be necessary or, in the reasonable opinion of the Administrative Agent, desirable to create a valid, perfected first priority Lien, subject to the Liens permitted by Section 7.2.3, against all property acquired after the Closing Date (excluding motor vehicles, leases of real property and (except to the extent required under clause (b) of this Section 7.1.8) fee interests in real property); provided, however, that the provisions of this clause (c) shall not apply with respect to any such property owned or acquired by (x) any of PAIC or any of its Subsidiaries until the PAIC Trigger Date unless such Person is merged into the Borrower as permitted under Section 7.2.8(a) prior to the PAIC Trigger Date or (x) any of Primedica or any of its Subsidiaries until the Primedica Trigger Date unless such Person is merged into the Borrower as permitted under Section 7.2.8(a) prior to the Primedica Trigger Date, which in either such case case the provisions of this clause (c) shall no longer apply to such Person.

SECTION 7.1.9. Use of Proceeds, etc. The Borrower shall

(a) apply the proceeds of the Loans

(i) in the case of the Existing Term Loans and Existing Revolving Loans in an aggregate principal amount not in excess of $2,000,000 made on the Closing

Date, to pay, in part, the cash portion of the obligations of Holdco in connection with the Original Transaction and to pay the transaction fees and expenses associated with the Original Transaction (directly or by paying the Subco Dividend); provided, that the aggregate amount of such transaction fees and expenses shall not exceed $20,000,000;

(ii) in the case of the Term-C Loans, to pay, in part, a portion of the purchase price and the Primedica Transaction Fees and Expenses due in connection with the consummation of the New Transaction; provided, that the aggregate amount of the Primedica Transaction Fees and Expenses shall not exceed $1,200,000; and

(iii) in the case of Revolving Loans (other than Existing Revolving Loans described in clause (a)(i) above) and Swing Line Loans, for working capital and general corporate purposes of the Borrower and its Subsidiaries; and

(b) use Letters of Credit only for purposes of supporting working capital and general corporate purposes of the Borrower and its Restricted Subsidiaries.

SECTION 7.1.10. Hedging Obligations. Within six months following the Closing Date, the Administrative Agent shall have received evidence satisfactory to it that the Borrower has entered into interest rate swap, cap, collar or similar arrangements (including such Indebtedness accruing interest at a fixed rate by its terms) designed to protect the Borrower against fluctuations in interest rates with respect to at least 50% of the aggregate principal amount of the Term Loans and the Senior Subordinated Notes for a period of at least three years from the Closing Date, with terms reasonably satisfactory to the Borrower and the Agents.

SECTION 7.1.11. Year 2000 Compliance. The Borrower will promptly notify the Administrative Agent in the event the Borrower discovers or determines that any computer application (including those of its suppliers and vendors) that is material to its or any of its Restricted Subsidiaries' businesses and operations will not be Year 2000 compliant as of January 1, 2000, except to the extent that such failure could not reasonably be expected to have a Material Adverse Effect.

SECTION 7.2. Negative Covenants. The Borrower agrees with the Agents and each Lender that, until the Termination Date has occurred, the Borrower will perform the obligations set forth in this Section 7.2.

SECTION 7.2.1. Business Activities. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, engage in any business activity, except the business activities of the type in which the Borrower and its Subsidiaries are engaged on the Closing Date (after giving effect to the Original Transaction) and any businesses reasonably ancillary, incidental or related thereto.

SECTION 7.2.2. Indebtedness. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or suffer to exist or otherwise become or be liable in respect of any Indebtedness, other than, without duplication, the following:

(a) Indebtedness outstanding on the Closing Date and identified in Item 7.2.2(a) ("Ongoing Indebtedness") of the Disclosure Schedule, and refinancings and replacements thereof in a principal amount not exceeding the principal amount of the Indebtedness so refinanced or replaced and with an average life to maturity of not less than the then average life to maturity of the Indebtedness so refinanced or replaced;

(b) Indebtedness in respect of the Credit Extensions and other Obligations;

(c) Indebtedness incurred by the Borrower or any of its Restricted Subsidiaries that is represented by Capitalized Lease Liabilities, mortgage financings or purchase money obligations (but only to the extent otherwise permitted by Section 7.2.7); provided, that the maximum aggregate amount of all Indebtedness permitted under this clause (c) shall not at any time exceed $10,000,000;

(d) intercompany Indebtedness of (i) (x) any U.S. Subsidiary that is a Restricted Subsidiary of the Borrower owing to the Borrower or any of its Restricted Subsidiaries or (y) the Borrower owing to any of its Restricted Subsidiaries, and (ii) any Foreign Subsidiary that is a Restricted Subsidiary of the Borrower owing to the Borrower or any U.S. Subsidiary that is a Restricted Subsidiary of the Borrower; provided that (A) any such Indebtedness described in this clause (d)(ii) (other than (I) any such Indebtedness owing by Charles River Japan, which is subject to the provisions of clause (B) and (II) any such Indebtedness constituting an Investment made pursuant to clause (a)(ii) of Section 7.2.5 and (III) other than any such intercompany Indebtedness incurred to finance any acquisition permitted hereunder) shall not exceed, when taken together with the aggregate amount at such time of all outstanding Investments made in all such Foreign Subsidiaries pursuant to clause (l) of Section 7.2.5 (other than any Investments made as part of, or to finance, any acquisition permitted hereunder), $10,000,000 at any time outstanding and (B) any Indebtedness described in this clause (d)(ii) owing by Charles River Japan shall not exceed, when taken together with all Investments in Charles River Japan (whether debt or equity), $40,000,000; provided further that any Indebtedness described in this clause (d) which is owing to the Borrower or any of its U.S. Subsidiaries that are Restricted Subsidiaries, (1) to the extent requested by the Agents, such Indebtedness shall be evidenced by one or more promissory notes in form and substance satisfactory to the Agents which shall be duly executed and delivered to (and indorsed to the order of) the Administrative Agent in pledge pursuant to a Pledge Agreement and (2) in the case of any such Indebtedness owed by a Person other than the Borrower or a Subsidiary Guarantor, such Indebtedness shall not be forgiven or otherwise discharged for any consideration other than payment (Dollar for Dollar) in cash unless the Agents otherwise consent;

(e) Indebtedness evidenced by the Senior Subordinated Debt in an aggregate outstanding principal amount not to exceed $150,000,000 and subordinated guarantees thereof;

(f) (i) Assumed Indebtedness of Primedica; provided that the aggregate principal or face amount of such Indebtedness plus the aggregate amount of other obligations assumed in connection with the Primedica Acquisition shall not exceed $10,000,000 less the principal or face amount or aggregate amount thereof that is repaid or prepaid and (ii) other Assumed Indebtedness of the Borrower and its Restricted Subsidiaries in an aggregate principal amount not to exceed $10,000,000 at any time outstanding;

(g) Hedging Obligations of the Borrower or any of its Restricted Subsidiaries in respect of the Credit Extensions or otherwise entered into by the Borrower or any Restricted Subsidiary to hedge against interest rate, currency exchange rate or commodity price risk, in each case arising in the ordinary course of business of the Borrower and its Restricted Subsidiaries and not for speculative purposes;

(h) Indebtedness of Foreign Subsidiaries of the Borrower in an aggregate principal amount not to exceed $5,000,000 at any time outstanding;

(i) (i) subordinated unsecured Indebtedness of the Borrower evidenced by the PAIC Subordinated Convertible Note in an aggregate principal amount equal to $12,000,000 less the amount of any principal thereof that is repaid or prepaid in cash or as a result of any conversion in accordance with the terms thereof and (ii) other unsecured Indebtedness of the Borrower and its Restricted Subsidiaries in an aggregate principal amount at any time outstanding not to exceed $10,000,000 plus the difference between the maximum amount of additional Revolving Loan Commitments that have been or could be provided under clause (c) of Section 2.1.2 and the then outstanding amount of additional Revolving Loans made pursuant to clause (c) of Section 2.1.2;

(j) Indebtedness of any Foreign Subsidiary owing to any other Foreign Subsidiary; and

(k) from and after the time that it becomes a Restricted Subsidiary, Indebtedness of Charles River Japan, which when taken together with all Investments in Charles River Japan (whether in debt or equity), does not exceed an aggregate principal amount equal to $40,000,000.

provided, however, that (i) no Indebtedness otherwise permitted by clause (c), (d) (as such clause (d) relates to loans made by the Borrower or any Subsidiary Guarantor to Restricted Subsidiaries which are not party to a Subsidiary Guaranty), (f), (h) or (i) may be incurred if, immediately before or after giving effect to the incurrence thereof, any Default shall have occurred and be continuing, and (ii) all such Indebtedness of the type described in clause (d)(i)(y) above

that is owed to Subsidiaries that are not Subsidiary Guarantors shall be subordinated, in writing, to the Obligations upon terms satisfactory to the Agents.

SECTION 7.2.3. Liens. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any of its property, revenues or assets, whether now owned or hereafter acquired, except:

(a) Liens existing on the Closing Date and identified in Item 7.2.2(b) ("Ongoing Liens") of the Disclosure Schedule and extensions and renewals thereof; provided that no such extension or renewal shall increase the obligations secured by such Lien, extend such Lien to additional assets or otherwise result in a Default hereunder;

(b) Liens securing payment of the Obligations or any obligation under any Rate Protection Agreement granted pursuant to any Loan Document;

(c) Liens granted to secure payment of Indebtedness of the type permitted and described in clause (c) of Section 7.2.2;

(d) Liens for taxes, assessments or other governmental charges or levies, including Liens pursuant to Section 107(l) of CERCLA or other similar law, not at the time delinquent or thereafter payable without penalty or being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(e) Liens of carriers, warehousemen, mechanics, repairmen, materialmen, contractors, laborers and landlords or other like Liens incurred in the ordinary course of business for sums not overdue for a period of more than 30 days or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(f) Liens incurred in the ordinary course of business in connection with workmen's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, bids, statutory or regulatory obligations, insurance obligations, leases and contracts (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety or appeal bonds;

(g) judgment Liens in existence less than 30 days after the entry thereof or with respect to which execution has been stayed or the payment of which is covered in full by a bond or a letter of credit or (subject to a customary deductible) by insurance maintained with responsible insurance companies and Liens in existence less than 30 days, which Liens secure any such bond or reimbursement obligation with respect to such letter of credit;

(h) (i) Liens with respect to minor imperfections of title and easements, rights-of- way, restrictions, reservations, permits, servitudes and other similar encumbrances on real property and fixtures which do not materially detract from the value or materially impair the use by the Borrower or any such Restricted Subsidiary in the ordinary course of their business of the property subject thereto; (ii) in the case of any property covered by a Mortgage, encumbrances disclosed in the title insurance policy issued to, and reasonably approved by the Agents insuring the Mortgage; and (iii) in the case of any property covered by a Mortgage, upon certification by the Borrower that an easement, right-of- way, restriction, reservation, permit, servitude or other similar encumbrance granted or to be granted by the Borrower or any such Restricted Subsidiary does not materially detract from the value of or materially impair the use by the Borrower or such Restricted Subsidiary in the ordinary course of its business of the property subject to or to be subject to such encumbrance, the Administrative Agent shall execute such documents as are reasonably requested to subordinate its Mortgage to such encumbrance;

(i) leases or subleases granted by the Borrower or any of its Restricted Subsidiaries to any other Person in the ordinary course of business;

(j) Liens in the nature of trustees' Liens granted pursuant to any indenture governing any Indebtedness permitted by Section 7.2.2, in each case in favor of the trustee under such indenture and securing only obligations to pay compensation to such trustee, to reimburse its expenses and to indemnify it under the terms thereof;

(k) Liens of sellers of goods to the Borrower and its Restricted Subsidiaries arising under Article 2 of the UCC or similar provisions of applicable law in the ordinary course of business, covering only the goods sold and securing only the unpaid purchase price for such goods and related expenses;

(l) Liens securing Assumed Indebtedness of the Borrower and its Restricted Subsidiaries permitted pursuant to clause (f) of Section 7.2.2; provided, however, that (i) any such Liens attach only to the property of the Subsidiary acquired, or the property acquired, in connection with such Assumed Indebtedness and shall not attach to any assets of the Borrower or any of its Restricted Subsidiaries theretofore existing or which arise after the date thereof and (ii) the Assumed Indebtedness and other secured Indebtedness of the Borrower and its Restricted Subsidiaries secured by any such Lien shall not exceed 100% of the fair market value of the assets being acquired in connection with such Assumed Indebtedness;

(m) Liens on assets of Foreign Subsidiaries of the Borrower securing Indebtedness permitted pursuant to clause (h) or (j) of Section 7.2.2; and

(n) Liens on the Capital Stock of Unrestricted Subsidiaries securing Debt incurred by such Unrestricted Subsidiaries.

SECTION 7.2.4. Financial Covenants.

(a) EBITDA. The Borrower will not permit EBITDA for the period of four consecutive Fiscal Quarters ending on the last day of any Fiscal Quarter occurring during any period set forth below to be less than the amount set forth opposite such period:

Period	EBITDA
01/01/00 to 12/31/00	$55,000,000
01/01/01 to 12/31/01	$60,000,000
01/01/02 to 12/31/02	$65,000,000
01/01/03 to 12/31/03	$70,000,000
01/01/04 to 12/31/04	$75,000,000
01/01/05 and thereafter	$80,000,000

provided that, to the extent the amount of EBITDA for any period of four consecutive Fiscal Quarters exceeds the amount of EBITDA required to be maintained for such period pursuant to this clause (a), an amount equal to 50% of such excess amount may be carried forward to (but only to) the next succeeding period of four consecutive Fiscal Quarters.

(b) Leverage Ratio. The Borrower will not permit the Leverage Ratio as of the end of any Fiscal Quarter ending during any period set forth below to be greater than the ratio set forth opposite such period:

Period	Leverage Ratio
01/01/00 to 12/31/00	4.00:1
01/01/01 to 12/31/01	3.00:1
01/01/02 to 12/31/02	2.50:1
01/01/03 and thereafter	2.00:1

(c) Interest Coverage Ratio. The Borrower will not permit the Interest Coverage Ratio as of the end of any Fiscal Quarter ending during any period set forth below to be less than the ratio set forth opposite such period:

Period	Interest Coverage Ratio
01/01/00 to 12/31/00	2.00:1
01/01/01 to 12/31/01	2.50:1
01/01/02 to 12/31/02	3.00:1
01/01/03 and thereafter	4.00:1

(d) Fixed Charge Coverage Ratio. The Borrower will not permit the Fixed Charge Coverage Ratio as of the end of any Fiscal Quarter ending after the Closing Date to be less than 1.1:1.

SECTION 7.2.5. Investments. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, make, incur, assume or suffer to exist any Investment in any other Person, except:

(a) (i) Investments existing on the Closing Date and identified in Item 7.2.5(a) ("Ongoing Investments") of the Disclosure Schedule and extensions or renewals thereof, provided that no such extension or renewal shall be permitted if it would (x) increase the amount of such Investment at the time of such extension or renewal or (y) result in a Default hereunder and (ii) Investments resulting from the conversion or recharacterization of Ongoing Investments (including the conversion of any Ongoing Investments constituting equity Investments into debt Investments), provided that no such Investment may be made in reliance on this clause (a)(ii) if such Investment would require, at the time of the making thereof, the contribution or other payment by the Borrower or any of its U.S. Subsidiaries that are Restricted Subsidiaries of any additional cash or other assets to any Subsidiary that is not a Subsidiary Guarantor;

(b) Cash Equivalent Investments;

(c) without duplication, Investments permitted as Indebtedness pursuant to Section 7.2.2;

(d) without duplication, Investments permitted as Capital Expenditures pursuant to Section 7.2.7 (including any such Investments which would otherwise constitute Capital Expenditures but for the operation of clause (i) of the proviso to the definition of "Capital Expenditures");

(e) Investments made by the Borrower or any of its Restricted Subsidiaries, solely with proceeds which have been contributed, directly or indirectly after the Closing Date, to the Borrower or such Restricted Subsidiary as cash equity from holders of Holdco's

Capital Stock for the purpose of making an Investment identified in a notice to the Agents on or prior to the date that such capital contribution is made, which Investments shall result in the Borrower or such Restricted Subsidiary acquiring a majority controlling interest in the Person in which such Investment was made or increasing any such controlling interest already maintained by it;

(f) Investments to the extent the consideration received pursuant to clause (c)(i) of Section 7.2.9 is not all cash;

(g) Investments in the form of loans to officers, directors and employees of the Borrower and its Restricted Subsidiaries for the sole purpose of purchasing Holdco Capital Stock or the Capital Stock of any entity that directly or indirectly holds Holdco Capital Stock or of refinancing any such loans made by others (or purchases of such loans made by others);

(h) Investments made in one or more transactions by the Borrower or any of its Restricted Subsidiaries for the acquisition by the Borrower or such Restricted Subsidiary of the Capital Stock of Charles River Japan; provided, however, that (i) Investments made pursuant to this clause (h) shall not exceed (whether in debt or equity) an amount equal to, in the aggregate, the product of (x) $40,000,000 and (y) a fraction, the numerator of which is the percentage of ownership of Charles River Japan acquired by the Borrower after the Closing Date (including in connection with any such Investment) and the denominator of which is 50 (provided that the first such Investment made by the Borrower or such Restricted Subsidiary on or subsequent to the Closing Date may be increased by an additional $5,000,000 so long as the aggregate amount of all such Investments does not exceed $40,000,000), (ii) the Borrower and its Restricted Subsidiaries shall vote their respective direct or indirect equity interest in Charles River Japan against Charles River Japan entering into any agreement of the type described in clause (b) of Section 7.2.12 and (iii) the Borrower and its Restricted Subsidiaries shall vote their respective direct or indirect equity interest in Charles River Japan against Charles River Japan making any dividend or distribution to, or Investment in, or entering into (or suffering to exist) any profit, revenue or cash flow sharing arrangement with any owner (beneficial or otherwise) of Charles River Japan's common equity or any Affiliate thereof which shall be disproportional to the fully diluted common equity ownership percentage of such Person (except for (i) permitting the common owners of Charles River Japan to pay taxes from such dividend or distribution and (ii) in the case of a recapitalization, pursuant to which the Borrower and its Restricted Subsidiaries become the sole owner of Charles River Japan);

(i) Letters of Credit issued in support of, and guarantees by the Borrower or any Restricted Subsidiary of, Indebtedness permitted under clauses (b), (c), (g) and (i) of Section 7.2.2;

(j) Investments made or held by any Foreign Subsidiary of the Borrower that is a Restricted Subsidiary in any other Foreign Subsidiary of the Borrower that is a Restricted Subsidiary;

(k) (i) Investments of the Borrower or any U.S. Subsidiary of the Borrower that is a Restricted Subsidiary in the Borrower or any U.S. Subsidiary of the Borrower that is a Restricted Subsidiary and (ii) Investments by the Borrower or any U.S. Subsidiary of the Borrower that is a Restricted Subsidiary in a Foreign Subsidiary of the Borrower that is a Restricted Subsidiary in connection with the creation of such Foreign Subsidiary; provided that in the case of clause (k)(ii), such Investment is in the form of Capital Stock of one or more other Foreign Subsidiaries;

(l) Investments (other than Investments made under other clauses of this Section 7.2.5) made by the Borrower or any of its Restricted Subsidiaries in an aggregate amount not to exceed $25,000,000 in any single transaction (or a series of related transactions) or $50,000,000 in an aggregate amount over the term of this Agreement; provided that (i) such Investments (x) result in the Borrower or the relevant Restricted Subsidiary acquiring (subject to Section 7.2.1) a majority controlling interest in the Person (or its assets and businesses) in which such Investment was made, or increasing any such controlling interest maintained by it in such Person or (y) result in the Person in which such Investment was made becoming an Acquired Controlled Person and a Restricted Subsidiary for the purposes set forth in the last sentence of the definition of the term "Subsidiary"; (ii) to the extent any Assumed Indebtedness permitted pursuant to clause (f) of Section 7.2.2 would be incurred in connection with any such Investment to be made pursuant to this clause (l), the permitted amounts set forth in this clause shall be reduced, Dollar for Dollar, by the outstanding principal amount of any such Assumed Indebtedness to be assumed; and (iii) the amount of Investments made by the Borrower or any of its U.S. Subsidiaries that are Restricted Subsidiaries in any of its Foreign Subsidiaries that are Restricted Subsidiaries, when taken together with the outstanding aggregate principal amount of Indebtedness incurred by such Foreign Subsidiaries from the Borrower and such U.S. Subsidiaries pursuant to clause (d)(ii) of Section 7.2.2, shall not exceed $10,000,000;

(m) extensions of trade credit in the ordinary course of business;

(n) Investments in Hedging Obligations permitted hereunder;

(o) Investments (including debt obligations and Capital Stock) received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of and other disputes with customers and suppliers arising in the ordinary course of business;

(p) Investments in PAIC by the Borrower in connection with the PAIC Acquisition in accordance with the PAIC Purchase Agreement (which PAIC Purchase Agreement (i) was in form and substance satisfactory to the Agents and (ii) was not modified or waived in any material respect, nor were there have been any forbearance to exercise any material rights with respect to any of the terms or provisions relating to the conditions to the consummation of the PAIC Acquisition as set forth therein unless otherwise agreed to by the Required Lenders); provided, that (A) PAIC became a wholly- owned Restricted Subsidiary of the Borrower, (B) the requirements of Sections 7.1.7(b) and 7.1.8(c) (as such Sections relate to the pledge by the Borrower to the Administrative Agent of all of the issued and outstanding Capital Stock of PAIC) were satisfied in accordance with the terms thereof and (C) the gross transaction value of the PAIC Acquisition did not exceed $40,000,000 (exclusive of (x) purchase price adjustments provided for in the PAIC Purchase Agreement but in any event in an amount not exceeding $1,000,000 to the extent payable by or on behalf of the Borrower and (y) the amount of the PAIC receivable paid by SAIC prior to the consummation of the PAIC Acquisition and the equal amount paid by the Borrower to SAIC in connection with such consummation), consisting of (1) a portion of the purchase price paid in cash upon consummation thereof, (2) the remaining portion of the purchase price consisting of Indebtedness evidenced by the PAIC Subordinated Convertible Note, which note was in form and substance satisfactory to the Agents and (3) PAIC Transaction Fees and Expenses; provided, however, that no Assumed Indebtedness was incurred in connection with the PAIC Acquisition;

(q) Investments in Primedica by the Borrower in connection with the Primedica Acquisition in accordance with the Primedica Purchase Agreement (which Primedica Purchase Agreement (including all schedules thereto) (i) shall, on the Amendment Effective Date, be in form and substance reasonably satisfactory to the Agents and (ii) shall not have been modified or waived in any material respect, nor shall there have been any forbearance to exercise any material rights with respect to any of the terms or provisions relating to the conditions to the consummation of the Primedica Acquisition as set forth therein unless otherwise agreed to by the Agents); provided, that (A) Primedica becomes a wholly-owned Restricted Subsidiary of the Borrower, (B) the requirements of Sections 7.1.7(b) and 7.1.8(c) (as such Sections relate to the pledge by the Borrower to the Administrative Agent of all of the issued and outstanding Capital Stock of Primedica) shall have been satisfied in accordance with the terms thereof and (C) the Primedica Acquisition shall be consummated for gross consideration not exceeding $53,700,000 (including Primedica Transaction Fees and Expenses of up to $1,200,000 but excluding purchase price adjustment payments provided for in the Primedica Purchase Agreement to the extent such purchase price adjustment payments payable by or on behalf of the Borrower do not exceed $1,500,000) consisting of (1) $2,800,000 from available cash of the Borrower, (2) $25,000,000 from the proceeds of a single borrowing by the Borrower of Term-C Loans, (3) $16,500,000 in common stock of Holdco shall be issued to TSI in the Primedica Related Issuance and (4) $10,000,000 million in Assumed Indebtedness and

other obligations pursuant to the Primedica Debt Assumption as permitted under clause (f)(i) of Section 7.2.2 in the case of such Assumed Indebtedness (such Assumed Debt and other obligations referred to hereinafeter as the "Primedica Assumed Debt", and the agreements, instruments and other documents evidencing or relating to the Primedica Assumed Debt hereinafter referred to as the "Primedica Assumed Debt Documents") (provided that the Primedica Assumed Debt Documents (x) shall, on the Amendment Effective Date, have terms and conditions reasonably satisfactory to the Agents and (y) shall not have been amended or waived since the Amendment Effective Date and prior to the Primedica Acquisition Date without the consent of the Agents (other than any amendment or modification pursuant to which Primedica assumes any such obligation from TSI or GTC)); provided, however, that except as set forth in subclause (C)(4) of the immediately preceding proviso, no other Assumed Indebtedness shall be incurred in connection with the Primedica Acquisition; and

(r) other Investments in an aggregate amount at any time outstanding not to exceed $10,000,000.

provided, however, that

(s) any Investment which when made complies with the requirements of the definition of the term "Cash Equivalent Investment" may continue to be held notwithstanding that such Investment if made thereafter would not comply with such requirements; and

(t) no Investment otherwise permitted by clause (c) (except to the extent permitted under Section 7.2.2), (g), (i) (to the extent that the applicable Letter of Credit relates to Indebtedness permitted under clause (c) or (j) of Section 7.2.2), (l), (p), (q) or (r) shall be permitted to be made if, immediately before or after giving effect thereto, any Default shall have occurred and be continuing.

Notwithstanding the foregoing, CRL Transaction Co., Inc. shall not own or hold any asset or Investment other than its ownership interest in CRL Holdings Limited as of February 4, 2000.

SECTION 7.2.6. Restricted Payments, etc. On and at all times after the Closing Date:

(a) the Borrower will not, and will not permit any of its Restricted Subsidiaries to, declare, pay or make any payment, dividend, distribution or exchange (in cash, property or obligations) on or in respect of any shares of any class of Capital Stock (now or hereafter outstanding) of the Borrower or on any warrants, options or other rights with respect to any shares of any class of Capital Stock (now or hereafter outstanding) of the Borrower (other than (i) dividends or distributions payable in its Capital Stock or warrants to purchase its Capital Stock and (ii) splits or reclassifications of its Capital Stock into additional or other shares of its Capital Stock) or apply, or permit any of its Restricted

Subsidiaries to apply, any of its funds, property or assets to the purchase, redemption, exchange, sinking fund or other retirement of, or agree or permit any of its Subsidiaries to purchase, redeem or exchange, any shares of any class of Capital Stock (now or hereafter outstanding) of the Borrower, warrants, options or other rights with respect to any shares of any class of Capital Stock (now or hereafter outstanding) of the Borrower;

(b) the Borrower will not, and will not permit any of its Restricted Subsidiaries to, (i) directly or indirectly make any payment or prepayment of principal of, or make any payment of interest on, any Senior Subordinated Debt or the Indebtedness evidenced by the PAIC Subordinated Convertible Note on any day other than the stated, scheduled date for such payment or prepayment set forth in the Senior Subordinated Debt Documents or the PAIC Subordinated Convertible Note or which would violate the subordination provisions of such Senior Subordinated Debt Documents or the PAIC Subordinated Convertible Note, or (ii) redeem, purchase or defease any Senior Subordinated Debt or Indebtedness evidenced by the PAIC Subordinated Convertible Note; provided, however, that all Indebtedness (whether consisting of principal or interest) that is evidenced by the PAIC Subordinated Convertible Note may (A) be repaid or prepaid in accordance with the conversion provisions thereof so long as (1) no cash is paid by or on behalf of the Borrower in connection therewith and (2) the sole consideration for such repayment or prepayment is common stock of Holdco (such repayment or prepayment referred to herein as the 'PAIC Conversion Event') or (B) be repaid or prepaid in cash with the proceeds of the issuance by Holdco of its Capital Stock so long as no Event of Default has occurred and is then outstanding;

(the foregoing prohibited acts referred to in clauses (a) and (b) above are herein collectively referred to as "Restricted Payments"); provided, however, that

(c) notwithstanding the provisions of clauses (a) and (b) above, the Borrower shall be permitted to make Restricted Payments to Holdco to the extent necessary to enable Holdco to

(i) pay its overhead expenses (including advisory fees in an amount not to exceed $500,000 in the aggregate in any Fiscal Year) in an amount not to exceed $2,000,000 in the aggregate in any Fiscal Year;

(ii) pay taxes;

(iii) so long as (A) no Default shall have occurred and be continuing on the date such Restricted Payment is declared or to be made, nor would a Default result from the making of such Restricted Payment, (B) after giving effect to the making of such Restricted Payment, the Borrower shall be in pro forma compliance with the covenant set forth in clause (b) of Section 7.2.4 for the most recent full Fiscal Quarter immediately preceding the date of the making of such Restricted Payment

for which the relevant financial information has been delivered pursuant to clause (a) or clause (b) of Section 7.1.1, and (C) an Authorized Officer of the Borrower shall have delivered a certificate to the Administrative Agent in form and substance satisfactory to the Administrative Agent (including a calculation of the Borrower's pro forma compliance with the covenant set forth in clause (b) of Section 7.2.4 in reasonable detail) certifying as to the accuracy of clauses (c)(iii)(A) and (c)(iii)(B) above,

(x) repurchase, redeem or otherwise acquire or retire for value any Capital Stock of Holdco, or any warrant, option or other right to acquire any such Capital Stock of Holdco or the Capital Stock of any entity that directly or indirectly holds the Capital Stock of Holdco, held by any director, member of management or an employee of the Borrower or any of its Restricted Subsidiaries pursuant to any employment agreement, management equity subscription agreement, restricted stock plan, stock option agreement or other similar arrangement so long as the total amount of such repurchases, redemptions, acquisitions, retirements and payments shall not exceed (I) $5,000,000 in any calendar year, subject to a maximum amount of $10,000,000 of the term of this Agreement plus (II) the aggregate cash proceeds and aggregate principal amount of any notes received by the Borrower during such calendar year from any reissuance of Capital Stock of Holdco, and warrants, options and other rights to acquire Capital Stock of Holdco, by Holdco or the Borrower to directors, members of management and employees of the Borrower and its Restricted Subsidiaries (to the extent such proceeds are not otherwise required to be applied pursuant to clause (d) of Section 3.1.1);

(y) make cash payments of interest with respect to the Senior Discount Debentures in accordance with the terms thereof; and

(z) redeem its common stock that was issued to TSI pursuant to the Primedica Related Issuance (provided that the amount of such Restricted Payment shall not, when taken together with all such other Restricted Payments made in reliance of this clause (z) exceed the lesser of (1) $20,000,000 and (2) the product of (aa) the then fair market value per share of such common stock, which shall be equal to the closing price per share of such common stock on the date of the written notice from Holdco to TSI that Holdco intends to exercise its right under Section 6.8 of the Primedica Purchase Agreement and (bb) the number of shares of such common stock to be repurchased under such Section; and

(d) notwithstanding the provisions of clauses (a) and (b) above, the Borrower and its Restricted Subsidiaries shall be permitted to make the Restricted Payments included in the Original Transaction (including the Subco Dividend).

SECTION 7.2.7. Capital Expenditures, etc. With respect to Capital Expenditures, the parties covenant and agree as follows:

(a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, make or commit to make Capital Expenditures in any Fiscal Year ending on or after to December 31, 2000, except Capital Expenditures of the Borrower and its Restricted Subsidiaries, not to exceed an amount (the "Base Amount") equal to (i) (A) $17,500,000 in the case of the Fiscal Year ending December 31, 2000 and (B) $22,500,000 in the case of each Fiscal Year thereafter; plus (ii) an aggregate amount in addition to the Base Amount over the term of this Agreement equal to $25,000,000; provided, however, that, to the extent the Base Amount exceeds the aggregate amount of Capital Expenditures (other than amounts permitted to be made pursuant to clause (a)(ii) above or clause (b) below) actually made during such Fiscal Year, such excess amount (up to an aggregate of 50% of the amount of the Base Amount for such Fiscal Year) may be carried forward to (but only to) the next succeeding Fiscal Year (any such amount to be certified by the Borrower to the Agents in the Compliance Certificate delivered for the last Fiscal Quarter of such Fiscal Year, and any such amount carried forward to a succeeding Fiscal Year shall be deemed to be used prior to the Borrower and its Restricted Subsidiaries using the Base Amount for such succeeding Fiscal Year, without giving effect to such carry-forward).

(b) The parties acknowledge and agree that the permitted Capital Expenditure level set forth in clause (a) above shall be exclusive of (i) the amount of Capital Expenditures actually made with cash capital contributions made to the Borrower or any of its Restricted Subsidiaries, directly or indirectly, by any Person other than the Borrower and its Restricted Subsidiaries, after the Closing Date and specifically identified in a certificate delivered by an Authorized Officer of the Borrower to the Agents on or about the time such capital contribution or equity issuance is made (but in any event prior to the time of the Capital Expenditure made with such capital contribution or equity issuance) (provided that, to the extent such cash capital contributions or any proceeds from such equity issuance constitute Net Equity Proceeds arising from the issuance by Holdco or the Borrower of their respective Capital Stock, only that portion of such Net Equity Proceeds which are not required to be applied as a prepayment pursuant to clause (d) of Section 3.1.1 may be used for Capital Expenditures pursuant to this clause (b)) and (ii) any portion of any acquisition that is permitted under Section 7.2.5 (other than pursuant to clause (d) thereof) that is accounted for as a Capital Expenditure.

SECTION 7.2.8. Consolidation, Merger, etc. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, liquidate or dissolve, consolidate with, or merge into or with,

any other corporation, or purchase or otherwise acquire all or substantially all of the assets of any Person (or of any division thereof), except

(a) any such Restricted Subsidiary may liquidate or dissolve voluntarily into, and may merge with and into, the Borrower (so long as the Borrower is the surviving corporation of such combination or merger) or any other Restricted Subsidiary, and the assets or Capital Stock of any Restricted Subsidiary may be purchased or otherwise acquired by the Borrower or any other Restricted Subsidiary; provided, that notwithstanding the above, a Restricted Subsidiary may only liquidate or dissolve into, or merge with and into, another Restricted Subsidiary of the Borrower if, after giving effect to such combination or merger, the Borrower continues to own (directly or indirectly), and the Administrative Agent continues to have pledged to it pursuant to a Pledge Agreement, a percentage of the issued and outstanding shares of Capital Stock (on a fully diluted basis) of the Restricted Subsidiary surviving such combination or merger that is equal to or in excess of the percentage of the issued and outstanding shares of Capital Stock (on a fully diluted basis) of the Restricted Subsidiary that does not survive such combination or merger that was (immediately prior to the combination or merger) owned by the Borrower or pledged to the Administrative Agent;

(b) so long as no Default has occurred and is continuing or would occur after giving effect thereto, the Borrower or any of its Restricted Subsidiaries may purchase all or substantially all of the assets of any Person (or any division thereof) not then a Restricted Subsidiary, or acquire such Person by merger, if permitted (without duplication) pursuant to Section 7.2.7 or clause (e), (f), (l), (o), (p), (q) or (r) of Section 7.2.5;

(c) the Borrower and its Restricted Subsidiaries may consummate the Original Transaction; and

(d) the Borrower and its Restricted Subsidiaries may liquidate or dissolve Charles River China and Charles River Mexico and may take any action described in clause (b) or (d) of Section 8.1.9.

SECTION 7.2.9. Asset Dispositions, etc. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, sell, transfer, lease, contribute or otherwise convey, or grant options, warrants or other rights with respect to, all or any part of its assets, whether now owned or hereafter acquired (including accounts receivable and Capital Stock of Restricted Subsidiaries) to any Person, unless:

(a) such sale, transfer, lease, contribution or conveyance of such assets is (i) in the ordinary course of its business (and does not constitute a sale, transfer, lease, contribution or other conveyance of all or a substantial part of the Borrower's and its Restricted Subsidiaries' assets, taken as a whole) or is of obsolete or worn out property,

(ii) permitted by Section 7.2.8, or (iii) between the Borrower and one of its Restricted Subsidiaries or between Restricted Subsidiaries of the Borrower;

(b) such sale, transfer, lease, contribution or conveyance constitutes (i) an Investment permitted under Section 7.2.5, (ii) a Lien permitted under Section 7.2.3, or (iii) a Restricted Payment permitted under Section 7.2.6;

(c) (i) such sale, transfer, lease, contribution or conveyance of such assets is for fair market value and the consideration consists of no less than 75% in cash or is a Lien permitted under Section 7.2.3(h)(iii), (ii) the Net Disposition Proceeds received from such assets, together with the Net Disposition Proceeds of all other assets sold, transferred, leased, contributed or conveyed pursuant to this clause (c) since the Closing Date (but excluding any Net Disposition Proceeds received from the sale to Merck & Co. by the Borrower and/or any of its Restricted Subsidiaries of the two islands in the Florida Keys that were previously used by them to study a non-human primate breeding colony and the Primedica Toxicology Facility), does not exceed (individually or in the aggregate) $20,000,000 over the term of this Agreement and (iii) an amount equal to the Net Disposition Proceeds generated from such sale, transfer, lease (except leases or subleases pursuant to Section 7.2.3(i)), contribution or conveyance, is reinvested in the Business of the Borrower and its Restricted Subsidiaries or, to the extent required thereunder, is applied to prepay the Loans pursuant to the terms of Section 3.1.1 and Section 3.1.2;

(d) such sale, transfer, lease, contribution or conveyance results from a casualty or condemnation in respect of such property or assets; or

(e) such sale, transfer or conveyance consists of the sale or discount of overdue accounts receivable in the ordinary course of business, but only in connection with the compromise or collection thereof.

SECTION 7.2.10. Modification of Certain Agreements. Without the prior written consent of the Required Lenders, the Borrower will not, and will not permit any of its Restricted Subsidiaries to, consent to any amendment, supplement, amendment and restatement, waiver or other modification of any of the terms or provisions contained in, or applicable to, any Senior Subordinated Debt Document or the PAIC Subordinated Convertible Note (including any agreement or indenture related thereto or to the Subordinated Debt Issuance or the issuance of the PAIC Subordinated Convertible Note) or any Material Document or any schedules, exhibits or agreements related thereto (the "Restricted Agreements"), in each case which would materially adversely affect the rights or remedies of the Lenders, or the Borrower's or any other Obligor's ability to perform hereunder or under any Loan Document or which would (a) increase the cash consideration payable in respect of the Recapitalization, (b), in the case of the Recapitalization Agreement, increase the Borrower's or any of its Restricted Subsidiaries' obligations or liabilities, contingent or otherwise (other than adjustments to the cash consideration payable in respect of the Acquisition made pursuant to the terms of the Recapitalization Agreement), (c) increase the

principal amount of, or increase the interest rate on, or add or increase any fee with respect to the Indebtedness evidence by such Senior Subordinated Debt, the PAIC Subordinated Convertible Note or any such Restricted Agreement, advance any dates upon which payments of principal or interest are due thereon or change any of the covenants with respect thereto in a manner which is more restrictive to the Borrower or any of its Restricted Subsidiaries or (d) in the case of any Senior Subordinated Debt Document or PAIC Subordinated Convertible Note, change the subordination provisions thereof (including any default or conditions to an event of default relating thereto), or change any collateral therefor (other than to release such collateral), if (in the case of this clause (d)), the effect of such amendment or change, individually or together with all other amendments or changes made, is to increase the obligations of the obligor thereunder or to confer any additional rights on the holders of such Senior Subordinated Debt, the PAIC Subordinated Convertible Note, or any such Restricted Agreement (or a trustee or other representative on their behalf).

SECTION 7.2.11. Transactions with Affiliates. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, enter into, or cause, suffer or permit to exist any arrangement or contract with any of its other Affiliates (other than any Obligor or any other Restricted Subsidiary of the Borrower) unless such arrangement or contract is fair and equitable to the Borrower or such Restricted Subsidiary and is an arrangement or contract of the kind which would be entered into by a prudent Person in the position of the Borrower or such Restricted Subsidiary with a Person which is not one of its Affiliates; provided, however that the Borrower and its Restricted Subsidiaries shall be permitted to (i) enter into and perform their obligations, or take any actions contemplated or permitted, under the Original Transaction Documents (including the Investors' Agreement), (ii) make any Restricted Payment permitted under Section 7.2.6 and (iii) enter into and perform their obligations under arrangements with CSFB and its Affiliates for underwriting, investment banking and advisory services (including payments of the fees in respect of advisory services referred to in clause (c)(i) of Section 7.2.6) on usual and customary terms, (iv) make payment of reasonable and customary fees and reimbursement of expenses payable to directors of Holdco and (v) enter into employment arrangements with respect to the procurement of services of directors, officers and employees in the ordinary course of business and pay reasonable fees in connection therewith.

SECTION 7.2.12. Negative Pledges, Restrictive Agreements, etc. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, enter into any agreement prohibiting

(a) the (i) creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired securing any Obligation or any senior refinancing thereof (other than, in the case of any assets acquired with the proceeds of any Indebtedness permitted under Section 7.2.2(c), customary limitations and prohibitions contained in such Indebtedness and in the case of any Indebtedness permitted under clauses (f), (h), (i) and (j) of Section 7.2.2, customary limitations in respect of the Foreign Subsidiaries of the Borrower that are Restricted Subsidiaries that shall have incurred such

Indebtedness and its assets), or (ii) ability of the Borrower or any other Obligor to amend or otherwise modify this Agreement or any other Loan Document; or

(b) any Restricted Subsidiary from making any payments, directly or indirectly, to the Borrower by way of dividends, advances, repayments of loans or advances, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments, or any other agreement or arrangement which restricts the ability of any such Restricted Subsidiary to make any payment, directly or indirectly, to the Borrower (other than customary limitations and prohibitions in any Indebtedness permitted under clauses (b), (e), (g), (h) and (i) of Section 7.2.2 that are applicable to the Restricted Subsidiary of the Borrower that has incurred such Indebtedness and its assets; provided, that such limitations shall be limited solely to such Restricted Subsidiary (and any of its Restricted Subsidiaries) and its (and their) assets).

SECTION 7.2.13. Securities of Subsidiaries. The Borrower will not permit any Restricted Subsidiary to issue any Capital Stock (whether for value or otherwise) to any Person other than the Borrower or another wholly-owned Subsidiary of the Borrower that is a Restricted Subsidiary.

SECTION 7.2.14. Sale and Leaseback. Except with respect to any such agreement or arrangement relating any Primedica Assumed Debt and solely in respect of any real or personal property acquired in connection with the Primedica Assumption, the Borrower will not, and will not permit any of its Restricted Subsidiaries to, enter into any agreement or arrangement with any other Person providing for the leasing by the Borrower or any of its Restricted Subsidiaries of real or personal property which has been or is to be sold or transferred by the Borrower or any of its Restricted Subsidiaries to such other Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of the Borrower or any of its Restricted Subsidiaries.

SECTION 7.2.15. Designation of Senior Indebtedness. The Borrower will not permit any Indebtedness (other than the Indebtedness incurred hereunder or under any other the Loan Document) to constitute "Designated Senior Indebtedness" (or any other similar term) under the Senior Subordinated Debt Documents, without the consent of the Required Lenders.

ARTICLE VIII

EVENTS OF DEFAULT

SECTION 8.1. Listing of Events of Default. Each of the following events or occurrences described in this Section 8.1 shall constitute an "Event of Default".

SECTION 8.1.1. Non-Payment of Obligations. (a) The Borrower shall default in the payment or prepayment of any principal of any Loan when due or any Reimbursement Obligations or any deposit of cash for collateral purposes pursuant to Section 2.6.4, as the case may be, or (b) any Obligor (including the Borrower) shall default (and such default shall continue unremedied for a period of three Business Days) in the payment when due of any interest or commitment fee with respect to the Loans or Commitments or of any other monetary Obligation.

SECTION 8.1.2. Breach of Warranty. Any representation or warranty of the Borrower or any other Obligor made or deemed to be made hereunder or in any other Loan Document executed by it or any other writing or certificate (including the Closing Date Certificate or the Amendment Effective Date Certificate) furnished by or on behalf of the Borrower or any other Obligor to the Agents, the Issuers, the Lead Arranger or any Lender for the purposes of or in connection with this Agreement or any such other Loan Document (including any certificates delivered pursuant to Article V, Article V of the Existing Credit Agreement or Article III of the Amendment Agreement) is or shall be incorrect when made in any material respect.

SECTION 8.1.3. Non-Performance of Certain Covenants and Obligations. The Borrower shall default in the due performance and observance of any of its obligations under Sections 7.1.1(e), 7.1.9, 7.1.10 or 7.2 (other than Section 7.2.1).

SECTION 8.1.4. Non-Performance of Other Covenants and Obligations. Any Obligor shall default in the due performance and observance of any other agreement contained herein or in any other Loan Document executed by it, and such default shall continue unremedied for a period of 30 days after notice thereof shall have been given to the Borrower by the Administrative Agent at the direction of the Required Lenders.

SECTION 8.1.5. Default on Other Indebtedness. A default shall occur (i) in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, of any Indebtedness, other than Indebtedness described in Section 8.1.1, of the Borrower or any of its Restricted Subsidiaries or Holdco having a principal amount, individually or in the aggregate for Holdco, the Borrower and its Restricted Subsidiaries, in excess of $5,000,000, or (ii) a default shall occur in the performance or observance of any obligation or condition with respect to such Indebtedness having a principal amount, individually or in the aggregate, in excess of $5,000,000 if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied for any applicable period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to cause such Indebtedness to become due and payable prior to its expressed maturity.

SECTION 8.1.6. Judgments. Any judgment or order for the payment of money in excess of $5,000,000 in the aggregate for Holdco, the Borrower and its Restricted Subsidiaries (not covered by insurance from a responsible insurance company that is not denying its liability with respect thereto) shall be rendered against the Borrower or any of its Restricted Subsidiaries or Holdco and remain unvacated and unpaid and either (i) enforcement proceedings shall have been

commenced by any creditor upon such judgment or order, or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

SECTION 8.1.7. Pension Plans. Any of the following events shall occur with respect to any Pension Plan (i) the termination of any Pension Plan if, as a result of such termination, the Borrower would be required to make a contribution to such Pension Plan, or would reasonably expect to incur a liability or obligation to such Pension Plan, in excess of $5,000,000, or (ii) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA in an amount in excess of $5,000,000.

SECTION 8.1.8. Change in Control. Any Change in Control shall occur.

SECTION 8.1.9. Bankruptcy, Insolvency, etc. The Borrower or any of its Restricted Subsidiaries (other than Subsidiaries that are not Material Subsidiaries) or any other Obligor shall

(a) become insolvent or generally fail to pay, or admit in writing its inability to pay, debts as they become due;

(b) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower or any of its Restricted Subsidiaries (other than Subsidiaries that are not Material Subsidiaries) or any other Obligor or any material property of any thereof, or make a general assignment for the benefit of creditors;

(c) in the absence of such application, consent, acquiescence or assignment, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower or any of its Restricted Subsidiaries (other than Subsidiaries that are not Material Subsidiaries) or any other Obligor or for a substantial part of the property of any thereof, and such trustee, receiver, sequestrator or other custodian shall not be discharged within 60 days, provided that the Borrower, each such Restricted Subsidiary and each other Obligor hereby expressly authorizes the Agents, the Issuers and each Lender to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents;

(d) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower or any of its Restricted Subsidiaries (other than Subsidiaries that are not Material Subsidiaries) or any other Obligor, and, if any such case or proceeding is not commenced by the Borrower or such Restricted Subsidiary or such other Obligor, such case or proceeding shall be consented to or acquiesced in by the Borrower or such Restricted Subsidiary or such other Obligor or shall result in the entry of an order for relief or shall remain for 60 days undismissed, provided that the Borrower, such Restricted Subsidiary and each other

Obligor hereby expressly authorizes the Agents, the Issuers and each Lender to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; or

(e) take any action (corporate or otherwise) authorizing, or in furtherance of, any of the foregoing.

SECTION 8.1.10. Impairment of Security, etc. Any Loan Document, or any Lien granted thereunder, shall (except in accordance with its terms or pursuant to an agreement of the parties thereto), in whole or in part, terminate, cease to be in full force and effect or cease to be the legally valid, binding and enforceable obligation of any Obligor party thereto; the Borrower or any other Obligor shall, directly or indirectly, contest in any manner the effectiveness, validity, binding nature or enforceability thereof; or any Lien securing any Obligation shall, in whole or in part, cease to be a perfected first priority Lien, subject only to those exceptions expressly permitted by the Loan Documents, except to the extent any event referred to above (a) relates to assets of the Borrower or any of its Restricted Subsidiaries which are immaterial, (b) results from the failure of the Administrative Agent to maintain possession of certificates representing securities pledged under any Pledge Agreement or to file continuation statements under the UCC of any applicable jurisdiction or (c) is covered by a lender's title insurance policy and the relevant insurer promptly after the occurrence thereof shall have acknowledged in writing that the same is covered by such title insurance policy.

SECTION 8.1.11. Subordinated Notes. The subordination provisions relating to the Senior Subordinated Notes, the PAIC Subordinated Convertible Note or any other subordinated debt of the Borrower or any of its Restricted Subsidiaries (the "Subordination Provisions") shall fail to be enforceable by the Lenders (which have not effectively waived the benefits thereof) in accordance with the terms thereof, or the principal or interest on any Loan, Reimbursement Obligation or other Obligations shall fail to constitute "Senior Indebtedness" (as defined in any Senior Subordinated Note), "Senior Debt" (as defined in the PAIC Subordinated Convertible Note) or "senior indebtedness" (or any other similar term) under any document instrument or agreement evidencing any such other subordinated debt; or the Borrower or any of its Subsidiaries shall, directly or indirectly, disavow or contest in any manner (i) the effectiveness, validity or enforceability of any of the Subordination Provisions, or (ii) that any of such Subordination Provisions exist for the benefit of the Agents and the Lenders.

SECTION 8.2. Action if Bankruptcy, etc. If any Event of Default described in clauses (b), (c) and (d) of Section 8.1.9 shall occur with respect to any Obligor (other than Subsidiaries that are not Material Subsidiaries), the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of all outstanding Loans and all other Obligations (including Reimbursement Obligations) shall automatically be and become immediately due and payable, without notice or demand and the Borrower shall automatically and immediately be obligated to deposit with the Administrative Agent cash collateral in an amount equal to all Letter of Credit Outstandings.

SECTION 8.3. Action if Other Event of Default. If any Event of Default (other than an Event of Default described in clauses (b), (c) and (d) of Section 8.1.9 with respect to any Obligor (other than Subsidiaries that are not Material Subsidiaries)) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Administrative Agent, upon the direction of the Required Lenders, shall by notice to the Borrower declare all or any portion of the outstanding principal amount of the Loans and other Obligations (including Reimbursement Obligations) to be due and payable, require the Borrower to provide cash collateral to be deposited with the Administrative Agent in an amount equal to the undrawn amount of all Letters of Credit outstanding and/or declare the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of such Loans and other Obligations which shall be so declared due and payable shall be and become immediately due and payable, without further notice, demand or presentment, and/or, as the case may be, the Commitments shall terminate and the Borrower shall deposit with the Administrative Agent cash collateral in an amount equal to all Letters of Credit Outstandings.

ARTICLE IX

THE AGENTS

SECTION 9.1. Actions. Each Lender hereby appoints CSFB as its Syndication Agent and UBOC as its Administrative Agent under and for purposes of this Agreement and each other Loan Document. Each Lender authorizes the Agents to act on behalf of such Lender under this Agreement and each other Loan Document and, in the absence of other written instructions from the Required Lenders received from time to time by the Agents (with respect to which each of the Agents agrees that it will comply, except as otherwise provided in this Section or as otherwise advised by counsel), to exercise such powers hereunder and thereunder as are specifically delegated to or required of the Agents by the terms hereof and thereof, together with such powers as may be reasonably incidental thereto. Each Lender hereby indemnifies (which indemnity shall survive any termination of this Agreement) the Agents, ratably in accordance with their respective Term Loans outstanding and Commitments (or, if no Term Loans or Commitments are at the time outstanding and in effect, then ratably in accordance with the principal amount of Term Loans held by such Lender and their respective Commitments as in effect in each case on the date of the termination of this Agreement), from and against any and all liabilities, obligations, losses, damages, claims, costs or expenses of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against, either of the Agents in any way relating to or arising out of this Agreement and any other Loan Document, including reasonable attorneys' fees, and as to which any Agent is not reimbursed by the Borrower or any other Obligor (and without limiting the obligation of the Borrower or any other Obligor to do so); provided, however, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, claims, costs or expenses which are determined by a court of competent jurisdiction in a final proceeding to have resulted solely from such Agent's gross negligence or willful misconduct. The Agents shall not be required to take any action hereunder or under any other Loan Document, or

to prosecute or defend any suit in respect of this Agreement or any other Loan Document, unless it is indemnified hereunder to its satisfaction. If any indemnity in favor of either of the Agents shall be or become, in such Agent's determination, inadequate, such Agent may call for additional indemnification from the Lenders and cease to do the acts indemnified against hereunder until such additional indemnity is given. The Borrower and the Lenders agree that the Administrative Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which such Agent is entitled under Articles IX and X.

SECTION 9.2. Funding Reliance, etc. Unless the Administrative Agent shall have been notified by telephone, confirmed in writing, by any Lender by 1:00 p.m., Designated City time, on the Business day prior to a Borrowing or disbursement with respect to a Letter of Credit pursuant to Section 2.6.2 that such Lender will not make available the amount which would constitute its Percentage of such Borrowing on the date specified therefor, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent and, in reliance upon such assumption, make available to the Borrower a corresponding amount. If and to the extent that such Lender shall not have made such amount available to the Administrative Agent, such Lender severally agrees and the Borrower agrees to repay the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date the Administrative Agent made such amount available to the Borrower to the date such amount is repaid to the Administrative Agent, at the interest rate applicable at the time to Loans comprising such Borrowing.

SECTION 9.3. Exculpation; Notice of Default. (a) None of the Agents or the Lead Arranger nor any of their respective directors, officers, employees or agents shall be liable to any Lender for any action taken or omitted to be taken by it under this Agreement or any other Loan Document, or in connection herewith or therewith, except for its own willful misconduct or gross negligence, nor responsible for any recitals or warranties herein or therein, nor for the effectiveness, enforceability, validity or due execution of this Agreement or any other Loan Document, nor for the creation, perfection or priority of any Liens purported to be created by any of the Loan Documents, or the validity, genuineness, enforceability, existence, value or sufficiency of any collateral security, nor to make any inquiry respecting the performance by the Borrower of its obligations hereunder or under any other Loan Document. Any such inquiry which may be made by any Agent or any Issuer shall not obligate it to make any further inquiry or to take any action. The Agents and each Issuer shall be entitled to rely upon advice of counsel concerning legal matters and upon any notice, consent, certificate, statement or writing which the Agents or the Issuers, as applicable, believe to be genuine and to have been presented by a proper Person.

(b) No Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless such Agent has received written notice from (A) in the case of the Administrative Agent, a Lender or the Borrower referring to this Agreement describing such Default or Event of Default and stating that such notice is a "notice of default"

and (B) in the case of the Syndication Agent, from the Administrative Agent as set forth in the immediately following sentence. In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Syndication Agent and the Lenders.

SECTION 9.4. Successor. The Syndication Agent may resign as such upon one Business Day's notice to the Borrower and the Administrative Agent. The Administrative Agent may resign as such at any time upon at least 30 days' prior notice to the Borrower and all Lenders. If the Administrative Agent at any time shall resign, the Required Lenders may, with the prior consent of the Borrower (which consent shall not be unreasonably withheld), appoint another Lender as a successor Administrative Agent which shall thereupon become the Administrative Agent hereunder. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be one of the Lenders or a commercial banking institution organized under the laws of the United States or a United States branch or agency of a commercial banking institution, and having a combined capital and surplus of at least $500,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall be entitled to receive from the retiring Administrative Agent such documents of transfer and assignment as such successor Administrative Agent may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation hereunder as the Administrative Agent, the provisions of (i) this Article IX shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent under this Agreement, and (ii) Section 10.3 and Section 10.4 shall continue to inure to its benefit.

SECTION 9.5. Credit Extensions by each Agent. Each Agent and each Issuer shall have the same rights and powers with respect to (x) (i) in the case of an Agent, the Credit Extensions made by it or any of its Affiliates and (ii) in the case of an Issuer, the Loans made by it or any of its Affiliates, and (y) the Notes held by it or any of its Affiliates as any other Lender and may exercise the same as if it were not an Agent or Issuer. Each Agent, each Issuer and each of their respective Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if such Agent or Issuer were not an Agent or Issuer hereunder.

SECTION 9.6. Credit Decisions. Each Lender acknowledges that it has, independently of each Agent, the Lead Arranger, each Issuer and each other Lender, and based on such Lender's review of the financial information of the Borrower, this Agreement, the other Loan Documents (the terms and provisions of which being satisfactory to such Lender) and such other documents, information and investigations as such Lender has deemed appropriate, made its own credit

decision to extend its Commitments. Each Lender also acknowledges that it will, independently of each Agent, the Lead Arranger, each Issuer and each other Lender, and based on such other documents, information and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under this Agreement or any other Loan Document.

SECTION 9.7. Copies, etc. The Administrative Agent shall give prompt notice to each Lender of each notice or request required or permitted to be given to the Administrative Agent by the Borrower pursuant to the terms of this Agreement (unless concurrently delivered to the Lenders by the Borrower). The Administrative Agent will distribute to each Lender each document or instrument received for such Lender's account and copies of all other communications received by the Administrative Agent from the Borrower for distribution to the Lenders by the Administrative Agent in accordance with the terms of this Agreement.

SECTION 9.8. The Syndication Agent and the Administrative Agent. Notwithstanding anything else to the contrary contained in this Agreement or any other Loan Document, the Agents, in their respective capacities as such, each in such capacity, shall have no duties or responsibilities under this Agreement or any other Loan Document nor any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against either Agent, as applicable, in such capacity except as are explicitly set forth herein or in the other Loan Documents.

SECTION 9.9. Documentation Agent. The Lender identified on the signature pages of this Agreement as the "Documentation Agent" shall not have any right, power, obligation, liability, responsibility or duty under this Agreement (or any other Loan Document) other than those applicable to all Lenders as such. Without limiting the foregoing, the Lender so identified as the "Documentation Agent" shall not have or be deemed to have any fiduciary relationship with any other Lender. Each Lender acknowledges that it has not relied, and will not rely, on the Lender so identified as the "Documentation Agent" in deciding to enter into this Agreement and each other Loan Document to which it is a party or in taking or not taking action hereunder or thereunder.

ARTICLE X

MISCELLANEOUS PROVISIONS

SECTION 10.1. Waivers, Amendments, etc. The provisions of this Agreement and of each other Loan Document may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Borrower and each Obligor party thereto and by the Required Lenders; provided, however, that any such amendment, modification or waiver of the type set forth below shall require the consent of the Person or Persons described below for such amendment, modification or waiver:

(a) Unless consented to by each Lender, no such amendment, modification or waiver shall be effective if it would modify any requirement hereunder that any particular action be taken by all the Lenders, all the Lenders with respect to any Tranche of Loans or Commitments or by the Required Lenders, release Holdco from its obligations under the Holdco Guaranty and Pledge Agreement, release any Subsidiary Guarantor that is a Material Subsidiary from its obligations under the Subsidiary Guaranty (except as otherwise provided in the Subsidiary Guaranty), if any, or release all or substantially all of the collateral security (except in each case as otherwise specifically provided in this Agreement, any such Subsidiary Guaranty or a Pledge Agreement).

(b) Unless consented to by each Lender adversely affected thereby, no such amendment, modification or waiver shall be effective if it would modify this Section 10.1, or clause (i) of Section 10.10, change the definition of "Required Lenders", increase any Commitment Amount or the Percentage of any Lender (other than pursuant to clause (c) of Section 2.1.2), reduce any fees described in Section 3.3 (other than the administration fee referred to in Section 3.3.2) or extend any Commitment Termination Date.

(c) No such amendment, modification or waiver shall be effective if it would extend the Stated Maturity Date for any Loan or reduce the principal amount of or rate of interest on or fees payable in respect of any Loan or any Reimbursement Obligations (which shall in each case include the conversion of all or any part of the Obligations into equity of any Obligor), unless such amendment, modification or waiver shall have been consented to by the Lender which has made such Loan or, in the case of a Reimbursement Obligation, the Issuer owed, and those Lenders participating in, such Reimbursement Obligation.

(d) No such amendment, modification or waiver shall be effective if it would affect adversely the interests, rights or obligations of any Agent, Issuer or Lead Arranger (in its capacity as Agent, Issuer or Lead Arranger), unless such amendment, modification or waiver shall have been consented to by such Agent, Issuer or Lead Arranger, as the case may be.

(e) No such amendment, modification or waiver shall be effective if it would have the effect (either immediately or at some later time) of enabling the Borrower to satisfy a condition precedent to the making of a Revolving Loan or the issuance of a Letter of Credit unless such amendment, modification or waiver shall have been consented to by the holders of at least 51% of the Revolving Loan Commitments.

(f) No such amendment, modification or waiver shall be effective if it would amend, modify or waive the provisions of clause (a)(i) of Section 3.1.1 or clause (b) of Section 3.1.2 or effect any amendment, modification or waiver that by its terms adversely affects the rights of Lenders participating in any Tranche differently from those of Lenders participating in other Tranches, unless such amendment, modification or waiver shall have

been consented to by the holders of at least 51% of the aggregate amount of Loans outstanding under the Tranche or Tranches affected by such modification, or, in the case of a modification affecting the Revolving Loan Commitments, the Lenders holding at least 51% of the Revolving Loan Commitments.

No failure or delay on the part of any Agent, any Issuer, any Lender or any other Secured Party in exercising any power or right under this Agreement or any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on the Borrower in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by any Agent, any Issuer or any Lender under this Agreement or any other Loan Document shall, except as may be otherwise stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

For purposes of this Section 10.1, the Syndication Agent, in coordination with the Administrative Agent, shall have primary responsibility, together with the Borrower, in the negotiation, preparation and documentation relating to any amendment, modification or waiver under this Agreement, any other Loan Document or any other agreement or document related hereto or thereto contemplated pursuant to this Section.

SECTION 10.2. Notices. All notices and other communications provided to any party under this Agreement or any other Loan Document shall be in writing or by facsimile and addressed, delivered or transmitted to such party (a) in the case of any Lender by any party other than the Administrative Agent, to such Lender in care of the Administrative Agent at its address or facsimile number set forth on its signature page hereto or on Schedule II hereto (and the Administrative Agent shall promptly forward such notice to the address or facsimile number of such Lender set forth on such Lender's signature page hereto or on Schedule II hereto or in the Lender Assignment Agreement pursuant to which such Lender became a Lender hereunder), (b) in the case of any Lender by the Administrative Agent, to such Lender at its address or facsimile number set forth on its signature page hereto or in the Lender Assignment Agreement pursuant to which it became a party hereto, (c) in the case of any Agent, at its address or facsimile number set forth below its signature hereto, and (d) in the case of the Borrower, to its address or facsimile number set forth on its signature page hereto, or, in any case, at such address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre- paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when transmitted (receipt acknowledged).

SECTION 10.3. Payment of Costs and Expenses. The Borrower agrees to pay on demand all reasonable expenses of each of the Agents (including the reasonable fees and out-of- pocket expenses of counsel to the Agents and of local or foreign counsel, if any, who may be retained by counsel to the Agents) in connection with

(a) the syndication by the Syndication Agent and the Lead Arranger of the Loans, the negotiation, preparation, execution and delivery of this Agreement and of each other Loan Document, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modifications to this Agreement or any other Loan Document as may from time to time hereafter be required, whether or not the transactions contemplated hereby are consummated;

(b) the filing, recording, refiling or rerecording of each Mortgage and each Pledge Agreement and/or any UCC financing statements relating thereto and all amendments, supplements and modifications to any thereof and any and all other documents or instruments of further assurance required to be filed or recorded or refiled or rerecorded by the terms hereof or of such Mortgage or Pledge Agreement; and

(c) the preparation and review of the form of any document or instrument relevant to this Agreement or any other Loan Document.

The Borrower further agrees to pay, and to save the Agents, the Issuers and the Lenders harmless from all liability for, any stamp or other similar taxes which may be payable in connection with the execution or delivery of this Agreement, the Credit Extensions made hereunder or the issuance of any Notes or Letters of Credit or any other Loan Documents. The Borrower also agrees to reimburse each Agent, each Issuer and each Lender upon demand for all reasonable out-of-pocket expenses (including reasonable attorneys' fees and legal expenses) incurred by such Agent, such Issuer or such Lender in connection with (x) the negotiation of any restructuring or "work-out", whether or not consummated, of any Obligations and (y) the enforcement of any Obligations.

SECTION 10.4. Indemnification. In consideration of the execution and delivery of this Agreement by each Lender and the extension of the Commitments, the Borrower hereby, to the fullest extent permitted under applicable law, indemnifies, exonerates and holds each Agent, each Issuer, the Lead Arranger and each Lender and each of their respective Affiliates, and each of their respective partners, officers, directors, employees and agents, and each other Person controlling any of the foregoing within the meaning of either Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (collectively, the "Indemnified Parties"), free and harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities and damages, and expenses actually incurred in connection therewith (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought), including reasonable attorneys' fees and disbursements (collectively, the "Indemnified Liabilities"), incurred by the Indemnified Parties or any of them as a result of, or arising out of, or relating to

(a) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Credit Extension;

(b) the entering into and performance of this Agreement and any other Loan Document by any of the Indemnified Parties (excluding any successful action brought by or on behalf of the Borrower as the result of any failure by any Lender to make any Credit Extension hereunder);

(c) any investigation, litigation or proceeding related to any acquisition or proposed acquisition by the Borrower or any of its Subsidiaries of all or any portion of the Capital Stock or assets of any Person, whether or not such Agent, such Issuer, such Lead Arranger or such Lender is party thereto;

(d) any alleged or actual investigation, litigation or proceeding related to any environmental cleanup, audit or noncompliance with or liability under any Environmental Law relating to the use, ownership or operation by Holdco, the Borrower or any of their respective Subsidiaries of any Hazardous Material; or

(e) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, any real property owned or operated by Holdco, the Borrower or any Subsidiary thereof of any Hazardous Material present on or under such property in a manner giving rise to liability at or prior to the time Holdco, the Borrower or such Subsidiary owned or operated such property (including any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law), regardless of whether caused by, or within the control of, Holdco, the Borrower or such Subsidiary,

except for any such Indemnified Liabilities arising for the account of a particular Indemnified Party by reason of the relevant Indemnified Party's gross negligence or willful misconduct or any Hazardous Materials that are manufactured, emitted, generated, treated, released, stored or disposed of on any real property of the Borrower or any of its Subsidiaries or any violation of Environmental Law that occurs on or with respect to any real property of the Borrower or any of its Subsidiaries to the extent occurring after such real property is transferred to any Indemnified Person or its successor by foreclosure sale, deed in lieu of foreclosure, or similar transfer, except to the extent such manufacture, emission, release, generation, treatment, storage or disposal or violation is actually caused by Holdco, the Borrower or any of the Borrower's Subsidiaries. The Borrower and its permitted successors and assigns hereby waive, release and agree not to make any claim, or bring any cost recovery action against, any Agent, any Issuer, the Lead Arranger or any Lender under CERCLA or any state equivalent, or any similar law now existing or hereafter enacted, except to the extent arising out of the gross negligence or willful misconduct of any Indemnified Party or arising out of any Hazardous Materials that are manufactured, emitted, generated, treated, released, stored or disposed of on any real property of the Borrower or any of its Subsidiaries or any violation of Environmental Law that occurs on or with respect to any real property of the Borrower or any of its Subsidiaries to the extent occurring after such real property is transferred to any Indemnified Person or its successor by foreclosure sale, deed in lieu of foreclosure, or similar transfer. It is expressly understood and agreed that to the extent that any

Indemnified Party is strictly liable under any Environmental Laws, the Borrower's obligation to such Indemnified Party under this indemnity shall likewise be without regard to fault on the part of the Borrower, to the extent permitted under applicable law, with respect to the violation or condition which results in liability of such Indemnified Party. Notwithstanding anything to the contrary herein, each Agent, each Issuer, the Lead Arranger and each Lender shall be responsible with respect to any Hazardous Materials that are manufactured, emitted, generated, treated, released, stored or disposed of on any real property of the Borrower or any of its Subsidiaries or any violation of Environmental Law that occurs on or with respect to any such real property to the extent it occurs after such real property is transferred to any Agent, Issuer, Lead Arranger or Lender to its successor by foreclosure sale, deed in lieu of foreclosure, or similar transfer, except to the extent such manufacture, emission, release, generation, treatment, storage or disposal or violation is actually caused by Holdco, the Borrower or any of the Borrower's Subsidiaries. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

SECTION 10.5. Survival. The obligations of the Borrower under Sections 4.3, 4.4, 4.5, 4.6, 10.3 and 10.4, and the obligations of the Lenders under Sections 4.8 and 9.1, shall in each case survive any termination of this Agreement, the payment in full of all Obligations and the termination of all Commitments. The representations and warranties made by the Borrower and each other Obligor in this Agreement and in each other Loan Document shall survive the execution and delivery of this Agreement and each such other Loan Document.

SECTION 10.6. Severability. Any provision of this Agreement or any other Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 10.7. Headings. The various headings of this Agreement and of each other Loan Document are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or such other Loan Document or any provisions hereof or thereof.

SECTION 10.8. Execution in Counterparts. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

SECTION 10.9. Governing Law; Entire Agreement. THIS AGREEMENT, ANY NOTES AND, EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY PROVIDED THEREIN, EACH OTHER LOAN DOCUMENT SHALL EACH BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK. This Agreement and the other Loan Documents constitute the entire

understanding among the parties hereto with respect to the subject matter hereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 10.10. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that (i) the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of each of the Agents and all Lenders, and (ii) the rights of sale, assignment and transfer of the Lenders are subject to Section 10.11.

SECTION 10.11. Sale and Transfer of Loans and Notes; Participations in Loans and Notes. Each Lender may assign, or sell participations in, its Loans and Commitments to one or more other Persons, on a non pro rata basis (except as provided below), in accordance with this Section 10.11.

SECTION 10.11.1. Assignments. Any Lender (the "Assignor Lender"),

(a) with the written consents of the Borrower, the Agents and (in the case of any assignment of participations in Letters of Credit or Revolving Loan Commitments) the Issuers (which consents (i) shall not be unreasonably delayed or withheld, (ii) of the Borrower shall not be required upon the occurrence and during the continuance of any Event of Default and (iii) of the Agents and the Issuers shall not be required in the case of assignments made by CSFB or any of its Affiliates), may at any time assign and delegate to one or more commercial banks, funds that are regularly engaged in making, purchasing or investing in loans or securities, or other financial institutions, and

(b) with notice to the Borrower, the Agents, and (in the case of any assignment of participations in Letters of Credit or Revolving Loan Commitments) the Issuers, but without the consent of the Borrower, the Agents or the Issuers, may assign and delegate to any of its Affiliates or Related Funds or to any other Lender or any Affiliate or Related Fund of any other Lender

(each Person described in either of the foregoing clauses as being the Person to whom such assignment and delegation is to be made, being hereinafter referred to as an "Assignee Lender"), all or any fraction of such Assignor Lender's Loans, participations in Letters of Credit and Letter of Credit Outstandings with respect thereto and Commitments (which assignment and delegation shall be, as among Revolving Loan Commitments, Revolving Loans and participations in Letters of Credit, of a constant, and not a varying, percentage) is in a minimum aggregate amount of (i) $2,000,000 (provided that (1) assignments that are made on the same day to funds that (x) invest in commercial loans and (y) are managed or advised by the same investment advisor or any Affiliate of such investment advisor may be treated as a single assignment for purposes of the minimum amount and (2) no minimum amount shall be required in the case of any assignment between two Lenders so long as the Assignor Lender has an aggregate amount of Loans and Commitments of at least $2,000,000 following such assignment) unless the Borrower and the

Agents otherwise consent or (ii) the then remaining amount of such Assignor Lender's Loans and Commitments; provided, however, that any such Assignee Lender will comply, if applicable, with the provisions contained in Section 4.6 and the Borrower, each other Obligor and the Agents shall be entitled to continue to deal solely and directly with such Assignor Lender in connection with the interests so assigned and delegated to an Assignee Lender until

(c) written notice of such assignment and delegation, together with payment instructions, addresses and related information with respect to such Assignee Lender, shall have been given to the Borrower and the Agents by such Assignor Lender and such Assignee Lender;

(d) such Assignee Lender shall have executed and delivered to the Borrower and the Agents a Lender Assignment Agreement, accepted by the Agents;

(e) the processing fees described below shall have been paid; and

(f) the Administrative Agent shall have registered such assignment and delegation in the Register pursuant to clause (b) of Section 2.7.

From and after the date that the Agents accept such Lender Assignment Agreement and such assignment and delegation is registered pursuant to clause (b) of Section 2.7, (x) the Assignee Lender thereunder shall be deemed automatically to have become a party hereto and to the extent that rights and obligations hereunder have been assigned and delegated to such Assignee Lender in connection with such Lender Assignment Agreement, shall have the rights and obligations of a Lender hereunder and under the other Loan Documents, and (y) the Assignor Lender, to the extent that rights and obligations hereunder have been assigned and delegated by it in connection with such Lender Assignment Agreement, shall be released from its obligations hereunder and under the other Loan Documents. Any Assignor Lender that shall have previously requested and received any Note or Notes in respect of any Tranche to which any such assignment applies shall, upon the acceptance by the Administrative Agent of the applicable Lender Assignment Agreement, mark such Note or Notes "exchanged" and deliver them to the Borrower (against, if the Assignor Lender has retained Loans or Commitments with respect to the applicable Tranche and has requested replacement Notes pursuant to clause (b)(ii) of Section 2.7, its receipt from the Borrower of replacement Notes in the principal amount of the Loans and Commitments of the applicable Tranche retained by it). Such Assignor Lender or such Assignee Lender (unless the Assignor Lender or the Assignee Lender is CSFB or one of its Affiliates) must also pay a processing fee to the Administrative Agent upon delivery of any Lender Assignment Agreement in the amount of $2,500 (with only one such fee payable in connection with simultaneous assignments from the same Assignor Lender to Assignee Lenders that are Related Funds), unless such assignment and delegation is by a Lender to its Affiliate or Related Fund or if such assignment and delegation is by a Lender to a Federal Reserve Bank, as provided below or is otherwise consented to by the Administrative Agent. Any attempted assignment and delegation not made in accordance with this Section 10.11.1 shall be null and void. Nothing contained in this

Section 10.11.1 shall prevent or prohibit any Lender from pledging its rights (but not its obligations to make Loans or participate in Letters of Credit of Letter of Credit Outstandings) under this Agreement and/or its Loans hereunder to a Federal Reserve Bank in support of borrowings made by such Lender from such Federal Reserve Bank and any Lender that is a fund that invests in bank loans may pledge all or any portion of its rights (but not its obligations to make Loans or participate in Letters of Credit or Letter of Credit Outstandings) hereunder to any trustee or any other representative of holders of obligations owed or securities issued by such fund as security for such obligations or securities. In the event that S&P, Moody's or Thompson's BankWatch (or InsuranceWatch Ratings Service, in the case of Lenders that are insurance companies (or Best's Insurance Reports, if such insurance company is not rated by Insurance Watch Ratings Service)) shall, after the date that any Lender with a Commitment to make Revolving Loans or participate in Letters of Credit becomes a Lender, downgrade the long- term certificate of deposit rating or long-term senior unsecured debt rating of such Lender, and the resulting rating shall be below BBB-, Baa3 or C (or BB, in the case of Lender that is an insurance company (or B, in the case of an insurance company not rated by InsuranceWatch Ratings Service)) respectively, then the applicable Issuer or the Borrower shall have the right, but not the obligation, upon notice to such Lender and the Agents, to replace such Lender with an Assignee Lender in accordance with and subject to the restrictions contained in this Section, and such Lender hereby agrees to transfer and assign without recourse (in accordance with and subject to the restrictions contained in this Section) all its interests, rights and obligations in respect of its Revolving Loan Commitment under this Agreement to such Assignee Lender; provided, however, that (i) no such assignment shall conflict with any law, regulation or order of any governmental authority and (ii) such Assignee Lender shall pay to such Lender in immediately available funds on the date of such assignment the principal of and interest and fees (if any) accrued to the date of payment on the Loans made, and Letters of Credit participated in, by such Lender hereunder and all other amounts accrued for such Lender's account or owed to it hereunder.

SECTION 10.11.2. Participations. Any Lender may at any time sell to one or more commercial banks or other Persons (each such commercial bank and other Person being herein called a "Participant") participating interests in any of the Loans, Commitments, participations in Letters of Credit and Letters of Credit Outstandings or other interests of such Lender hereunder; provided, however, that

(a) no participation contemplated in this Section shall relieve such Lender from its Commitments or its other obligations hereunder or under any other Loan Document;

(b) such Lender shall remain solely responsible for the performance of its Commitments and such other obligations;

(c) the Borrower and each other Obligor and the Agents shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and each of the other Loan Documents;

(d) no Participant, unless such Participant is an Affiliate of such Lender, or is itself a Lender, shall be entitled to require such Lender to take or refrain from taking any action hereunder or under any other Loan Document, except that such Lender may agree with any Participant that such Lender will not, without such Participant's consent, agree to (i) any reduction in the interest rate or amount of fees that such Participant is otherwise entitled to, (ii) a decrease in the principal amount, or an extension of the final Stated Maturity Date, of any Loan in which such Participant has purchased a participating interest or (iii) a release of all or substantially all of the collateral security under the Loan Documents or any Material Subsidiary that is a Subsidiary Guarantor under the Subsidiary Guaranty, in each case except as otherwise specifically provided in a Loan Document; and

(e) the Borrower shall not be required to pay any amount under Sections 4.3, 4.4, 4.5, 4.6, 10.3 and 10.4 that is greater than the amount which it would have been required to pay had no participating interest been sold.

The Borrower acknowledges and agrees, subject to clause (e) above, that, to the fullest extent permitted under applicable law, each Participant, for purposes of Sections 4.3, 4.4, 4.5, 4.6, 4.8, 4.9, 10.3 and 10.4, shall be considered a Lender.

SECTION 10.12. Other Transactions. Nothing contained herein shall preclude any Agent or any other Lender from engaging in any transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Affiliates in which the Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

SECTION 10.13. Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE AGENTS, THE LENDERS, THE ISSUERS OR THE BORROWER RELATING THERETO SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY (TO THE EXTENT PERMITTED UNDER APPLICABLE LAW) IN THE COURTS OF THE STATE OF NEW YORK, NEW YORK COUNTY, OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE ADMINISTRATIVE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, NEW YORK COUNTY, AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH

SUCH LITIGATION. THE BORROWER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OF FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE BORROWER HEREBY IRREVOCABLY WAIVES (TO THE EXTENT PERMITTED UNDER APPLICABLE LAW) SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

SECTION 10.14. Waiver of Jury Trial. THE AGENTS, THE ISSUERS, THE LENDERS AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE AGENTS, THE ISSUERS, THE LENDERS OR THE BORROWER RELATING THERETO. THE BORROWER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE AGENTS AND THE LENDERS ENTERING INTO THIS AGREEMENT AND EACH SUCH OTHER LOAN DOCUMENT.

SECTION 10.15. Confidentiality. The Agents, the Issuers, the Lead Arranger and the Lenders shall hold all non-public information obtained pursuant to or in connection with this Agreement or obtained by them based on a review of the books and records of the Borrower or any of its Subsidiaries in accordance with their customary procedures for handling confidential information of this nature, but may make disclosure to any of their examiners, Affiliates, Related Funds, investment advisors or Affiliates thereof, outside auditors, counsel and other professional advisors in connection with this Agreement or as reasonably required by any potential bona fide transferee, participant or assignee, or to any direct or indirect contractual counterparties in swap agreements or such contractual counterparties' professional advisors, or in connection with the exercise of remedies under a Loan Document, or as requested by any governmental or regulatory

agency, any rating agency or the National Association of Insurance Commissioners, or representative of any thereof or pursuant to legal process; provided, however, that

(a) unless specifically prohibited by applicable law or court order, each Agent, each Issuer, the Lead Arranger and each Lender shall promptly notify the Borrower of any request by any governmental agency or representative thereof (other than any such request in connection with an examination of the financial condition of such Agent, such Issuer, the Lead Arranger and such Lender by such governmental agency) for disclosure of any such non-public information prior to disclosure of such information;

(b) prior to any such disclosure pursuant to this Section 10.15, each Agent, each Issuer, the Lead Arranger and each Lender shall require any such bona fide transferee, participant and assignee receiving a disclosure of non-public information to agree in writing

(i) to be bound by this Section 10.15; and

(ii) to require such Person to require any other Person to whom such Person discloses such non-public information to be similarly bound by this Section 10.15; and

(c) except as may be required by an order of a court of competent jurisdiction and to the extent set forth therein, no Lender shall be obligated or required to return any materials furnished by the Borrower or any Subsidiary.

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EXHIBIT 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-3 of our report dated February 9, 2001 relating to the financial statements and financial statement schedules of Charles River Laboratories International, Inc., which appear in such Registration Statement. We also consent to the incorporation by reference of our report dated February 9, 2001 which appears in the Current Report on Form 8-K dated February 15, 2001, and our report dated March 29, 2000, relating to the financial statements and financial statement schedules, which appears in the Company's Anual Report on Form 10-K for the year ended December 25, 1999. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Boston, Massachusetts
February 15, 2001

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EXHIBIT 99.1

(b) FINANCIAL STATEMENT SCHEDULES. The following financial statement schedules are included as part of this registration statement.

FINANCIAL STATEMENT SCHEDULES SCHEDULE I CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

CONDENSED PARENT COMPANY STATEMENT OF INCOME
(DOLLARS IN THOUSANDS)

	THREE MONTHS ENDED DECEMBER 25, 1999	FISCAL YEAR ENDED DECEMBER 30, 2000
Operating income	$ --	$ --
Interest expense	2,846	6,917
(Loss) before income taxes, income (loss) from equity investment in subsidiary and extraordinary item	2,846	6,917
Income tax benefit	653	1,880
(Loss) before income (loss) from equity investment in subsidiary and extraordinary item	(2,193)	(5,037)
Income (loss) from equity investment in subsidiary	(635)	14,469
Net income (loss) before extraordinary item	(2,828)	9,432
Extraordinary loss, net of a tax benefit of $11	--	(20,656)
Net loss	($ 2,828)	($ 11,244)

CONDENSED PARENT COMPANY BALANCE SHEET
(DOLLARS IN THOUSANDS)

	DECEMBER 25, 1999	DECEMBER 30, 2000
Non-Current Assets		
Deferred tax asset	$ 653	$ 13,656
Investment in equity accounted subsidiary	--	103,271
Total assets	$ 653	$ 116,927
Liabilities and shareholders' equity		
Non-current liabilities		
Excess of liabilities over assets in equity accounted subsidiary	$ 22,616	$ --
Long term debt	74,981	--
Total liabilities	97,597	--
Redeemable common stock	13,198	--
Shareholders' equity		
Common stock	198	359
Capital in excess of par	206,940	451,404
Retained earnings	(307,351)	(318,575)
Loans to officers	(920)	(920)
Accumulated other comprehensive income	(9,009)	(15,341)
Total shareholders' equity	(110,142)	116,927
Total liabilities and shareholders' equity	$ 653	$ 116,927

CONDENSED PARENT COMPANY STATEMENT OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	THREE MONTHS ENDED DECEMBER 25, 1999	FISCAL YEAR ENDED DECEMBER 30, 2000
Cash flows relating to operating activities		
Net loss	$ (2,828)	$ (11,224)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Accretion of debenture and discount note	2,644	6,500
Amortization of discounts	202	417
Deferred income taxes	(653)	(1,880)
(Income) Loss from equity investment	635	(14,469)
Extraordinary loss, net of tax	--	20,656
Net cash provided by operating activities	$ --	$ --
Cash flows relating to financing activities		
Proceeds from issuance of common stock, net of transaction fees	--	235,964
Payments on long-term debt	--	(89,221)
Premiums paid for early retirement of debt	--	(24,444)
Additional investment in equity accounted subsidiary	--	(122,299)
Net cash used in financing activities	--	--
Net change in cash and cash equivalents	$ --	$ --
Cash and cash equivalents, beginning of period	$ --	$ --
Cash and cash equivalents, end of period	$ --	$ --

FINANCIAL STATEMENT SCHEDULES
CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
NOTES TO CONDENSED PARENT COMPANY
FINANCIAL STATEMENTS

These condensed parent company financial statements have been prepared in accordance with Rule 12-04, Schedule 1 of Regulation S-X, as the restricted net assets of Charles River Laboratories Inc. exceed 25% percent of the consolidated net assets of Charles River Laboratories International, Inc. (the Parent Company). As disclosed in note 3 to the accompanying consolidated financial statements, in order to repay its obligations, the Parent Company is dependent upon either dividends from Charles River Laboratories, Inc., which are restricted by terms contained in the indenture governing the senior subordinated notes and the senior secured credit facility, or through a refinancing or equity transaction.

The Parent Company's 100% investment in Charles River Laboratories Inc. has been recorded using the equity basis of accounting in the accompanying condensed parent company financial statements. The condensed income statement and statement of cash flows are presented for the fiscal year ended December 30, 2000 and for the three month period ended December 25, 1999, as the dividend restrictions and the current capital structure of the Parent Company were created as a result of the recapitalization transaction more fully described in note 3 to the accompanying consolidated financial statements. There were no cash dividends paid to the Parent Company by Charles River Laboratories Inc. during the fiscal year ended December 30, 2000 or the three-month period ended December 25, 1999.

On June 5, 2000, a 1.927 for 1 exchange of stock was approved by the Board of Directors of the Parent Company. This exchange of stock was effective June 21, 2000. All references to common stock and shareholders' equity amounts have been restated in these condensed parent company financial statements as if the exchange of stock had occurred as of the earliest period presented.

On June 28, 2000, the Company consummated an initial public offering ("the Offering") of 16,100,000 shares of its common stock at a price of $16.00 per share. The number of shares includes the exercise of an over-allotment option by the underwriters. The Company received proceeds of $235,964, net of underwriter's commissions and offering costs. As described below, proceeds from the Offering were used to pay down a portion of the Company's existing debt and to increase the Company's investment in an equity accounted subsidiary.

The Company used the proceeds from the Offering to repay $89,221 of its existing debt, including issuance discounts. Premiums totaling $24,444 were paid as a result of the early repayment of the senior discount debentures.

The sources and uses of cash from the Offering are as follows:

SOURCES OF FUNDS:	
Proceeds from offering	$257,600
USES OF FUNDS:	
Repayment of subordinated discount note	(46,873)
Repayment of senior discount debentures	(42,348)*
Premium of early extinguishment of senior discount debentures	(24,444)
Additional investment in equity accounted subsidiary	(122,299)
Transaction fees and expenses	(21,636)
Net adjustment to cash	$ --

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* Includes issuance discount.

An extraordinary loss before tax of $31,778 was recorded due to the payment of premiums relating to the early extinguishment of debt, ($24,444); the write-off of issuance discounts ($7,858); offset by a book gain of $524 on the subordinated discount note. This extraordinary loss has been recorded net of a tax benefit of $11,122.