

**CHARLES RIVER LABORATORIES ANNOUNCES  
STRONG FOURTH-QUARTER AND FULL-YEAR 2004 RESULTS**

- Sales Increase 25% to \$767 million for 2004 -
- GAAP Earnings Per Share of \$1.68 for 2004 -
- Non-GAAP Earnings Per Share Rise 19.3% to \$1.98 for 2004 -
- Strong Demand for Outsourced Services Continuing in 2005 -

**WILMINGTON, MA, February 14, 2005**, (Businesswire) – Charles River Laboratories International, Inc. (NYSE:CRL) today reported fourth-quarter and full-year 2004 financial results, which include Inveresk Research Group (Inveresk) from the close of the merger on October 20, 2004. Net sales for the fourth quarter of 2004 were \$238.1 million, a 52.6% increase over the \$156.0 million reported in the fourth quarter of 2003. Net income for the fourth quarter of 2004 was \$20.1 million, or \$0.32 per diluted share, compared to \$20.6 million, or \$0.42 per diluted share, in the fourth quarter of 2003. On a non-GAAP basis, which excludes amortization of intangibles and other charges related to the merger with Inveresk and other one-time charges, net income for the fourth quarter was \$31.2 million compared to \$20.6 million in the fourth quarter of 2003, and earning per diluted share were \$0.48 per share, a 14.3% increase over the \$0.42 earnings per diluted share reported in the fourth quarter of 2003.

<b>RECONCILIATION OF GAAP NET INCOME TO NON-GAAP NET INCOME</b>			
	<b><u>Three Months Ended</u></b>		
	<b>December 25, 2004</b>	<b>December 27, 2003</b>	
Net income	\$ 20.1	\$ 20.6	
Add back:			
Amortization related to merger	12.1	-	
Stock-based compensation related to merger	2.3	-	
Proteomics write-off	3.0	-	
Minority Interest on Proteomics write-off	(0.3)	-	
Deferred financing cost write-off	0.1	-	
Tax effect	(6.0)	-	
Rounding	(0.1)	-	
Net income, excluding specified charges (Non-GAAP)	<u>\$ 31.2</u>	<u>\$ 20.6</u>	

For the full year 2004, net sales were \$766.9 million, a 25.0% increase over the \$613.7 million reported in 2003. Net income was \$89.8 million, or \$1.68 per diluted share, compared to \$80.2 million, or \$1.64 per diluted share, in 2003. When adjusting for all Inveresk-related and other one-time items in both years, non-GAAP net income was \$106.7 million compared to \$81.1 million in 2003, and earnings per diluted share were \$1.98 in 2004 compared to \$1.66 per diluted share in 2003, an increase of 19.3%.

<b>RECONCILIATION OF GAAP NET INCOME TO NON-GAAP NET INCOME</b>		
	<b><u>Twelve Months Ended</u></b>	
	<b>December 25, 2004</b>	<b>December 27, 2003</b>
Net income	\$ 89.8	\$ 80.2
Add back:		
Deferred tax asset write-off	7.9	-
Valuation allowance release	(2.1)	-
Amortization related to merger	12.1	-
Stock-based compensation related to merger	2.3	-
Proteomics write-off	3.0	-
Minority Interest on Proteomics write-off	(0.3)	-
Deferred financing cost write-off	0.1	-
Impairment charge	-	3.7
Litigation settlement	-	(2.9)
Severance charges	-	0.9
Tax effect	(6.0)	(0.6)
Rounding	(0.1)	(0.2)
Net income, excluding specified charges (Non-GAAP)	<u>\$ 106.7</u>	<u>\$ 81.1</u>

James C. Foster, Chairman, President and Chief Executive Officer said, “We are extremely pleased with our fourth-quarter and full-year results. Our business delivered a strong performance, benefiting from increased spending by pharmaceutical and biotechnology companies, our efforts to target new opportunities, and our continuing focus on operational efficiency.”

“The robust demand for our essential products and services is continuing, and therefore, we are very optimistic about our prospects for 2005. Our merger with Inveresk has positioned us to support our customers more fully than ever before, and across more segments of the discovery and development pipeline. It has given us a platform to become a global partner, and we are developing appropriate sales and marketing strategies which we believe will enable us to promote those relationships. We are pleased with the progress we have made to date in integrating the two companies, and are moving forward aggressively to establish a single brand identity that signifies global recognition of the values that Charles River embodies: scientific expertise, outstanding customer service, and a commitment to advancing biomedical research.”

## **Business Segments Results**

As a result of the merger with Inveresk, the Company is now reporting three business segments: Research Models and Services (RMS), Preclinical Services (formerly Development & Safety Testing), and a new segment, Clinical Services. In addition, In Vitro Detection Systems, a business formerly reported in the Preclinical segment, is now reported in RMS. For the purpose of comparability, historical results have been restated to reflect this change.

### **Research Models and Services**

Fourth-quarter 2004 net sales for the Research Models and Services (RMS) segment of the business were \$119.0 million compared to \$107.0 million last year, an increase of 11.2%. The double-digit growth reflected increased customer demand, higher prices, and favorable foreign currency translation. The gross margin was 41.0%, compared to 41.1% in the fourth quarter of last year, and the operating margin was unchanged at 29.2%.

For the full year, RMS net sales were \$476.7 million, an increase of 11.3% over the \$428.2 million reported in 2003. Increased capacity utilization resulted in a gross margin improvement to 43.4% compared to 42.6% in 2003. The full-year operating margin was 32.0% compared to 31.9% for the prior year, but when excluding the benefit of a litigation settlement recorded in 2003, the non-GAAP operating margin for 2004 represented an 80-basis-point improvement from 2003 results.

### **Preclinical Services**

Net sales for the Preclinical Services (formerly Development & Safety Testing) segment rose 93.3% in the fourth quarter, to \$94.8 million from \$49.0 million in the same period last year. The increase was due primarily to the merger with Inveresk, however, demand for outsourced development services, particularly general and specialty toxicology, continued to be robust. The segment's gross margin increased to 33.1% from 31.8% in the fourth quarter of 2003. The operating margin was 5.1% compared to 16.2% in the fourth quarter of 2003. On a non-GAAP basis, operating income rose to \$17.4 million from \$7.9 million in the fourth quarter of last year. The resulting operating margin increased to 18.3% from 16.2% last year, reflecting higher sales and operating efficiencies.

Preclinical Services net sales for 2004 were \$266.0 million, a 43.3% increase over the \$185.5 million reported for 2003. As a result of higher sales and increased capacity utilization, the gross margin rose to 32.4% from 27.7% in the prior year. The operating margin was 12.6% compared to 9.4% in 2003, but when excluding amortization and other charges related to the Inveresk merger and other one-time charges in both years, the operating margin was 17.4% compared to 11.9% in 2003.

### **Clinical Services**

Net sales for the Clinical Services segment for the fourth quarter and full year were \$24.3 million. The gross margin was 22.8% and the operating margin was 3.0%. When excluding amortization related to the Inveresk merger, the operating margin was 13.3%.

## **Backlog**

The backlog for Preclinical and Clinical Services at December 25, 2004, was approximately \$425.0 million. The Company does not report backlog for the RMS business segment because turnaround time from placement to completion of orders, both for products and services, is rapid. Therefore, the Company does not consider backlog a useful predictor of future performance for the RMS segment.

## **2005 Outlook**

The following forward-looking guidance is based on current foreign exchange rates and excludes expensing of stock options in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment."

For 2005, the Company reaffirms its expectations of revenue growth in a range of 48% to 52%, which reflects the merger with Inveresk as well as continued strength in the market for outsourced drug discovery and development services. As a result of strong sales growth, efficiency improvements and operating synergies, and a lower tax rate, GAAP earnings per diluted share are expected to be in a range of \$1.70 to \$1.80. This guidance is higher than the Company's previous GAAP guidance, due to a reduction in amortization expense for 2005. Non-GAAP earnings, which exclude amortization of intangible assets of \$53.1 million and other merger-related charges of \$7.8 million, are expected to be in a range of \$2.30 to \$2.40 per diluted share, as the Company previously stated.

For the first quarter of 2005, the Company expects net sales to increase between 57% and 60% due to the merger with Inveresk and continued strong demand for the Company's products and services. Based on the anticipated higher net sales and cost synergies, earnings per diluted share are expected to be in a range of \$0.39 to \$0.41. Non-GAAP earnings per diluted share, which exclude amortization of intangible assets of \$13.3 million and other merger-related charges of \$2.7 million, are expected to be in a range of \$0.54 to \$0.56.

## **Webcast**

Charles River Laboratories has scheduled a live webcast on Tuesday, February 15, at 8:30 a.m. ET to discuss matters relating to this press release. To participate, please go to [ir.criver.com](http://ir.criver.com) and select the webcast link. The webcast will be available until 5:00 p.m. ET on February 22, 2005.

## **Use of Non-GAAP Financial Measures**

This press release contains non-GAAP financial measures which exclude, among other items, amortization of intangible assets and other charges related to the Inveresk merger. We exclude these items from the non-GAAP financial measures because they are outside our normal operations. We believe that the inclusion of non-GAAP financial measures in this press release helps investors to gain a meaningful understanding of our core operating results and future prospects, and is consistent with how management measures and forecasts the Company's performance, especially when comparing such results to prior periods or

forecasts. Non-GAAP results also allow investors to compare the Company's operations against the financial results of other companies in the industry who similarly provide non-GAAP results. The non-GAAP financial measures included in this press release are not meant to be considered superior to or a substitute for results of operations prepared in accordance with GAAP. Reconciliations of the non-GAAP financial measures used in this press release to the most directly comparable GAAP financial measures are set forth in the text of, and the accompanying exhibits to, this press release, and can also be found on the Company's website at [ir.criver.com](http://ir.criver.com).

**Caution Concerning Forward-Looking Statements.** This document includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "anticipate," "believe," "expect," "estimate," "plan," "outlook," and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Forward-looking statements are based on Charles River's current expectations and beliefs, and involve a number of risks and uncertainties that could cause actual results to differ materially from those stated or implied by the forward-looking statements. Those risks and uncertainties include, but are not limited to: challenges arising from the merger with Inveresk Research Group; a decrease in research and development spending or a decrease in the level of outsourced services; acquisition integration risks; special interest groups; contaminations; industry trends; new displacement technologies; USDA and FDA regulations; changes in law; continued availability of products and supplies; loss of key personnel; interest rate and foreign currency exchange rate fluctuations; changes in tax regulation and laws; changes in generally accepted accounting principles; and any changes in business, political, or economic conditions due to the threat of future terrorist activity in the U.S. and other parts of the world, and related U.S. military action overseas. A further description of these risks, uncertainties, and other matters can be found in the Risk Factors detailed in Charles River's Registration Statement on Form S-4 as filed on September 16, 2004, with the Securities and Exchange Commission. Because forward-looking statements involve risks and uncertainties, actual results and events may differ materially from results and events currently expected by Charles River, and Charles River assumes no obligation and expressly disclaims any duty to update information contained in this news release except as required by law.

### **About Charles River Laboratories**

Charles River Laboratories, based in Wilmington, Massachusetts, is a global provider of solutions that advance the drug discovery and development process. Our leading-edge products and services are designed to enable our clients to bring drugs to market faster and more efficiently. Backed by our rigorous, best-in-class procedures and our proven data collection, analysis and reporting capabilities, our products and services are organized into three categories spanning every step of the drug development pipeline: Research Models and Services, Preclinical Services, and Clinical Services. Charles River's customer base includes all of the major pharmaceutical companies, biotechnology companies, government agencies and many leading hospitals and academic institutions. Charles River's 8,000 employees serve clients in more than 50 countries. For more information on Charles River, visit our website at [www.criver.com](http://www.criver.com).

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

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>December 25,</u>	<u>December 27,</u>	<u>December 25,</u>	<u>December 27,</u>
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Total net sales	\$ 238,061	\$ 156,040	\$ 766,917	\$ 613,723
Cost of products sold and services provided	<u>152,341</u>	<u>96,434</u>	<u>468,351</u>	<u>380,058</u>
Gross margin	85,720	59,606	298,566	233,665
Selling, general and administrative	39,287	22,998	121,448	89,489
Other operating expenses, net	-	-	-	747
Amortization of intangibles	<u>13,204</u>	<u>1,165</u>	<u>16,795</u>	<u>4,876</u>
Operating income	33,229	35,443	160,323	138,553
Interest income (expense)	(4,572)	(1,685)	(8,521)	(6,706)
Other, net	<u>679</u>	<u>340</u>	<u>723</u>	<u>783</u>
Income before income taxes and minority interests	29,336	34,098	152,525	132,630
Provision for income taxes	<u>9,171</u>	<u>13,128</u>	<u>61,156</u>	<u>51,063</u>
Income before minority interests	20,165	20,970	91,369	81,567
Minority interests	<u>(88)</u>	<u>(325)</u>	<u>(1,577)</u>	<u>(1,416)</u>
Net income	<u>\$ 20,077</u>	<u>\$ 20,645</u>	<u>\$ 89,792</u>	<u>\$ 80,151</u>
Earnings per common share				
Basic	\$ 0.33	\$ 0.45	\$ 1.81	\$ 1.76
Diluted	\$ 0.32	\$ 0.42	\$ 1.68	\$ 1.64
Weighted average number of common shares outstanding				
Basic	60,341,786	45,694,910	49,601,021	45,448,368
Diluted	67,035,677	51,453,537	56,045,848	51,314,805

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

	December 25, 2004	December 27, 2003
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 207,566	\$ 182,331
Marketable securities	234	13,156
Trade receivables, net	201,794	111,514
Inventories	61,914	52,370
Other current assets	<u>38,725</u>	<u>11,517</u>
Total current assets	510,233	370,888
Property, plant and equipment, net	357,149	203,458
Goodwill, net	1,385,130	105,308
Other intangibles, net	256,294	30,415
Deferred tax asset	50,412	61,603
Other assets	<u>30,087</u>	<u>27,882</u>
Total assets	<u>\$ 2,589,305</u>	<u>\$ 799,554</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Current portion of long-term debt	\$ 80,456	\$ 253
Accounts payable	28,672	19,433
Accrued compensation	46,037	27,251
Deferred income	117,490	30,846
Other current liabilities	<u>78,296</u>	<u>36,568</u>
Total current liabilities	350,951	114,351
Long-term debt	605,388	185,600
Other long-term liabilities	<u>147,088</u>	<u>24,804</u>
Total liabilities	<u>1,103,427</u>	<u>324,755</u>
Minority interests	9,792	10,176
Total shareholders' equity	<u>1,476,086</u>	<u>464,623</u>
Total liabilities and shareholders' equity	<u>\$ 2,589,305</u>	<u>\$ 799,554</u>



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

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	December 25, 2004	December 27, 2003	December 25, 2004	December 27, 2003
<b>Research Models and Services</b>				
Net sales	\$ 119,017	\$ 107,009	\$ 476,668	\$ 428,176
Gross margin	48,852	44,019	206,797	182,318
Gross margin as a % of net sales	41.0%	41.1%	43.4%	42.6%
Operating income	34,721	31,300	152,556	136,518
Operating income as a % of net sales	29.2%	29.2%	32.0%	31.9%
Depreciation and amortization	4,760	5,049	17,872	16,974
Capital expenditures	11,194	9,797	26,559	23,776
<b>Preclinical Services</b>				
Net sales	\$ 94,772	\$ 49,031	\$ 265,977	\$ 185,547
Gross margin	31,329	15,587	86,230	51,347
Gross margin as a % of net sales	33.1%	31.8%	32.4%	27.7%
Operating income	4,815	7,919	33,622	17,521
Operating income as a % of net sales	5.1%	16.2%	12.6%	9.4%
Depreciation and amortization	14,943	3,233	25,443	12,590
Capital expenditures	11,747	3,138	18,493	8,928
<b>Clinical Services</b>				
Net sales	\$ 24,272	\$ -	\$ 24,272	\$ -
Gross margin	5,539	-	5,539	-
Gross margin as a % of net sales	22.8%	-	22.8%	-
Operating income	731	-	731	-
Operating income as a % of net sales	3.0%	-	3.0%	-
Depreciation and amortization	2,994	-	2,994	-
Capital expenditures	284	-	284	-
<b>Unallocated Corporate Overhead</b>	\$ (7,038)	\$ (3,776)	\$ (26,586)	\$ (15,486)
<b>Total</b>				
Net sales	\$ 238,061	\$ 156,040	\$ 766,917	\$ 613,723
Gross margin	85,720	59,606	298,566	233,665
Gross margin as a % of net sales	36.0%	38.2%	38.9%	38.1%
Operating income	33,229	35,443	160,323	138,553
Operating income as a % of net sales	14.0%	22.7%	20.9%	22.6%
Depreciation and amortization	22,697	8,282	46,309	29,564
Capital expenditures	23,225	12,935	45,336	32,704

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

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	December 25, 2004	December 27, 2003	December 25, 2004	December 27, 2003
<b>Research Models and Services</b>				
Net sales	\$ 119,017	\$ 107,009	\$ 476,668	\$ 428,176
Operating income	34,721	31,300	152,556	136,518
Operating income as a % of net sales	29.2%	29.2%	32.0%	31.9%
Add back:				
Litigation settlement	-	-	-	(2,908)
Operating income, excluding specified charges (Non-GAAP)	34,721	31,300	152,556	133,610
Non-GAAP operating income as a % of net sales	29.2%	29.2%	32.0%	31.2%
<b>Preclinical Services</b>				
Net sales	\$ 94,772	\$ 49,031	\$ 265,977	\$ 185,547
Operating income	4,815	7,919	33,622	17,521
Operating income as a % of net sales	5.1%	16.2%	12.6%	9.4%
Add back:				
Amortization related to merger	9,610	-	9,610	-
Proteomics write-off	2,956	-	2,956	-
Impairment charge	-	-	-	3,655
Severance charges	-	-	-	871
Operating income, excluding specified charges (Non-GAAP)	17,381	7,919	46,188	22,047
Non-GAAP operating income as a % of net sales	18.3%	16.2%	17.4%	11.9%
<b>Clinical Services</b>				
Net sales	\$ 24,272	\$ -	\$ 24,272	\$ -
Operating income	731	-	731	-
Operating income as a % of net sales	3.0%	-	3.0%	-
Add back:				
Amortization related to merger	2,493	-	2,493	-
Operating income, excluding specified charges (Non-GAAP)	3,224	-	3,224	-
Non-GAAP operating income as a % of net sales	13.3%	-	13.3%	-
<b>Unallocated Corporate Overhead</b>				
Add back:				
Stock-based compensation related to merger	2,303	-	2,303	-
Unallocated corporate overhead, excluding specified charges (Non-GAAP)	(4,735)	(3,776)	(24,283)	(15,486)
<b>Total</b>				
Net sales	\$ 238,061	\$ 156,040	\$ 766,917	\$ 613,723
Operating income	33,229	35,443	160,323	138,553
Operating income as a % of net sales	14.0%	22.7%	20.9%	22.6%
Add back:				
Amortization related to merger	12,103	-	12,103	-
Stock-based compensation related to merger	2,303	-	2,303	-
Proteomics write-off	2,956	-	2,956	-
Impairment charge	-	-	-	3,655
Litigation settlement	-	-	-	(2,908)
Severance charges	-	-	-	871
Operating income, excluding specified charges (Non-GAAP)	50,591	35,443	177,685	140,171
Non-GAAP operating income as a % of net sales	21.3%	22.7%	23.2%	22.8%

Charles River management believes that non-GAAP financial results provide useful information to investors in being able to assess the Company's ongoing operations without the effect of one-time charges. Such information provides investors with the ability to assess the Company's operating performance. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules and regulations.

**CHARLES RIVER LABORATORIES INTERNATIONAL, INC.**  
**RECONCILIATION OF GAAP EARNINGS TO NON-GAAP EARNINGS**  
(dollars in thousands, except for per share data)

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>December 25,</u>	<u>December 27,</u>	<u>December 25,</u>	<u>December 27,</u>
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Net income	\$ 20,077	\$ 20,645	\$ 89,792	\$ 80,151
Add back:				
Deferred tax asset write-off	-	-	7,900	-
Valuation allowance release	-	-	(2,111)	-
Amortization related to merger	12,103	-	12,103	-
Stock-based compensation related to merger	2,303	-	2,303	-
Proteomics write-off	2,956	-	2,956	-
Minority Interest on Proteomics write-off	(345)	-	(345)	-
Deferred financing cost write-off	105	-	105	-
Impairment charge	-	-	-	3,655
Litigation settlement	-	-	-	(2,908)
Severance charges	-	-	-	871
Tax effect	(6,001)	-	(6,001)	(622)
Net income, excluding specified charges (Non-GAAP)	<u>\$ 31,198</u>	<u>\$ 20,645</u>	<u>\$ 106,702</u>	<u>\$ 81,147</u>
Calculation of earnings per common share, excluding specified charges (Non-GAAP):				
Net income for purposes of calculating earnings per share, excluding specified charges (Non-GAAP)	\$ 31,198	\$ 20,645	\$ 106,702	\$ 81,147
After tax equivalent interest expense on 3.5% senior convertible debentures	<u>1,090</u>	<u>995</u>	<u>4,125</u>	<u>3,982</u>
Income for purposes of calculating diluted earnings per share, excluding specified charges (Non-GAAP)	<u>\$ 32,288</u>	<u>\$ 21,640</u>	<u>\$ 110,827</u>	<u>\$ 85,129</u>
Weighted average shares outstanding - Basic	60,341,786	45,694,910	49,601,021	45,448,368
Effect of dilutive securities:				
3.5% senior convertible debentures	4,759,455	4,759,455	4,759,455	4,759,455
Stock options and contingently issued restricted stock	1,593,121	676,673	1,346,665	726,291
Warrants	<u>341,315</u>	<u>322,499</u>	<u>338,707</u>	<u>380,691</u>
Weighted average shares outstanding - Diluted	<u>67,035,677</u>	<u>51,453,537</u>	<u>56,045,848</u>	<u>51,314,805</u>
Basic earnings per share	\$ 0.33	\$ 0.45	\$ 1.81	\$ 1.76
Diluted earnings per share	\$ 0.32	\$ 0.42	\$ 1.68	\$ 1.64
Basic earnings per share, excluding specified charges (Non-GAAP)	\$ 0.52	\$ 0.45	\$ 2.15	\$ 1.79
Diluted earnings per share, excluding specified charges (Non-GAAP)	\$ 0.48	\$ 0.42	\$ 1.98	\$ 1.66

Charles River management believes that non-GAAP financial results provide useful information to investors in being able to assess the Company's ongoing operations without the effect of one-time charges. Such information provides investors with the ability to assess the Company's operating performance. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules and regulations.