

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

FEBRUARY 9, 2009
Date of Report (Date of earliest event reported)

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
(Exact Name of Registrant as specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

333-92383
(Commission File Number)

06-1397316
(I.R.S. Employer
Identification No.)

251 Ballardvale Street
Wilmington, Massachusetts 01887
(Address of Principal Executive Offices) (Zip Code)

781-222-6000
(Registrant's Telephone Number, including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

The following information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On February 9, 2009, Charles River Laboratories International, Inc. issued a press release providing financial results for the quarter and fiscal year ended December 27, 2008.

The press release, attached as an exhibit to this report, includes "safe harbor" language pursuant to the Private Securities Litigation Reform Act of 1995, as amended, indicating that certain statements contained in the press release are "forward-looking" rather than historic. The press release also states that these and other risks relating to Charles River are set forth in the documents filed by Charles River with the Securities and Exchange Commission.

Item 9.01. Financial Statements and Exhibits

- (a) Not applicable.
- (b) Not applicable.
- (c) Exhibits.

99.1 Press release dated February 9, 2009.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHARLES RIVER LABORATORIES
INTERNATIONAL, INC.

Dated: February 9, 2009

By: /s/ Matthew L. Daniel

Matthew L. Daniel, Senior Corporate Counsel
and Assistant Secretary

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---------------------------------------|
| 99.1 | Press release dated February 9, 2009. |

Charles River Announces Fourth-Quarter and Full-Year 2008 Results and 2009 Guidance

WILMINGTON, Mass.--(BUSINESS WIRE)--February 9, 2009--Charles River Laboratories International, Inc. (NYSE: CRL):

- Company Records Goodwill Impairment of \$700.0 Million, or \$10.43 per Share –**
- Fourth-Quarter GAAP Loss per Share of \$9.91 Including the Charge, and Non-GAAP Earnings per Share of \$0.59 –**
- Full-Year GAAP Loss per Share of \$7.76 Including the Charge and Non-GAAP Earnings per Share of \$2.89 –**
- 2009 Guidance of GAAP EPS Between \$1.86-\$2.16 and Non-GAAP EPS Between \$2.30-\$2.60 –**
- Company to Repatriate \$90 Million of Foreign Earnings in First Quarter of 2009 –**

Charles River Laboratories International, Inc. (NYSE: CRL) today reported its results for the fourth-quarter and full-year 2008 and provided guidance for 2009. For the quarter, net sales decreased 2.1% to \$311.4 million from \$318.0 million in the fourth quarter of 2007. Higher sales for the Research Models and Services (RMS) segment were offset by lower sales for the Preclinical Services (PCS) segment and by foreign exchange, which decreased sales growth by 4.2%.

On a GAAP basis, the net loss for the fourth quarter of 2008 was \$661.9 million, or \$9.91 per diluted share, compared to net income of \$36.9 million, or \$0.52 per diluted share, for the fourth quarter of 2007. These results include a non-cash goodwill impairment of \$700.0 million, or \$10.43 per diluted share, in connection with management's annual assessment of goodwill on its balance sheet. There is no impact on the Company's cash flows or debt covenants as a result of the impairment, and only a small tax benefit related to the impairment charge.

On a non-GAAP basis, net income was \$39.7 million for the fourth quarter of 2008, compared to \$45.9 million for the same period in 2007, a decrease of 13.6%. Fourth-quarter diluted earnings per share on a non-GAAP basis were \$0.59, a decrease of 9.2% compared to \$0.65 per share in the fourth quarter of 2007. Non-GAAP earnings per share in the fourth quarter of 2008 excluded the goodwill impairment charge, \$7.5 million of amortization of intangible assets related to acquisitions; a charge of \$1.9 million as a result of a change in Massachusetts tax law; a benefit of \$4.0 million on repatriation of accumulated foreign earnings; and a net charge of \$2.5 million related to severance costs due to cost-saving actions, the sale of the Company's Vaccine business in Mexico, closure of its RMS facility in Hungary, and advisory fees incurred in connection with repatriation of accumulated foreign earnings. For the fourth quarter of 2007, non-GAAP earnings per share excluded \$9.1 million of amortization of intangible assets related to acquisitions and a charge of \$4.6 million related to the Company's exit from its Worcester, Massachusetts preclinical facility, which was partially offset by a \$2.1 million benefit resulting from a deferred tax revaluation.

James C. Foster, Chairman, President and Chief Executive Officer, said, “Our 2008 results reflect the impact of the global economic crisis and the challenges our pharmaceutical and biotechnology clients are facing, especially in the PCS segment. The RMS segment continued to perform well. On an organic basis, RMS sales grew approximately 10.5% for the year, and the GAAP and non-GAAP margins remained in line with the previous year.”

“Our guidance for 2009 reflects our expectation that softer market demand, particularly for preclinical services, will persist at least until mid-year, although we are currently seeing signs of firming demand. We believe that this environment is temporary, and that our clients will continue to outsource drug development services as they strive to improve the efficiency of their drug pipelines. We have had a number of meetings with senior management of our largest clients to discuss opportunities to meaningfully broaden our partnerships with them, and are encouraged by these opportunities.”

“We are using this period of market uncertainty to continue to streamline our operations, and have implemented actions in the fourth quarter to improve our operating efficiency and cost structure. Additional actions will occur in the first quarter, as a result of which we expect to reduce our operating costs by approximately \$20.0 million in 2009, with an annual run-rate of \$25.0 million beginning in 2010. We intend to emerge from this period as a leaner, more efficient operation, and combined with our deep scientific expertise, enhance our position as an ideal partner for pharmaceutical and biotechnology companies,” Mr. Foster concluded.

First-Quarter Actions

Cost-Saving Initiatives

In order to align our infrastructure for enhanced operating efficiency, the Company intends to undertake a number of actions in the first quarter of 2009, the most significant of which is a headcount reduction of approximately 3% company-wide. The majority of the reductions will occur in the PCS business segment. As a result of these cost-saving actions, the Company will take a one-time charge, primarily in the first quarter of 2009, of approximately \$9.0 million. The net effect of these charges, which will be excluded from non-GAAP results, is expected to be approximately \$0.08 per diluted share.

Repatriation

In the first quarter of 2009, the Company expects to repatriate approximately \$90 million of its accumulated income earned outside the United States. As a result of the anticipated repatriation, the Company recognized a one-time net after-tax benefit in the amount of \$4.0 million, or \$0.06 per diluted share, in the fourth quarter of 2008. The benefit was excluded from non-GAAP results, as were \$0.4 million of advisory fees associated with the repatriation effort. The cash will be used for general corporate purposes.

Fourth-Quarter Segment Results

Research Models and Services (RMS)

Sales for the RMS segment were \$152.8 million in the fourth quarter of 2008, an increase of 5.3% from \$145.2 million in the fourth quarter of 2007. Foreign currency translation reduced the sales growth rate by 2.1%. Sales growth was driven by continuing strong demand for research models in the bellwether United States market, and higher sales for the Consulting and Staffing Services business as well as In Vitro products. Lower fourth-quarter sales as a result of the divestiture of the Vaccine business in Mexico were substantially offset by the acquisition of MIR Preclinical Services, completed on September 15, 2008.

In the fourth quarter of 2008, the RMS segment's GAAP operating margin was 26.2% compared to 27.1% in the fourth quarter of 2007. The lower margin reflected a greater proportion of services in the sales mix, as well as higher operating costs, particularly in North America, due to new capacity in California and Maryland. On a non-GAAP basis, which excluded charges of \$0.9 million for acquisition-related amortization and \$0.9 million related to the sale of our Vaccine business in Mexico and closure of our facility in Hungary, the operating margin was 27.3% compared to 27.6% for the same period in the prior year. Non-GAAP results in the fourth quarter of 2007 excluded \$0.7 million of amortization related to acquisitions.

Preclinical Services (PCS)

Fourth-quarter 2008 net sales for the PCS segment were \$158.6 million, a decrease of 8.3% from \$172.9 million in the fourth quarter of 2007. The PCS sales decline was due primarily to slower market demand as a result of pharmaceutical and biotechnology companies' restructuring and pipeline reprioritization, and the negative effect of foreign currency translation, which reduced the growth rate by 6.0%. The PCS sales decrease was partially offset by strong sales at our new Nevada facility and for our Biopharmaceutical Services business, which included the acquisition of NewLab BioQuality AG on September 9, 2008.

On a non-GAAP basis, which excluded the goodwill impairment, \$6.7 million of acquisition-related amortization and a charge of \$1.2 million for severance related to cost-saving actions, the PCS operating margin declined to 18.2% from 20.6% in the fourth quarter of 2007. The non-GAAP operating margin decline was due primarily to lower sales growth and the additional costs associated with the new preclinical facility in Nevada and the start-up of the new China facility, partially offset by expense management. As a result of the goodwill impairment, the fourth-quarter GAAP operating margin was (428.1%) compared to 13.1% in the fourth quarter of 2007.

Full-Year Results

For 2008, net sales increased by 9.2% to \$1.34 billion, from \$1.23 billion in 2007. Foreign exchange contributed approximately 1.3% to the sales growth rate.

On a GAAP basis, the net loss for 2008 was \$521.8 million, or \$7.76 per diluted share, including the goodwill impairment of \$700.0 million, or \$10.36 per diluted share. For 2007, net income was \$154.4 million, or \$2.25 per diluted share.

On a non-GAAP basis, net income for 2008 was \$199.8 million, or \$2.89 per diluted share, compared to \$180.2 million, or \$2.62 per diluted share, for 2007. Items excluded from non-GAAP results in 2008 and 2007 are as follows:

| (\$ in millions) | 2008 | 2007 |
|---|---------|---------|
| Goodwill impairment | \$700.0 | -- |
| Amortization related to acquisitions | \$30.3 | \$33.5 |
| Impairment and other charges (1) | \$6.7 | \$6.3 |
| Expenses associated with evaluating foregone acquisitions | \$1.1 | -- |
| Gain on U.S. pension curtailment | (\$3.3) | -- |
| Deferred tax revaluation related to convertible debt | \$2.9 | -- |
| Tax impact of Massachusetts tax law change | \$1.9 | -- |
| Tax benefit of repatriation of accumulated foreign earnings | (\$4.0) | -- |
| Stock-based compensation related to Inveresk acquisition | -- | \$0.1 |
| Gain on sale of UK real estate | -- | (\$2.0) |
| Pre-acquisition Inveresk stock compensation taxes | -- | \$0.8 |
| Deferred tax revaluation | -- | (\$3.0) |

(1) These items were related primarily to the Company's disposition or closure of facilities in Massachusetts, Mexico and Hungary; severance related to cost-saving actions; and advisory fees related to the repatriation of accumulated foreign earnings.

Research Models and Services (RMS)

For 2008, RMS net sales were \$659.9 million, an increase of 14.3% from net sales of \$577.2 million in 2007. Foreign currency translation contributed 3.7% of the net sales growth. The RMS segment's GAAP operating margin was 30.1% in 2008, compared to 30.7% for 2007. On a non-GAAP basis, the operating margin was 30.8% compared to 31.0% in 2007. The slight margin decrease was due primarily to the greater proportion of services in the sales mix and the second-quarter increase in operating expenses in Japan.

Preclinical Services (PCS)

For 2008, PCS net sales were \$683.6 million, an increase of 4.6% over net sales of \$653.4 million in 2007. The negative effect of foreign currency translation reduced the growth rate by 0.9%. On a non-GAAP basis, the operating margin was 19.9% in 2008, compared to 21.5% in 2007. The lower margin was the result of slower sales growth, additional costs associated with the transition to the new preclinical facility in Nevada and start-up costs in China. As a result of the goodwill impairment, the 2008 GAAP operating margin was (87.3%) compared to 15.8% in 2007.

2009 Guidance

The Company is providing the following guidance for 2009, which is based on current foreign exchange rates. This guidance assumes that the market for outsourced preclinical services will continue to experience more measured spending in 2009 by pharmaceutical and biotechnology clients as a result of restructuring and pipeline reprioritization, budget constraints and reduced funding for small biotechnology companies. The guidance also assumes a stronger second half of the year, and that non-GAAP earnings per share for the first quarter of 2009 will be below the fourth quarter of 2008. The sales guidance is net of the negative impact of foreign exchange, which is expected to reduce the growth rate by approximately 5.0%.

2009 GUIDANCE

| | |
|---|-----------------|
| Net sales | (2)% - (7)% |
| GAAP EPS estimate | \$1.86 - \$2.16 |
| Amortization of intangible assets | \$0.26 |
| Charges related to cost-saving actions | \$0.08 |
| Adoption of FSP APB 14-1 (Convertible debt accounting change) | \$0.10 |
| Non-GAAP EPS estimate | \$2.30 - \$2.60 |

Webcast

Charles River Laboratories has scheduled a live webcast on Tuesday, February 10, at 8:30 a.m. ET to discuss matters relating to this press release. To participate, please go to ir.criver.com and select the webcast link. You can also find the associated slide presentation and reconciliations of non-GAAP financial measures to comparable GAAP financial measures on the website.

Use of Non-GAAP Financial Measures

This press release contains non-GAAP financial measures, such as non-GAAP earnings per diluted share, which exclude the non-cash goodwill impairment in the fourth quarter of 2008, amortization of intangible assets and other charges related to our acquisitions, charges related to the dispositions of our legacy preclinical facility in Worcester, Massachusetts, our Vaccine business in Mexico and our RMS facility in Hungary, expenses associated with evaluating bolt-on acquisitions we decided to forego, the impact of the revaluation of a deferred tax asset related to our convertible debt, the impact of our repatriation of accumulated foreign earnings, gains attributable to the curtailment of our U.S. pension plan, and the additional interest recorded as a result of the adoption of FSP APB 14-1. We exclude these items from the non-GAAP financial measures because they are outside our normal operations. There are limitations in using non-GAAP financial measures, as they are not prepared in accordance with generally accepted accounting principles, and may be different than non-GAAP financial measures used by other companies. In particular, we believe that the inclusion of supplementary non-GAAP financial measures in this press release helps investors to gain a meaningful understanding of our core operating results and future prospects without the effect of these often-one-time charges, and is consistent with how management measures and forecasts the Company's performance, especially when comparing such results to prior periods or forecasts. We believe that the financial impact of our acquisitions (and in certain cases, the evaluation of such acquisitions, whether or not ultimately consummated) is often large relative to our overall financial performance, which can adversely affect the comparability of our results on a period-to-period basis. In addition, certain activities, such as business acquisitions, happen infrequently and the underlying costs associated with such activities do not recur on a regular basis. 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. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules and regulations. 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 this press release, and can also be found on the Company's website at ir.criver.com.

Caution Concerning Forward-Looking Statements

This news release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "anticipate," "believe," "expect," "will," "may," "estimate," "plan," "outlook," and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These statements also include statements regarding our projected 2009 sales and earnings; the future demand for drug discovery and development products and services (particularly in light of the challenging economic environment), including the outsourcing of these services and present spending trends by our customers; the impact of specific actions intended to improve overall operating efficiencies and profitability; the timing of the opening of new and expanded facilities by us and our competitors; our future stock purchase activities; future cost reduction activities by our customers; and Charles River's future performance as delineated in our forward-looking guidance, and particularly our expectations with respect to sales growth and foreign exchange impact. In addition, these statements include the availability of funding for our customers and the impact of economic and market conditions on them generally, and the anticipated strength of our balance sheet, the effects of our first-quarter 2009 cost-saving actions and other actions designed to manage expenses, operating costs and capital spending, and to streamline efficiency, the timing of our repatriation of accumulated income earned outside the United States, and the ability of the Company to withstand the current market conditions. Forward-looking statements are based on Charles River's current expectations and beliefs, and involve a number of risks and uncertainties that are difficult to predict and that could cause actual results to differ materially from those stated or implied by the forward-looking statements. Those risks and uncertainties include, but are not limited to: the ability to successfully integrate the acquisitions of NewLab and MIR; a decrease in research and development spending, a decrease in the level of outsourced services, or other cost reduction actions by our customers; the ability to convert backlog to sales; special interest groups; contaminations; industry trends; new displacement technologies; USDA and FDA regulations; changes in law; continued availability of products and supplies; loss of key personnel; interest rate and foreign currency exchange rate fluctuations; changes in tax regulation and laws; changes in generally accepted accounting principles; and any changes in business, political, or economic conditions due to the threat of future terrorist activity in the U.S. and other parts of the world, and related U.S. military action overseas. A further description of these risks, uncertainties, and other matters can be found in the Risk Factors detailed in Charles River's Annual Report on Form 10-K as filed on February 20, 2008, as well as other filings we make with the Securities and Exchange Commission. Because forward-looking statements involve risks and uncertainties, actual results and events may differ materially from results and events currently expected by Charles River, and Charles River assumes no obligation and expressly disclaims any duty to update information contained in this news release except as required by law.

About Charles River

Accelerating Drug Development. Exactly. Charles River provides essential products and services to help pharmaceutical and biotechnology companies, government agencies and leading academic institutions around the globe accelerate their research and drug development efforts. Our nearly 9,000 employees worldwide are focused on providing clients with exactly what they need to improve and expedite the discovery, development through first-in-human evaluation, and safe manufacture of new therapies for the patients who need them. To learn more about our unique portfolio and breadth of services, visit www.criver.com.

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

| | Three Months Ended | | Twelve Months Ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | December 27, 2008 | December 29, 2007 | December 27, 2008 | December 29, 2007 |
| Total net sales | \$ 311,447 | \$ 318,028 | \$ 1,343,493 | \$ 1,230,626 |
| Cost of products sold and services provided | 199,372 | 200,265 | 832,784 | 752,435 |
| Gross margin | 112,075 | 117,763 | 510,709 | 478,191 |
| Selling, general and administrative | 55,339 | 56,535 | 230,159 | 217,491 |
| Goodwill impairment | 700,000 | - | 700,000 | - |
| Amortization of intangibles | 7,532 | 9,094 | 30,312 | 33,509 |
| Operating income | (650,796) | 52,134 | (449,762) | 227,191 |
| Interest income (expense) | (2,155) | (1,339) | (5,318) | (8,321) |
| Other income (expense) | (3,429) | 333 | (5,930) | (1,448) |
| Income (loss) before income taxes and minority interests | (656,380) | 51,128 | (461,010) | 217,422 |
| Provision for income taxes | 6,279 | 12,181 | 61,944 | 59,400 |
| Income (loss) before minority interests | (662,659) | 38,947 | (522,954) | 158,022 |
| Minority interests | 351 | 1 | 687 | (470) |
| Income (loss) from continuing operations | (662,308) | 38,948 | (522,267) | 157,552 |
| Income (loss) from discontinued businesses, net of tax | 424 | (2,038) | 424 | (3,146) |
| Net income (loss) | <u>\$ (661,884)</u> | <u>\$ 36,910</u> | <u>\$ (521,843)</u> | <u>\$ 154,406</u> |
| Earnings (loss) per common share | | | | |
| Basic: | | | | |
| Continuing operations | \$ (9.91) | \$ 0.58 | \$ (7.76) | \$ 2.35 |
| Discontinued operations | \$ 0.01 | \$ (0.03) | \$ 0.01 | \$ (0.05) |
| Net income | \$ (9.91) | \$ 0.55 | \$ (7.76) | \$ 2.31 |
| Diluted: | | | | |
| Continuing operations | \$ (9.91) | \$ 0.55 | \$ (7.76) | \$ 2.29 |
| Discontinued operations | \$ 0.01 | \$ (0.03) | \$ 0.01 | \$ (0.05) |
| Net income | \$ (9.91) | \$ 0.52 | \$ (7.76) | \$ 2.25 |
| Weighted average number of common shares outstanding | | | | |
| Basic | 66,815,252 | 67,320,340 | 67,273,748 | 66,960,515 |
| Diluted | 66,815,252 | 70,525,144 | 67,273,748 | 68,735,936 |

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

| | December 27, 2008 | December 29, 2007 |
|--|------------------------------|------------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 243,592 | \$ 225,449 |
| Trade receivables, net | 210,214 | 213,908 |
| Inventories | 96,882 | 88,023 |
| Other current assets | 67,218 | 79,477 |
| Current assets of discontinued businesses | 233 | 1,007 |
| Total current assets | 618,139 | 607,864 |
| Property, plant and equipment, net | 828,921 | 748,793 |
| Goodwill, net | 457,578 | 1,120,540 |
| Other intangibles, net | 136,100 | 148,905 |
| Deferred tax asset | 62,935 | 89,255 |
| Other assets | 52,058 | 85,993 |
| Long-term assets of discontinued businesses | 4,187 | 4,187 |
| Total assets | \$ 2,159,918 | \$ 2,805,537 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities | | |
| Current portion of long-term debt & capital leases | \$ 35,452 | \$ 25,051 |
| Accounts payable | 40,517 | 36,715 |
| Accrued compensation | 54,870 | 53,359 |
| Deferred revenue | 86,707 | 102,021 |
| Accrued liabilities | 60,741 | 61,366 |
| Other current liabilities | 22,676 | 23,268 |
| Current liabilities of discontinued businesses | 35 | 748 |
| Total current liabilities | 300,998 | 302,528 |
| Long-term debt & capital leases | 540,646 | 484,998 |
| Other long-term liabilities | 118,827 | 154,044 |
| Total liabilities | 960,471 | 941,570 |
| Minority interests | 422 | 3,500 |
| Total shareholders' equity | 1,199,025 | 1,860,467 |
| Total liabilities and shareholders' equity | \$ 2,159,918 | \$ 2,805,537 |

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

| | Three Months Ended | | Twelve Months Ended | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | December 27, 2008 | December 29, 2007 | December 27, 2008 | December 29, 2007 |
| Research Models and Services | | | | |
| Net sales | \$ 152,841 | \$ 145,153 | \$ 659,941 | \$ 577,231 |
| Gross margin | 61,141 | 59,177 | 284,639 | 249,348 |
| Gross margin as a % of net sales | 40.0% | 40.8% | 43.1% | 43.2% |
| Operating income | 40,011 | 39,288 | 198,696 | 177,151 |
| Operating income as a % of net sales | 26.2% | 27.1% | 30.1% | 30.7% |
| Depreciation and amortization | 7,468 | 6,366 | 28,186 | 23,378 |
| Capital expenditures | 14,262 | 20,671 | 60,490 | 51,086 |
| Preclinical Services | | | | |
| Net sales | \$ 158,606 | \$ 172,875 | \$ 683,552 | \$ 653,395 |
| Gross margin | 50,934 | 58,586 | 226,070 | 228,843 |
| Gross margin as a % of net sales | 32.1% | 33.9% | 33.1% | 35.0% |
| Operating income | (678,944) | 22,678 | (596,437) | 103,541 |
| Operating income as a % of net sales | -428.1% | 13.1% | -87.3% | 15.8% |
| Depreciation and amortization | 15,425 | 16,908 | 62,997 | 63,001 |
| Capital expenditures | 32,789 | 68,694 | 136,591 | 175,950 |
| Unallocated Corporate Overhead | | | | |
| | \$ (11,863) | \$ (9,832) | \$ (52,021) | \$ (53,501) |
| Total | | | | |
| Net sales | \$ 311,447 | \$ 318,028 | \$ 1,343,493 | \$ 1,230,626 |
| Gross margin | 112,075 | 117,763 | 510,709 | 478,191 |
| Gross margin as a % of net sales | 36.0% | 37.0% | 38.0% | 38.9% |
| Operating income (loss) | (650,796) | 52,134 | (449,762) | 227,191 |
| Operating income as a % of net sales | -209.0% | 16.4% | -33.5% | 18.5% |
| Depreciation and amortization | 22,893 | 23,274 | 91,183 | 86,379 |
| Capital expenditures | 47,051 | 89,365 | 197,081 | 227,036 |

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP
SELECTED BUSINESS SEGMENT INFORMATION (UNAUDITED) (1)
(dollars in thousands)

| | Three Months Ended | | Twelve Months Ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 27, 2008 | December 29, 2007 | December 27, 2008 | December 29, 2007 |
| Research Models and Services | | | | |
| Net sales | \$ 152,841 | \$ 145,153 | \$ 659,941 | \$ 577,231 |
| Operating income | 40,011 | 39,288 | 198,696 | 177,151 |
| Operating income as a % of net sales | 26.2% | 27.1% | 30.1% | 30.7% |
| Add back: | | | | |
| Amortization related to acquisitions | 872 | 748 | 2,602 | 1,873 |
| Goodwill impairment | - | - | - | - |
| Impairment and other charges (2) | 901 | - | 1,850 | - |
| Operating income, excluding specified charges (Non-GAAP) | \$ 41,784 | \$ 40,036 | \$ 203,148 | \$ 179,024 |
| Non-GAAP operating income as a % of net sales | 27.3% | 27.6% | 30.8% | 31.0% |
| Preclinical Services | | | | |
| Net sales | \$ 158,606 | \$ 172,875 | \$ 683,552 | \$ 653,395 |
| Operating income | (678,944) | 22,678 | (596,437) | 103,541 |
| Operating income as a % of net sales | -428.1% | 13.1% | -87.3% | 15.8% |
| Add back: | | | | |
| Amortization related to acquisitions | 6,660 | 8,346 | 27,710 | 31,636 |
| Goodwill impairment | 700,000 | - | 700,000 | - |
| Impairment and other charges (3) | 1,190 | 4,587 | 4,423 | 6,269 |
| Gain on sale of UK real estate | - | - | - | (2,047) |
| Pre-acquisition Inveresk stock compensation taxes | - | - | - | 845 |
| Operating income, excluding specified charges (Non-GAAP) | \$ 28,906 | \$ 35,611 | \$ 135,696 | \$ 140,244 |
| Non-GAAP operating income as a % of net sales | 18.2% | 20.6% | 19.9% | 21.5% |
| Unallocated Corporate Overhead | | | | |
| | \$ (11,863) | \$ (9,832) | \$ (52,021) | \$ (53,501) |
| Add back: | | | | |
| Impairment and other charges (4) | 416 | - | 416 | - |
| Stock-based compensation related to Inveresk acquisition | - | - | - | 94 |
| Goodwill impairment | - | - | - | - |
| Expensed deal costs | - | - | 1,125 | - |
| U.S. pension curtailment | - | - | (3,276) | - |
| Unallocated corporate overhead, excluding specified charges (Non-GAAP) | \$ (11,447) | \$ (9,832) | \$ (53,756) | \$ (53,407) |
| Total | | | | |
| Net sales | \$ 311,447 | \$ 318,028 | \$ 1,343,493 | \$ 1,230,626 |
| Operating income | (650,796) | 52,134 | (449,762) | 227,191 |
| Operating income as a % of net sales | -209.0% | 16.4% | -33.5% | 18.5% |
| Add back: | | | | |
| Amortization related to acquisition | 7,532 | 9,094 | 30,312 | 33,509 |
| Stock-based compensation related to Inveresk acquisition | - | - | - | 94 |
| Goodwill impairment | 700,000 | - | 700,000 | - |
| Impairment and other charges (2)(3)(4) | 2,507 | 4,587 | 6,689 | 6,269 |
| Expensed deal costs | - | - | 1,125 | - |
| U.S. pension curtailment | - | - | (3,276) | - |
| Gain on sale of UK real estate | - | - | - | (2,047) |
| Pre-acquisition Inveresk stock compensation taxes | - | - | - | 845 |
| Operating income, excluding specified charges (Non-GAAP) | \$ 59,243 | \$ 65,815 | \$ 285,088 | \$ 265,861 |
| Non-GAAP operating income as a % of net sales | 19.0% | 20.7% | 21.2% | 21.6% |

(1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of one-time charges, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules and regulations.

(2) Reported results in 2008 include the sale of the Company's Vaccine business in Mexico and closure of the Company's facility in Hungary.

(3) Reported results in 2008 include the disposition of and accelerated exit from the Company's Worcester, MA facility and severance costs related to cost-saving actions. Reported results in 2007 include the accelerated exit from the Company's Worcester, MA facility.

(4) Reported results in 2008 advisory fees incurred in connection with repatriation of accumulated foreign earnings.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF GAAP EARNINGS TO NON-GAAP EARNINGS (1)
(dollars in thousands, except for per share data)

| | Three Months Ended | | Twelve Months Ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | December 27, 2008 | December 29, 2007 | December 27, 2008 | December 29, 2007 |
| Net income (loss) | \$ (661,884) | \$ 36,910 | \$ (521,843) | \$ 154,406 |
| Less: Discontinued operations | (424) | 2,038 | (424) | 3,146 |
| Net income (loss) from continuing operations | (662,308) | 38,948 | (522,267) | 157,552 |
| Add back: | | | | |
| Amortization related to acquisitions | 7,532 | 9,094 | 30,312 | 33,509 |
| Stock-based compensation related to Inveresk acquisition | - | - | - | 94 |
| Goodwill impairment | 700,000 | - | 700,000 | - |
| Impairment and other charges (2) | 2,507 | 4,587 | 6,689 | 6,269 |
| Expensed deal costs | - | - | 1,125 | - |
| Pension curtailment | - | - | (3,276) | - |
| Gain on sale of UK real estate | - | - | - | (2,047) |
| Pre-acquisition Inveresk stock compensation taxes | - | - | - | 845 |
| Deferred tax revaluation | - | (2,104) | 2,921 | (3,011) |
| Tax effect of goodwill impairment | (2,897) | - | (2,897) | - |
| Mass tax law change | 1,897 | - | 1,897 | - |
| Tax benefit of repatriation | (4,045) | - | (4,045) | - |
| Tax effect | (3,021) | (4,622) | (10,690) | (12,984) |
| Net income from continuing operations, excluding specified charges (Non-GAAP) | <u>\$ 39,665</u> | <u>\$ 45,903</u> | <u>\$ 199,769</u> | <u>\$ 180,227</u> |
| Weighted average shares outstanding - Basic | 66,815,252 | 67,320,340 | 67,273,748 | 66,960,515 |
| Effect of dilutive securities: | | | | |
| 2.25% senior convertible debentures | - | 1,419,547 | 776,387 | 481,136 |
| Stock options and contingently issued restricted stock | 185,968 | 1,517,587 | 1,009,781 | 1,160,369 |
| Warrants | 3,510 | 267,670 | 87,420 | 133,916 |
| Weighted average shares outstanding - Diluted | <u>67,004,730</u> | <u>70,525,144</u> | <u>69,147,336</u> | <u>68,735,936</u> |
| Basic earnings (loss) per share | \$ (9.91) | \$ 0.55 | \$ (7.76) | \$ 2.31 |
| Diluted earnings (loss) per share | \$ (9.91) | \$ 0.52 | \$ (7.76) | \$ 2.25 |
| Basic earnings per share, excluding specified charges (Non-GAAP) | \$ 0.59 | \$ 0.68 | \$ 2.97 | \$ 2.69 |
| Diluted earnings per share, excluding specified charges (Non-GAAP) | \$ 0.59 | \$ 0.65 | \$ 2.89 | \$ 2.62 |

(1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of one-time charges, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules and regulations.

(2) Reported results in 2008 include the sale of the Company's Vaccine business in Mexico and closure of the Company's facility in Hungary; the disposition of and accelerated exit from the Company's Worcester, MA facility; severance costs related to cost-saving actions and advisory fees incurred in connection with repatriation of accumulated foreign earnings. Reported results in 2007 include the accelerated exit from the Company's Worcester, MA facility.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
RECONCILIATION OF ORGANIC NET SALES GROWTH (1)
(dollars in thousands)

| | Three Months Ended | | Twelve Months Ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | December 27, 2008 | December 29, 2007 | December 27, 2008 | December 29, 2007 |
| Research Models and Services | | | | |
| Net sales | \$ 152,841 | \$ 145,153 | \$ 659,941 | \$ 577,231 |
| (Positive)/negative impact of foreign exchange | 3,038 | - | (21,599) | - |
| Impact of acquisitions and divestiture, net (2) | (1,904) | (2,305) | (2,223) | (2,305) |
| Organic sales | 153,975 | 142,848 | 636,119 | 574,926 |
| <i>Organic sales growth</i> | <i>7.8%</i> | | <i>10.6%</i> | |
| Preclinical Services | | | | |
| Net sales | \$ 158,606 | \$ 172,875 | \$ 683,552 | \$ 653,395 |
| (Positive)/negative impact of foreign exchange | 10,454 | - | 6,103 | - |
| Impact of acquisitions and divestiture, net (2) | (4,681) | - | (5,821) | - |
| Organic sales | 164,379 | 172,875 | 683,834 | 653,395 |
| <i>Organic sales growth</i> | <i>-4.9%</i> | | <i>4.7%</i> | |
| Total | | | | |
| Net sales | \$ 311,447 | \$ 318,028 | \$ 1,343,493 | \$ 1,230,626 |
| (Positive)/negative impact of foreign exchange | 13,492 | - | (15,496) | - |
| Impact of acquisitions and divestiture, net (2) | (6,585) | (2,305) | (8,044) | (2,305) |
| Organic sales | 318,354 | 315,723 | 1,319,953 | 1,228,321 |
| <i>Organic sales growth</i> | <i>0.8%</i> | | <i>7.5%</i> | |

(1) Charles River management believes that supplementary non-GAAP financial measures provide useful information to allow investors to gain a meaningful understanding of our core operating results and future prospects, without the effect of one-time charges, consistent with the manner in which management measures and forecasts the Company's performance. The supplementary non-GAAP financial measures included are not meant to be considered superior to, or a substitute for results of operations prepared in accordance with GAAP. The Company intends to continue to assess the potential value of reporting non-GAAP results consistent with applicable rules and regulations.

(2) Acquisitions represent MIR Preclinical Services, completed on September 15, 2008, and NewLab BioQuality AG, completed on September 9, 2008. Divestiture represents the sale of our Vaccine business in Mexico at the end of the third quarter of 2008 (organic growth calculation excludes only fourth-quarter 2007 sales).

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