



charles river

Accelerating Drug Development. Exactly.

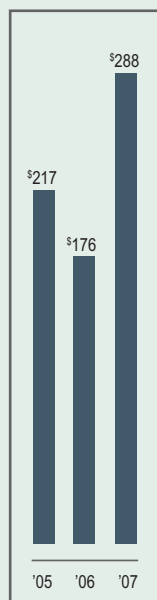


2007 ANNUAL REPORT

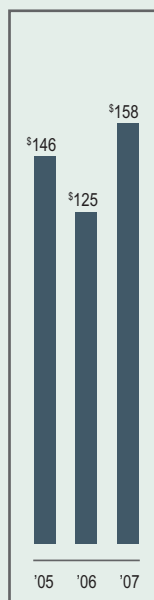
From Continuing Operations:



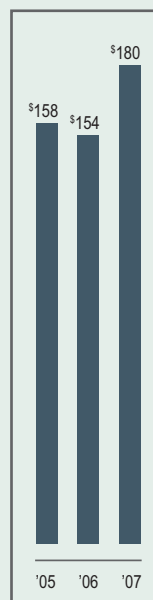
Revenues  
(in millions)



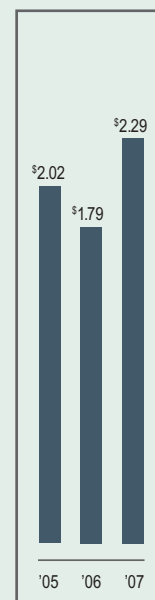
Operating Cash  
Flow (in millions)



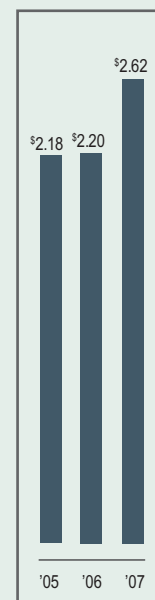
Net Income  
(in millions)



Non-GAAP Net  
Income\* (in millions)



Earnings per  
Diluted Share



Non-GAAP Earnings  
per Diluted Share\*

\* In accordance with Regulation G, reconciliations between GAAP and non-GAAP amounts can be found on page 27.

Accelerating Drug Development. Exactly. Charles River Laboratories International, Inc. (NYSE: CRL) 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 more than 8,500 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.

*On the cover (clockwise from top): A technician evaluates research models at our newly expanded facility in Northern California • Shown in the Fall of 2007, construction at our state-of-the-art preclinical facility in Nevada nears completion • Key to the development of biological compounds, we provide expert specialty services such as inhalation toxicology.*



A portrait of James C. Foster, a middle-aged man with glasses, smiling. He is wearing a dark sweater over a light blue and white striped collared shirt. The background is a blurred blue and white geometric pattern.

**JAMES C. FOSTER**  
*Chairman, President and Chief Executive Officer*

## To our shareholders

I am very pleased to report that 2007 was a tremendous year for Charles River, during which we clearly demonstrated the strength of our business model and the value that we provide to our global client base. Net sales advanced 16.3% in 2007 to \$1.23 billion. GAAP earnings per diluted share from continuing operations rose 27.9% over 2006 to \$2.29, and non-GAAP earnings per diluted share were up 19.1% to \$2.62. We generated \$61 million of free cash flow, even while investing \$227 million in our strategic capacity expansion projects.

Our results represented the nexus of two critical factors: The first is our strategic focus, and the second is the inflection point at which pharmaceutical companies find themselves with regard to outsourcing. It is our business strategy to provide a unique continuum of products and services from the point at which researchers begin to use research models in discovery through proof of concept for new therapies. We are the only company with the expertise to support such a broad portion of the

drug development pipeline, and we can do so because we have focused on and invested in – and continue to invest in – our core competencies of veterinary medicine and science, and regulatory compliant preclinical services.

We offer these extensive services and the capacity to provide them at a time when pharmaceutical companies have reached an inflection point in their adoption of strategic outsourcing. From patent expirations to pipeline rationalization to spending constraints and facility closures, there are many factors driving the need for improved efficiency. Increasingly, these companies are using outsourcing to accelerate the discovery and development process, whether by investment in biotechnology companies to provide discovery of new compounds or utilizing contract research organizations like Charles River. We see this in the increasing number of requests for proposals, in the outsourcing of compound development programs rather than just individual studies, and in the requests for Charles River Dedicated Resources™ (CRDR) arrangements, where we provide staff or space or both in flexible combinations designed to fit specific needs. Our relationships with our clients, already close, are becoming even closer as we work side by side to support their drug development efforts.

Understanding the pressures that our pharmaceutical clients were facing and believing that strategic outsourcing would be one of the only ways these could be addressed, in 2005 we undertook the most ambitious expansion program in our history, the goals of which were to build capacity to accommodate the growing demand for preclinical drug development services and to support our growth. The focus of this program was to replace our legacy Preclinical Services facilities in Massachusetts and Nevada with new, state-of-the-art facilities in which we could enhance the services provided to our clients. Strategically located on the East and West coasts of the United States, proximate to two of the largest pharmaceutical and biotechnology clusters in the world, we custom-designed our new Massachusetts and Nevada

facilities for optimal work flow. At nearly 500,000 square feet each, these facilities provide leading-edge technology and highly experienced staff to support our clients' drug discovery and development programs.

We opened approximately 60% of the Massachusetts facility in January 2007 and will phase in approximately 80% of the Nevada facility over the first half of 2008, leaving ample expansion space in both facilities to accommodate CRDR arrangements with clients as well as capacity additions for our business. The costs associated with the transition from our legacy to our new facilities are substantial, which constrained the Preclinical Services operating margin in 2007. However, we expect the benefits of our larger scale and more efficient operations to be evident once the Nevada transition is completed at the end of 2008.

While not as extensive as Massachusetts and Nevada – but no less necessary – we are adding capacity at most of our Preclinical Services and in key Research Models and Services locations as well. In 2007, we completed construction of a unique specialty toxicology facility in Edinburgh and began work on a second building scheduled to open in 2009. We also broke ground for a new Preclinical Services facility in Canada and initiated a project to double the size of our Ohio site, which is one of our smaller facilities. We completed the expansion of our California research model production facility and broke ground for a new facility in Maryland, expected to open in 2008, which will support our CRDR contract with the National Cancer Institute and also provide capacity for commercial production and services. And at the request of a number of our large multinational clients, we took a major step toward becoming the leading provider of preclinical services in China, the fastest-growing market in the world, when we partnered with BioExplorer Co., Ltd., a Shanghai-based company. The joint venture, which is majority-owned by Charles River, will be open for business in the third quarter of 2008. As

one of the first global preclinical contract research organizations operating in this emerging market, we expect to be the leader in setting the standards for regulatory compliant GLP (Good Laboratory Practice) services in China.

The overall effect of this extensive expansion program is essentially to build our clients' facilities for them, enabling them to reduce their infrastructures and rely on us to complement and enhance their internal resources. By partnering with Charles River, our clients gain the advantage of working with an experienced, high-quality service provider with the expertise to support their drug development efforts from the earliest use of research models through proof of concept.

Charles River's growth is not supported by capacity additions alone. Over the last two years, we also strengthened our senior management team with the addition of new positions in Corporate Development, Corporate Strategy, Information Technology and Marketing, to which we recruited experienced professionals. We have enhanced our scientific and operational expertise through the addition of pharmaceutical and biotechnology industry veterans. We have attracted employees from outside the Company and also promoted from within, creating diverse management teams which benefit from their combined industry and Company knowledge. As a result of our expanding business, we added approximately 700 employees in 2007 and expect to add approximately 800 more in 2008.

We have initiated global information technology projects, designed to provide our clients with seamless access to information and streamlined reporting, and to provide us internally with the critical information required to support our growing business. In recognition of our expanding role as an essential partner who supports our clients' drug development process, we introduced a new branding campaign, the goal of which is to reflect the value that we bring to clients by providing a growing

range of products and services across the full preclinical continuum. That positioning – and our heritage of high-quality science – are reflected in our new tagline: *Accelerating Drug Development. Exactly.*

Our mission is to fulfill the promise in this message. To do so, we will maintain our strategic focus on building a continuum of products and services that supports our clients from discovery through proof of concept. We will continue to seek new product and service offerings, innovative testing methods, and opportunities for geographic expansion to better support our clients' goal of developing new therapies for healthier lives. It's also worth noting that, as we grow, we will continue to strengthen the attributes that brought Charles River to this point: Scientific and veterinary excellence; consistent quality; superior biosecurity standards; a strong commitment to humane care; a collaborative environment for our employees; and highly responsive service to our customers. These will continue to be the hallmarks of our Company – just as they were when Charles River was founded sixty years ago.

In closing, I would like to offer my thanks to everyone on the Charles River team for their outstanding execution of our strategy in 2007, and to you, our shareholders, for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read 'James C. Foster', with a large, sweeping flourish extending to the left.

James C. Foster

Chairman, President and Chief Executive Officer



Beginning with the earliest use of research models in discovery and continuing across the development pipeline through proof of concept, we support our clients' efforts to deliver new therapies for human health.







*At Charles River, we produce high-quality research models in biosecure facilities worldwide, such as this one in Northern California.*





*Clockwise from top left: Using sophisticated isolator housing technology, we provide the scientific expertise to support our clients' development and utilization of genetically engineered research models • A technician prepares specimens for laboratory diagnostics • A specific-pathogen-free egg, used primarily for the production of poultry vaccines • An immunodeficient mouse, used extensively for oncology and infectious disease research.*



## Research Models and Services: The foundation of drug discovery and development.

At our inception sixty years ago, Charles River pioneered the rigorous and exacting standards that were the foundation of what is now our Research Models and Services (RMS) business. Over the ensuing years, we developed unmatched expertise in our core competency of veterinary medicine and science, a competency which we have expanded to encompass not only the breeding and welfare of research models, but all of the services which support their use in research.

We are the largest provider in the world of high quality, specific-

pathogen-free research models, and the key scientific services that support them. From our International Genetic Standard to our extensive biosecurity procedures, researchers have confidence that research models from Charles River are properly characterized and free of known contaminants, factors which ensure that critical research studies will not be compromised.

Our research models stand at the heart of the research process, providing investigators with critical information about how therapies work in living systems prior to their

introduction in humans. Charles River produces the largest number of widely used strains, including disease models such as immunodeficient mice used for research in oncology and infectious diseases, as well as other rodent models that closely approximate complex human metabolic disease states such as obesity, hypertension and diabetes.

In addition to this broad range of research models, we also provide an extensive array of services to support their use in research. Often, customers want research models to be “study-ready” upon delivery.





Through our Discovery Services business, we provide preconditioning services including surgical services, biological and chemical modification, and feeding and aging services. These value-added services increase the efficiency of the research process, since the models arrive at the client fully prepared for use in studies.

With advances in genetics and breeding, scientists have developed numerous genetically engineered proprietary models which express complex human disease states. Charles River offers extensive services to support the use of

these more complicated models, from housing and breeding to model characterization services to determine genetic and behavioral profiles. Our Genetically Engineered Models and Services (formerly Transgenic Services) business, which had experienced lower demand in 2006, grew significantly in 2007, as researchers created and utilized more sophisticated models and increasingly relied on us to provide the necessary scientific support.

Another option for our clients is to have Charles River manage their research model facilities. Through

our Consulting and Staffing Services business, we staff our clients' facilities, implement our biosecurity procedures, and help ensure regulatory compliance. This service helps clients optimize the health profiles of their research model colonies, which ultimately helps improve the quality of their research.

The same factors driving pharmaceutical and biotechnology companies to outsource preclinical services – a renewed focus on core competencies and the need for reduced operating costs and improved operating efficiency – are leading them to outsource earlier phases of the drug development pipeline as well. All of

the services we provide benefit from this trend, and we expect continuing growth opportunities as our clients increasingly partner with us to take advantage of our expertise.



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*Clockwise from top left: Accelerating drug development begins with a highly defined, well-characterized research model, the cornerstone of Charles River's extensive portfolio of essential products and services • We provide model characterization services to ensure that a genetically modified research model expresses the desired genetic profile • By using our surgical services, rather than performing those tasks in house, our clients receive research models which are ready to be utilized in studies.*



A person wearing a blue lab coat and a blue surgical cap is working in a laboratory. They are standing next to a metal rack that holds several animal cages. Each cage has a clear plastic water bottle attached to it. The person is leaning on the metal rack. The background shows more cages and a metal structure.

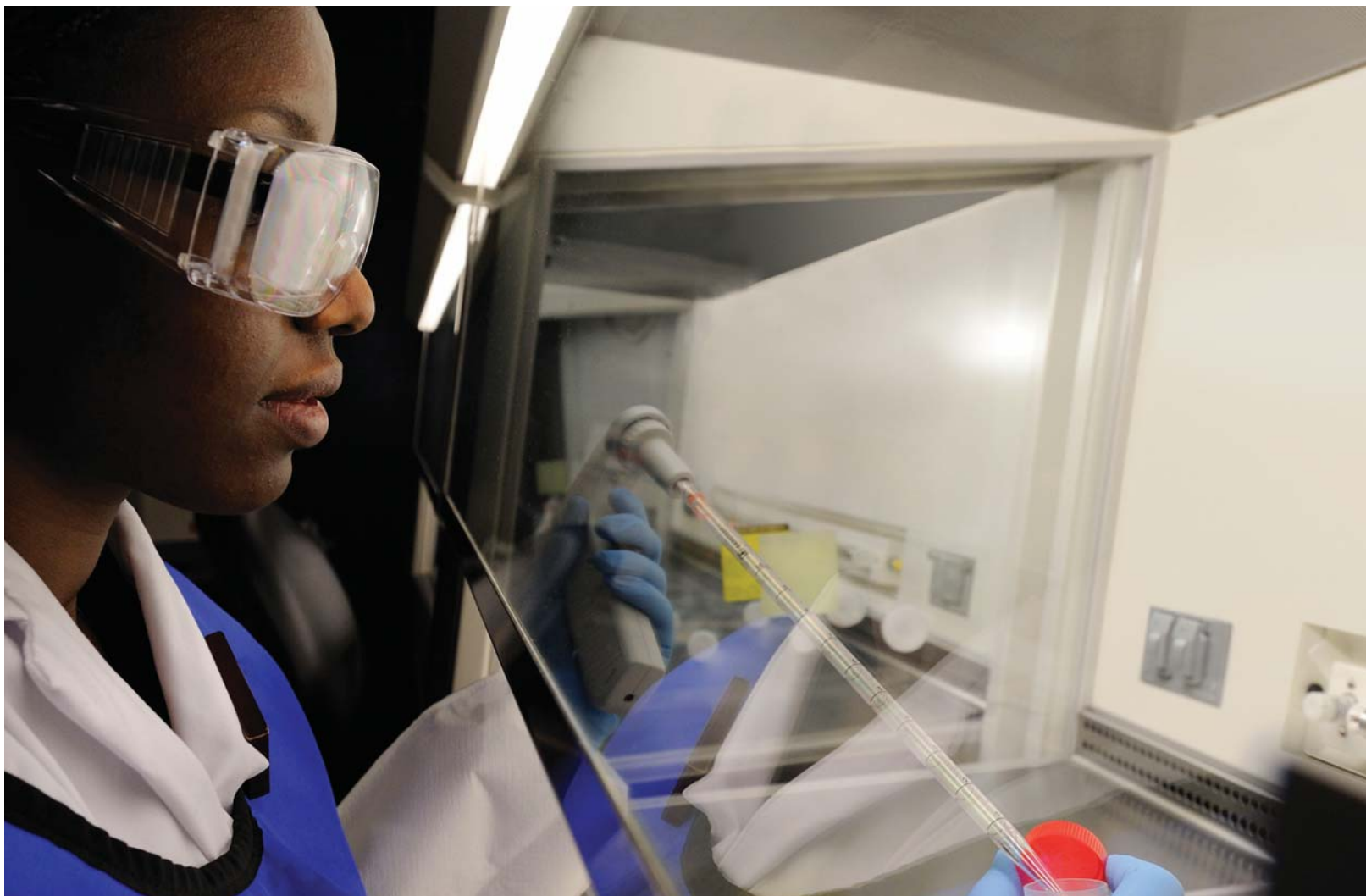
As a means of improving efficiency and throughput, pharmaceutical and biotechnology companies are increasingly partnering with preclinical service providers like Charles River for their scientific expertise, and reducing their investment in infrastructure.





*A highly trained research technician evaluates study data at our state-of-the-art Preclinical Services facility in Massachusetts, which opened in January 2007.*





Preclinical Services: Navigating the drug development process.

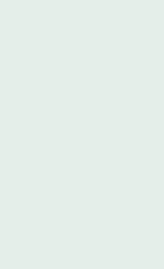
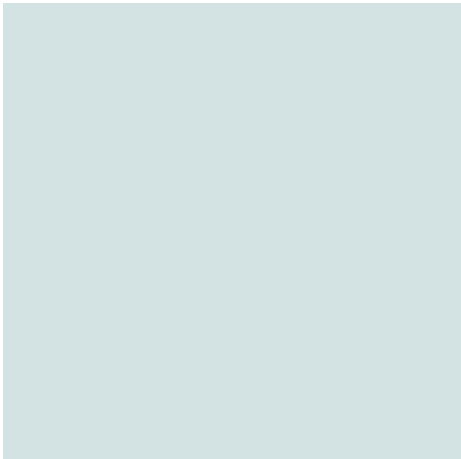


*Clockwise from top left: Our best-in-class pharmacy operations ensure accuracy and precision, which are critical in the dispensing of compounds for use in studies • Infusion, one of our many specialty services, is required for efficacy and safety testing of biological drugs • A technician performs dose concentration analysis for pharmacokinetic profiling, which will determine drug metabolism in a living system over time • Our new preclinical facilities are equipped with the latest technology to promote efficiency and biosecurity.*

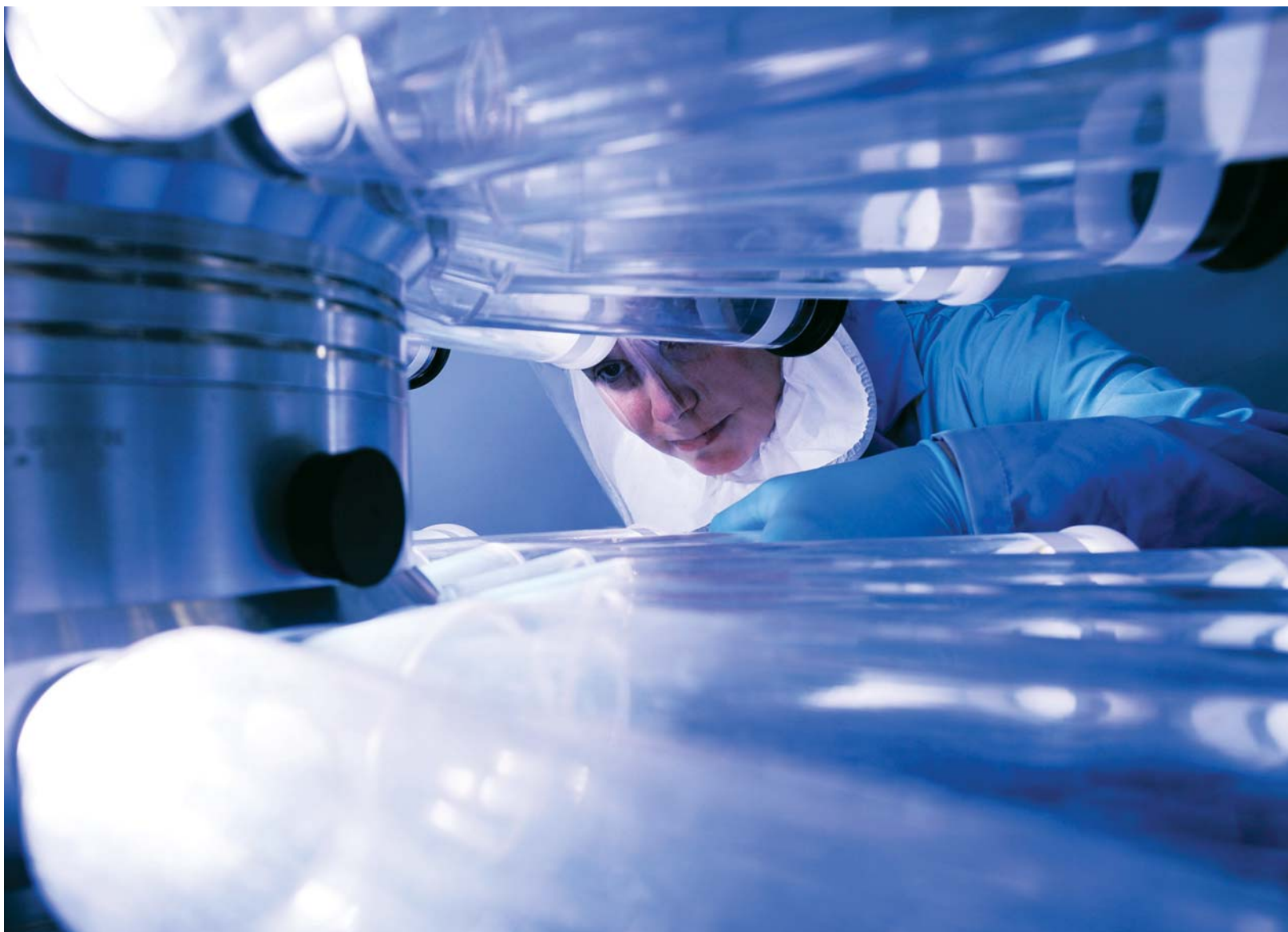
At Charles River, our extensive portfolio of research model products and services is complemented by a comprehensive set of preclinical services spanning the full continuum of the drug development process through proof of concept. This gives Charles River the unique ability to provide a reliable, consistent, single-source solution to our customers anywhere in the world.

The drug discovery and development process requires a series of stringent efficacy and safety protocols designed to ensure that therapeutics work as intended and are safe for people. For pharmaceutical and biotechnology companies, navigating that process – swiftly, accurately, and efficiently – is not only a regulatory necessity, but also the key to growth and profitability.

At Charles River, we differentiate ourselves from other contract research organizations in a number of ways. First, we offer a wide array of preclinical services, including what we believe is the broadest portfolio of specialty toxicology services in the industry. Because this is a key differentiator of our services, we continue to strengthen our scientific and technical expertise in specialty toxicology areas







such as inhalation, infusion, developmental and reproductive, juvenile/neonatal, ocular and bone, as well as immunotoxicology and phototoxicology. Second, we maintain one of the world's largest concentrations of pathologists to interpret study results.

Since many biotechnology clients regard proof of concept as the final step in the preclinical process, we also support a range of Phase I services, including first-in-human

studies. With our 2006 acquisition of Northwest Kinetics in Tacoma, Washington, and our existing Phase I facility in Edinburgh, Scotland, Charles River has more than 300 beds in two state-of-the-art facilities to support our customers' high-end clinical pharmacology studies.

And once the studies are completed, we are well regarded for the timeliness and quality of our reporting capabilities, and the fact that reports

can be submitted directly to the U.S. Food and Drug Administration or other regulatory agencies. We are constantly working to exceed our customers' in-house capabilities in the preclinical continuum – in terms of scale, range of services, expertise, and efficiency – and are able to offer a compelling solution to their needs while significantly differentiating Charles River from other providers.

The core elements of our value proposition – our dedication to understanding customer needs, the development of innovative scientific techniques to meet them and accelerate research, and our commitment to the highest standards of quality and precision – characterize

everything we do at Charles River. What began as a creative solution to a discrete problem has grown and expanded into the industry's broadest range of products and services spanning the entire drug development continuum – from the earliest efficacy tests to first-in-human stud-

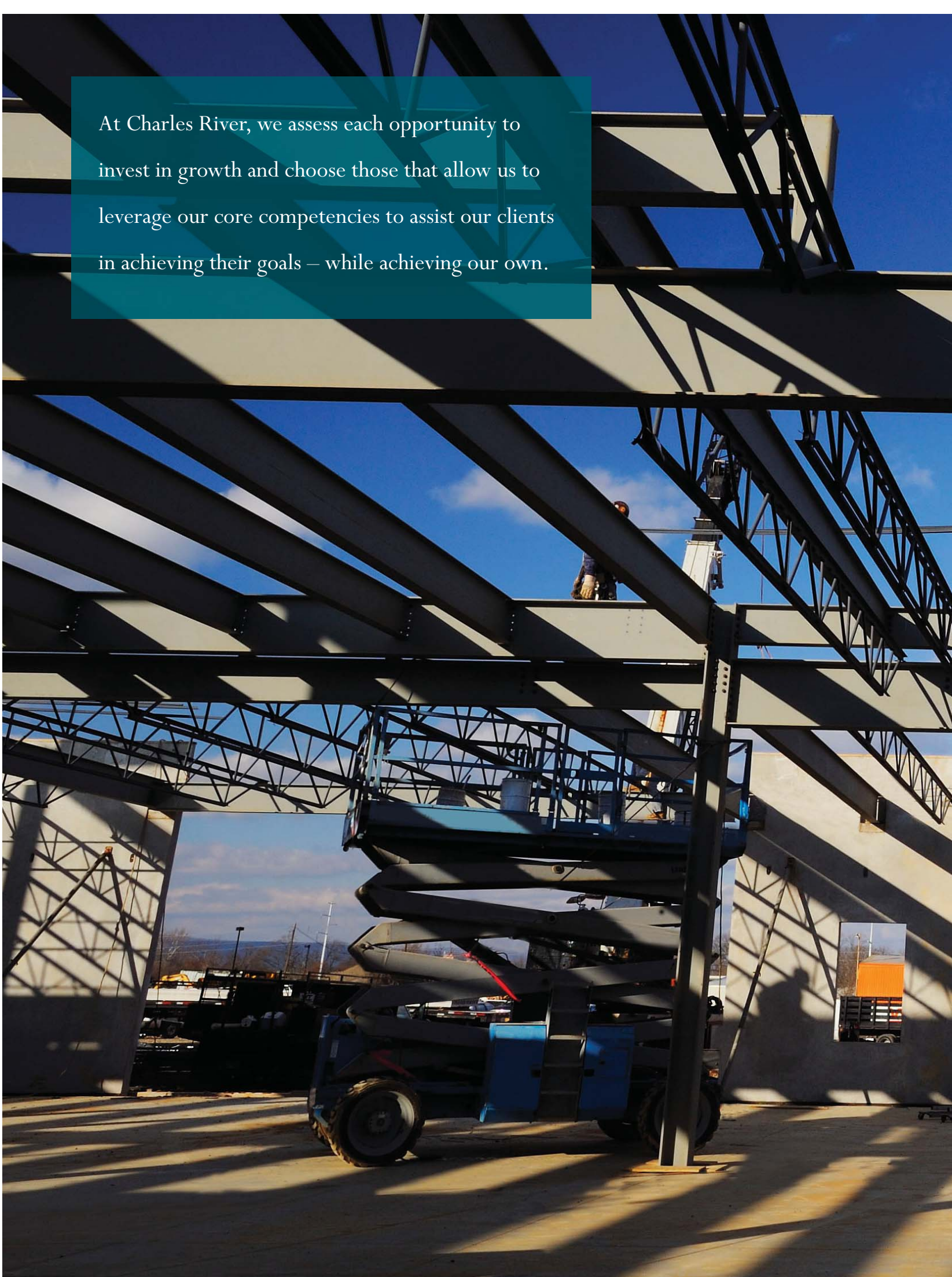
ies in Phase I clinical laboratories. Along the way, we have progressively redefined and deepened the relationship between our Company and our clients, achieving a level of partnership and interdependence that can truly be defined as “becoming one with the customer.”

*Clockwise from top left: We provide market-leading capabilities in inhalation toxicology, a key differentiator of our services • Specialized laboratory capabilities support formulation of light-sensitive compounds • Our extensive analytical chemistry capabilities enable our clients to outsource critical services to us and reduce their infrastructures.*

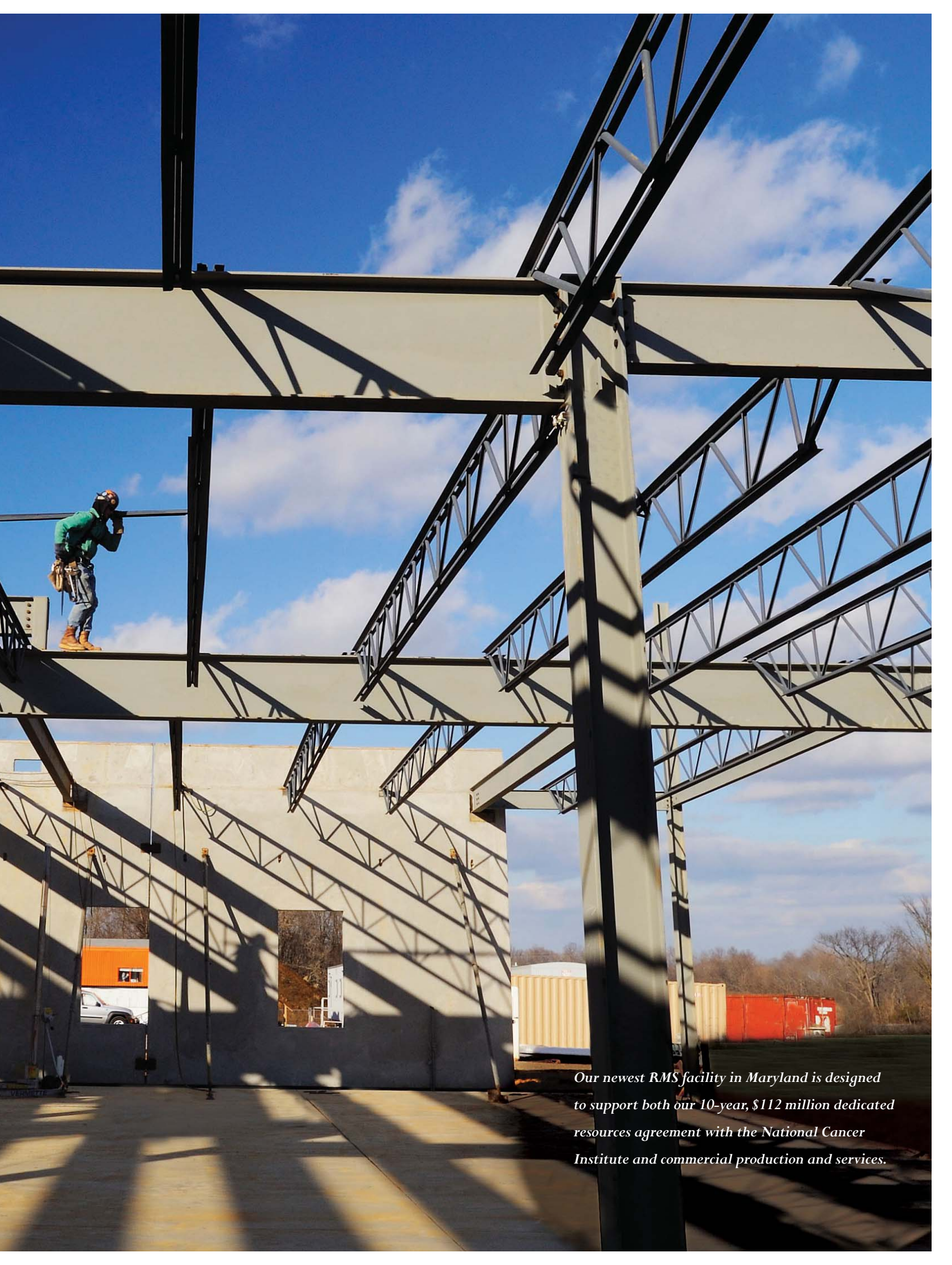




At Charles River, we assess each opportunity to invest in growth and choose those that allow us to leverage our core competencies to assist our clients in achieving their goals – while achieving our own.







*Our newest RMS facility in Maryland is designed to support both our 10-year, \$112 million dedicated resources agreement with the National Cancer Institute and commercial production and services.*





## Building infrastructure for our clients.

We believe that we are witnessing the “virtualization” of Big Pharma. Increasingly challenged by patent expirations, fewer drug approvals, weaker pipelines and increased costs, pharmaceutical companies have clearly reached an inflection point with regard to their choice to use strategic outsourced services. They are closing facilities, reducing in-house personnel, and increasingly relying on contract research organizations like Charles River to provide more of the essential products

and services required to help bring new therapies to market.

Recognizing this opportunity to enhance our ability to support our clients, we are building state-of-the-art capacity at our facilities around the world. Between the new preclinical facilities in Massachusetts, Nevada, Quebec and China, preclinical expansion projects in Ohio and Scotland, our new RMS facility in Maryland and the expansion of our California RMS



facility, we will open approximately one million square feet of new capacity between 2007 and 2009. This capacity will enable us to deepen our relationships with our clients, as our facilities and scientific staff become their infrastructure.

We find more and more that our clients are seeking not just outsourced services, but dedicated resources – including people, expertise, facilities and

equipment – assigned exclusively to their companies on a long-term basis. We are pleased to meet this growing need with the creation of Charles River Dedicated Resources™ (CRDR) arrangements. CRDRs are flexible arrangements whereby our clients can choose dedicated space, staff or other resources, or a combination thereof, to accommodate their drug development efforts. Our goal is to provide



*Clockwise from top left: Our newest preclinical facilities, such as the one in Nevada, provide partially completed expansion space which can be purpose built to accommodate dedicated resources agreements or other client demand • The Endosafe®-PTS™ provides rapid, FDA-required endotoxin test results in a portable, easy-to-use device.*



the services our clients need, when and where they want them, in a seamless partnership.

We continue to look for opportunities to expand our portfolio of products and services, whether through strategic bolt-on acquisitions, partnerships and joint ventures, or through internal investment. One of the most exciting opportunities we have is our In Vitro Detection Systems business, which includes the Endosafe®-PTS™ technology. The PTS is a portable, easy-to-use, hand-held device for the rapid detection of endotoxin contamination.

Used for FDA-required lot release testing of medical devices and injectable drugs, the PTS is experiencing rapid adoption by existing and new customers. Its appeal is enhanced by two FDA initiatives: Process Analytical Technologies, or PAT, and pending regulation of nuclear pharmacies. Both PAT and the regulation of nuclear pharmacies require timely testing of drug samples, applications which the PTS meets exactly. We are continuing to invest in the PTS technology, which we believe addresses a market niche that will continue to expand.

*With pharmaceutical companies at an inflection point in their use of out-sourced services, we have strategically located two of our new preclinical facilities on the East and West coasts of the United States. Shown at top left, PCS Massachusetts, where we opened approximately 265,000 square feet of the 450,000-square-foot facility in January 2007. Shown at bottom right, PCS Nevada, where we are opening approximately 370,000 square feet of the 470,000-square-foot facility over the first half of 2008.*



As pharmaceutical and biotechnology companies address their most critical business challenges – discovering new therapies, ensuring their efficacy and safety, navigating the development and regulatory approval processes, achieving greater efficiency and speed, and deploying capital and resources where they will create the most internal value – they need a new kind of partner.

They need the reliability and simplicity of a broad-based outsourcing partner who spans their discovery and develop-

ment needs. They need a provider who can work seamlessly with them across the drug development continuum.

They need an innovator constantly working to expand the range, quality and availability of its services.

They need Charles River, a professional partner who can uniquely fulfill their requirements from discovery through proof of concept.

*Accelerating Drug Development. Exactly.*



## Corporate Information

### *Directors*

HENRY L. FOSTER, D.V.M.  
Chairman Emeritus  
Charles River Laboratories

JAMES C. FOSTER (1)  
Chairman, President and  
Chief Executive Officer  
Charles River Laboratories

NANCY T. CHANG, Ph.D. (3)  
Managing Director  
OrbiMed Advisors

STEPHEN D. CHUBB (2, 4)  
Former Chairman, Chief Executive Officer  
Matritech, Inc.

GEORGE E. MASSARO (1, 2)  
Vice Chairman  
Huron Consulting Group, Inc.

GEORGE M. MILNE, JR., Ph.D. (1, 3)  
Retired Executive Vice President of  
Global Research and Development and  
President of Central Research, Pfizer Inc.

C. RICHARD REESE (4)  
Chairman, Chief Executive Officer  
Iron Mountain Incorporated

DOUGLAS E. ROGERS (3)  
Partner  
Blackstone Healthcare Partners LLC

SAMUEL O. THIER, M.D. (4)  
Professor of Medicine and  
Health Care Policy, Emeritus  
Harvard Medical School,  
Massachusetts General Hospital

WILLIAM H. WALTRIP (1, 2, 3, 4)  
Lead Independent Director,  
Charles River Laboratories  
Retired Chairman and  
Chief Executive Officer  
Bausch & Lomb Incorporated

### *Committee Memberships*

1. Executive Committee
2. Audit Committee
3. Compensation Committee
4. Corporate Governance and  
Nominating Committee

### *Charles River Laboratories' Board of Directors*

*Left to right: G. Massaro, S. Thier, N. Chang, G. Milne, H. Foster, J. Foster, R. Reese, W. Waltrip, D. Rogers and S. Chubb*





*Corporate Officers*

JAMES C. FOSTER  
Chairman, President &  
Chief Executive Officer

THOMAS F. ACKERMAN  
Executive Vice President &  
Chief Financial Officer

NANCY A. GILLETT,  
D.V.M., Ph.D., D.A.C.V.P.  
Executive Vice President &  
President, Global Preclinical Services

DAVID P. JOHST  
Executive Vice President,  
Human Resources &  
Chief Administrative Officer

REAL H. RENAUD  
Executive Vice President &  
President, Global Research Models  
and Services

JOANNE P. ACFORD  
Senior Vice President,  
General Counsel &  
Corporate Secretary

BRIAN BATHGATE, Ph.D.  
Senior Vice President & President,  
European Preclinical Services

CHRISTOPHE BERTHOUX,  
D.V.M.  
Senior Vice President,  
North American Research  
Models and Services

JÖRG GELLER, D.V.M., Ph.D.  
Senior Vice President,  
Japanese Operations and  
Select Research Model Businesses

JOHN C. HO, M.D.  
Senior Vice President,  
Corporate Strategy

CHRISTOPHER J. PERKIN,  
D.A.B.T.  
Senior Vice President &  
President, Canadian and  
Chinese Preclinical Services

NICHOLAS A. VENTRESCA  
Senior Vice President,  
Information Technology &  
Chief Information Officer

CHERI L. WALKER, Ph.D.  
Senior Vice President,  
Corporate Development

STEPHANIE B. WELLS  
Senior Vice President, Marketing &  
Chief Marketing Officer

*Certifications:* The company has filed the required certifications under Section 302 of the Sarbanes-Oxley Act of 2002 regarding the quality of our public disclosures as Exhibits 31.1 and 31.2 to our Annual Report on Form 10-K for the fiscal year ended December 29, 2007. After our 2007 annual meeting of stockholders the Company filed, and after our 2008 annual meeting of stockholders the Company intends to file, with the New York Stock Exchange the CEO certification regarding its compliance with the NYSE corporate governance listing standards as required by NYSE Rule 303A.12(a).

*Corporate Headquarters*

Charles River Laboratories, Inc.  
251 Ballardvale Street  
Wilmington, MA 01887  
781.222.6000

*Stock Listing*

The common stock of the Corporation is traded under the symbol CRL on the New York Stock Exchange

*Independent Accountants*

PricewaterhouseCoopers, LLP  
125 High Street  
Boston, MA 02110  
617.530.5000

*Shareholder Services*

Computershare Trust  
Company, NA  
P.O. Box 43101  
Providence, RI 02940  
781.575.4593  
[www.computershare.com](http://www.computershare.com)

*Investor Relations*

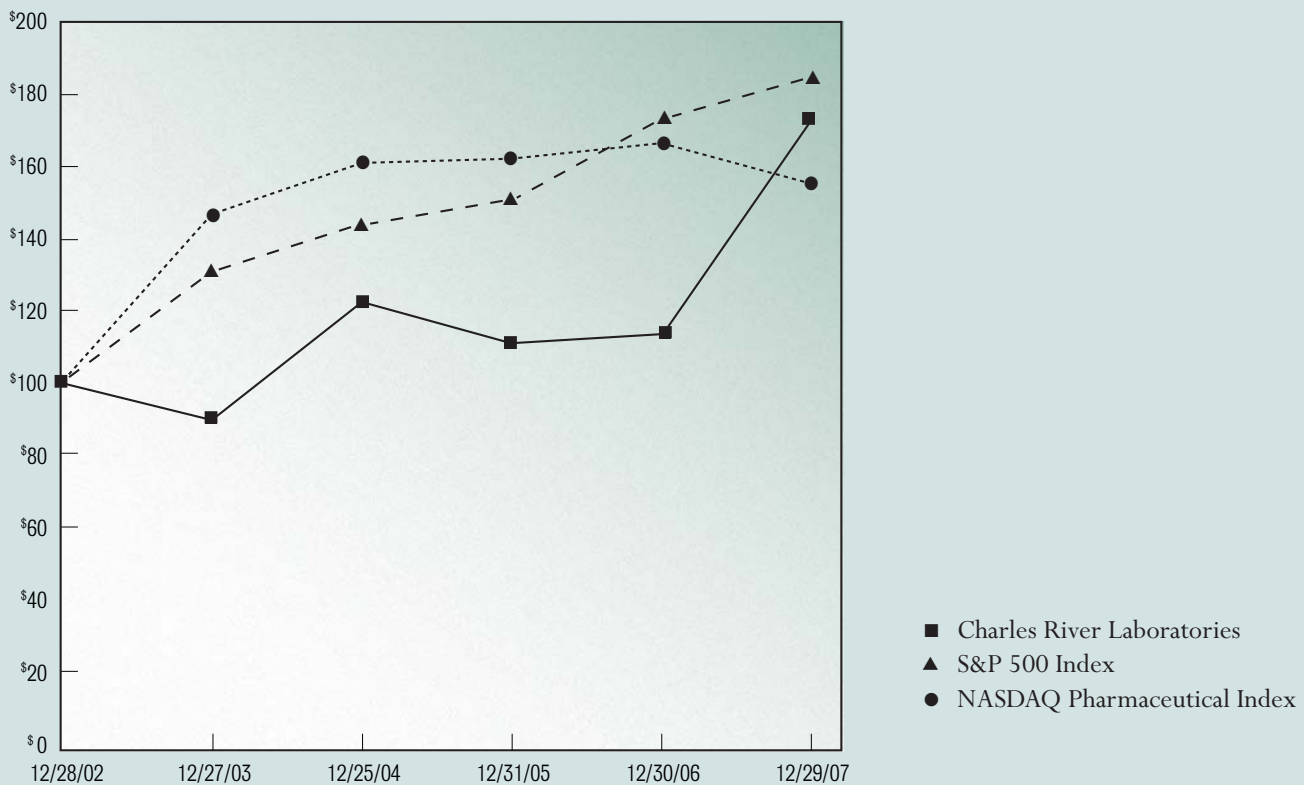
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Tel: 781.222.6000  
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*Corporate News and Information*

Stay informed of the latest company news by visiting us at [www.criver.com](http://www.criver.com)

**COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN**  
**Among Charles River Laboratories International, Inc., The S&P 500 Index**  
**and The NASDAQ Pharmaceutical Index**

The following stock performance graph compares the annual percentage change in the Company's cumulative total shareholder return on its Common Stock during a period commencing on December 28, 2002 and ending on December 29, 2007 (as measured by dividing (1) the sum of (A) the cumulative amount of dividends for the measurement period, assuming dividend reinvestment, and (B) the difference between the Company's share price at the end and the beginning of the measurement period; by (2) the share price at the beginning of the measurement period) with the cumulative total return of the S&P 500 Index and the NASDAQ Pharmaceutical Index during such period. The Company has not paid any dividends on the Common Stock, and no dividends are included in the representation of the Company's performance. The stock price performance on the graph below is not necessarily indicative of future price performance. This graph is not "soliciting material," is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934 whether made before or after the date hereof and irrespective of any general incorporation language in any such filing. Information used on the graph was obtained from Standard & Poor's Institutional Market Services, a source believed to be reliable, but the Company is not responsible for any errors or omissions in such information.



	Dec. 28, 2002	Dec. 27, 2003	Dec. 25, 2004	Dec. 31, 2005	Dec. 30, 2006	Dec. 29, 2007
Charles River Laboratories	\$100	\$87.89	\$121.73	\$110.80	\$113.10	\$172.91
S&P 500 Index	100	128.65	142.69	149.70	173.34	182.87
NASDAQ Pharmaceutical Index	100	144.89	160.46	160.65	163.42	154.46



**RECONCILIATION OF GAAP EARNINGS TO NON-GAAP EARNINGS**  
(dollars in thousands, except for per share data)

	<u>Twelve Months Ended</u>		
	December 29, 2007	December 30, 2006	December 31, 2005
Net income (loss)	\$ 154,406	\$ (55,783)	\$ 141,999
Less: Discontinued operations	3,146	181,004	3,790
Net income from continuing operations	<u>157,552</u>	<u>125,221</u>	<u>145,789</u>
Add back:			
Amortization related to acquisitions	33,509	37,639	47,011
Stock-based compensation related to Inveresk acquisition	94	635	7,926
Impairment and other charges	6,269	6,205	365
Gain on sale of UK real estate	(2,047)	—	—
Pre-acquisition Inveresk stock compensation taxes	845	—	—
Deferred tax revaluation	(3,011)	—	—
Repatriation	—	—	1,305
Deferred financing cost	—	—	2,155
Deferred tax reversal	—	—	(28,271)
Tax effect	<u>(12,984)</u>	<u>(15,514)</u>	<u>(18,687)</u>
Net income from continuing operations, excluding specified charges (Non-GAAP)	<u>\$ 180,227</u>	<u>\$ 154,186</u>	<u>\$ 157,593</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)	\$ 180,227	\$ 154,186	\$ 157,593
After-tax equivalent interest expense on 3.5% senior convertible debentures	<u>—</u>	<u>—</u>	<u>1,208</u>
Income for purposes of calculating diluted earnings per share, excluding specified charges (Non-GAAP)	<u>\$ 180,227</u>	<u>\$ 154,186</u>	<u>\$ 158,801</u>
Weighted average shares outstanding - Basic	66,960,515	68,945,622	69,730,056
Effect of dilutive securities:			
2.25% senior convertible debentures	481,136	—	—
3.5% senior convertible debentures	—	—	1,462,474
Stock options and contingently issued restricted stock	1,160,369	867,204	1,424,740
Warrants	<u>133,916</u>	<u>135,206</u>	<u>285,115</u>
Weighted average shares outstanding - Diluted	<u>68,735,936</u>	<u>69,948,032</u>	<u>72,902,385</u>
Basic earnings (loss) per share	\$ 2.31	\$ (0.81)	\$ 2.04
Diluted earnings (loss) per share	\$ 2.25	\$ (0.80)	\$ 1.96
Basic earnings per share, excluding specified charges (Non-GAAP)	\$ 2.69	\$ 2.24	\$ 2.26
Diluted earnings per share, excluding specified charges (Non-GAAP)	\$ 2.62	\$ 2.20	\$ 2.18

**RECONCILIATION OF FREE CASH FLOW (NON-GAAP)**  
(dollars in thousands)

	<u>Twelve Months Ended</u>		
	December 29, 2007	December 30, 2006	December 31, 2005
Net cash provided by operating activities	\$ 288,425	\$ 175,973	\$ 216,784
Less: Capital expenditures	<u>(227,036)</u>	<u>(181,747)</u>	<u>(94,520)</u>
Free cash flow	<u>\$ 61,389</u>	<u>\$ (5,774)</u>	<u>\$ 122,264</u>

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.



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