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

DATE OF REPORT (Date of earliest event reported): February 15, 2001

COMMISSION FILE NUMBER 1-15943

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

DELAWARE	06-1397316
(State of Incorporation)	(I.R.S. Employer Identification No.)

251 BALLARDVALE STREET, WILMINGTON, MASSACHUSETTS 01887
(Address of Principal Executive Offices) (Zip Code)

978-658-6000
(Registrant's Telephone Number, Including Area Code)

N/A

(Former name or former address, if changed since last report)

Item 5. Other Events.

Attached as Exhibits 99.1, 99.2 and 99.3 are the registrant's consolidated financial statements for the fiscal year ended December 30, 2000 and the registrant's Management's Discussion and Analysis of Financial Condition and Results of Operations.

SIGNATURE

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.
(Registrant)

Dated: February 15, 2001

By: /s/ Thomas F. Ackerman

Thomas F. Ackerman
Chief Financial Officer (Principal
Financial Officer) and Senior Vice
President, Finance and Accounting
(Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
23.1	Accountants' Consent
99.1	Consolidated Financial Statements for the fiscal year ended December 30, 2000
99.2	Condensed Financial information schedule
99.3	Management's Discussion and Analysis of Financial Condition and Results of Operations

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-47768) of Charles River Laboratories International, Inc. of our report dated February 9, 2001 relating to the financial statements and financial statement schedules of Charles River Laboratories International, Inc., which appears in the Current Report on Form 8-K of Charles River Laboratories International, Inc. dated February 15, 2000.

/s/ PricewaterhouseCoopers LLP
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Boston, Massachusetts
February 15, 2001

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, changes in shareholders' equity and cash flows present fairly, in all material respects, the financial position of Charles River Laboratories International, Inc. and its subsidiaries (the "Company") at December 30, 2000 and December 25, 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 30, 2000, in conformity with accounting principles generally accepted in the United States. In addition, in our opinion, the financial statement schedules appearing as Exhibit 99.1 present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and the financial statement schedules are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and the financial statement schedules based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP
Boston, Massachusetts

February 9, 2001

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(DOLLARS IN THOUSANDS)

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

See Notes to Consolidated Financial Statements.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

CONSOLIDATED BALANCE SHEETS

(DOLLARS IN THOUSANDS)

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

See Notes to Consolidated Financial Statements.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(DOLLARS IN THOUSANDS)

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

See Notes to Consolidated Financial Statements.

CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(DOLLARS IN THOUSANDS)

	TOTAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	COMMON STOCK	CAPITAL IN EXCESS OF PAR	LOANS TO OFFICERS
BALANCE AT DECEMBER 27, 1997	$ 149,364	$ 139,652	($ 8,125)	$ 1	$ 17,836	$ 0
Components of comprehensive income (net of tax):						
Net income	23,378	23,378	--	--	--	--
Foreign currency translation	2,839	--	2,839	--	--	--
Minimum pension liability adjustment	(400)	--	(400)	--	--	--
Total comprehensive income	25,817	--	--	--	--	--
Net activity with Bausch & Lomb	(6,922)	(6,922)	--	--	--	--
BALANCE AT DECEMBER 26, 1998	$ 168,259	$ 156,108	$ (5,686)	$ 1	$ 17,836	$ 0
Components of comprehensive income (net of tax):						
Net income	17,124	17,124	--	--	--	--
Foreign currency translation	(3,437)	--	(3,437)	--	--	--
Minimum pension liability adjustment	114	--	114	--	--	--
Total comprehensive income	13,801	--	--	--	--	--
Net activity with Bausch & Lomb	(29,415)	(29,415)	--	--	--	--
Loans to officers	(920)	--	--	--	--	(920)
Transaction costs	(8,168)	(8,168)	--	--	--	--
Deferred tax asset	99,506	--	--	--	99,506	--
Issuance of common stock	92,387	--	--	102	92,285	--
Recapitalization consideration	(443,000)	(443,000)	--	--	--	--
Redeemable common stock classified outside of equity	(13,198)	--	--	--	(13,198)	--
Warrants	10,606	--	--	--	10,606	--
Exchange of stock	--	--	--	95	(95)	--
BALANCE AT DECEMBER 25, 1999	($110,142)	($307,351)	($ 9,009)	$198	$206,940	($920)
Components of Comprehensive Income (net of tax):						
Net loss	(11,224)	(11,224)	--	--	--	--
Foreign currency translation	(5,299)	--	(5,299)	--	--	--
Minimum Pension Liability Adjustment	(1,033)	--	(1,033)	--	--	--
Total comprehensive income	(17,556)	--	--	--	--	--
Deferred tax asset	(4,537)	--	--	--	(4,537)	--
Issuance of common stock	235,964	--	--	161	235,803	--
Redeemable common stock classified outside of equity	13,198	--	--	--	13,198	--
BALANCE AT DECEMBER 30, 2000	$ 116,927	($318,575)	($15,341)	$359	$451,404	($920)

See Notes to Consolidated Financial Statements.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

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

DESCRIPTION OF BUSINESS

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

PRINCIPLES OF CONSOLIDATION

The financial statements include all majority-owned subsidiaries. Intercompany accounts, transactions and profits are eliminated. Affiliated companies over which the Company does not have the ability to exercise control are accounted for using the equity method (Note 12).

USE OF ESTIMATES

The financial statements have been prepared in conformity with generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

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

CASH AND CASH EQUIVALENTS

Cash equivalents include time deposits and highly liquid investments with remaining maturities at the purchase date of three months or less.

INVENTORIES

Inventories are stated at the lower of cost or market. Cost is determined principally on the average cost method. Costs for primates are accumulated in inventory until the primates are sold.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, including improvements that significantly add to productive capacity or extend useful life, are recorded at cost, while maintenance and repairs are expensed as incurred. Depreciation is calculated for financial reporting purposes using the straight-line method based on the estimated useful lives of the assets as follows: buildings, 20 to 40 years; machinery and equipment, 2 to 20 years; and leasehold improvements, shorter of estimated useful life or the lease periods.

INTANGIBLE ASSETS

Intangible assets are amortized on a straight-line basis over periods ranging from 5 to 20 years. Intangible assets consist primarily of goodwill and customer lists.

OTHER ASSETS

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

IMPAIRMENT OF LONG-LIVED ASSETS

The Company evaluates long-lived assets and intangibles whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposal are less than its carrying amount. In such instances, the carrying value of long-lived assets is reduced to the estimated fair value, as determined using an appraisal or discounted cash flow, as appropriate.

STOCK-BASED COMPENSATION PLANS

As permitted under Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (FAS 123), the Company accounts for its stock-based compensation plans using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). The Company adopted FASB Interpretation No. 44 "Accounting

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

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

REVENUE RECOGNITION

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

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

INCOME TAXES

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

FOREIGN CURRENCY TRANSLATION

In accordance with the Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation," the financial statements of all non-U.S. subsidiaries are translated into U.S. dollars as follows: assets and liabilities at year-end exchange rates; income, expenses and cash flows at average exchange rates; and shareholders' equity at historical exchange rates. The resulting translation adjustment is recorded as a component of accumulated other comprehensive income in the accompanying balance sheet. Exchange gains and losses on foreign currency transactions are recorded as other income or expense.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of trade receivables from customers within the pharmaceutical and biomedical industries. As

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

these industries have experienced significant growth and its customers are predominantly well-established and viable, the Company believes its exposure to credit risk to be minimal.

COMPREHENSIVE INCOME

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

SEGMENT REPORTING

In accordance with Financial Accounting Standards No. 131, "Disclosures About Segments of an Enterprise and Related Information" (FAS131), the Company discloses financial and descriptive information about its reportable operating segments. Operating segments are components of an enterprise about which separate financial information is available and regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company operates in two business segments, research models and biomedical products and services.

EARNINGS PER SHARE

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

PENDING ACCOUNTING PRONOUNCEMENTS

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

RECLASSIFICATIONS

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

2. INITIAL PUBLIC OFFERING

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

(DOLLARS IN THOUSANDS)

2. INITIAL PUBLIC OFFERING (CONTINUED)

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

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

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

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* Includes issuance discount.

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

3. RECAPITALIZATION AND RELATED FINANCING

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

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

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

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

- an equity investment of $92.4 million;

(DOLLARS IN THOUSANDS)

3. RECAPITALIZATION AND RELATED FINANCING (CONTINUED)

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

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

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

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

RECONCILIATION OF RECAPITALIZATION TRANSACTION

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

Funding:

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

Uses of funds:

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

3. RECAPITALIZATION AND RELATED FINANCING (CONTINUED)

SENIOR SUBORDINATED NOTES AND WARRANTS

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

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

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

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

SENIOR SECURED CREDIT FACILITY

The senior secured credit facility includes a $40,000 term loan A facility, a $120,000 term loan B facility and a $30,000 revolving credit facility. The term loan A facility will mature on October 1, 2005, the term loan B facility will mature on October 1, 2007, and the revolving credit facility will mature on October 1, 2005. Interest on the term loan A and revolving credit facility accrues at either a base rate plus 1.75% or LIBOR plus 3.0%, at the Company's option (8.14% at December 30, 2000). Interest on the term loan B accrues at either a base rate plus 2.50% or LIBOR plus 3.75% (10.39% at December 30, 2000). Interest is paid quarterly in arrears. At December 30, 2000, the Company had no outstanding borrowings on its revolving credit facility. A commitment fee in an amount equal to 0.50%

(DOLLARS IN THOUSANDS)

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

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

OTHER FINANCING

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

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

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

MINIMUM FUTURE PRINCIPAL REPAYMENTS

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

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

(DOLLARS IN THOUSANDS)

3. RECAPITALIZATION AND RELATED FINANCING (CONTINUED)

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

4. BUSINESS ACQUISITIONS AND DISPOSALS

ACQUISITIONS

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

Significant acquisitions include the following:

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

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

ALLOCATION OF PURCHASE PRICE:

Net current assets (including cash of $292)		$ 1,807
Property, plant and equipment		5,198
Other non-current assets		254
Intangible assets:		
Customer list	11,491	
Work force	2,941	
Other identifiable intangibles	1,251	
Goodwill	852	16,535
		23,794
Less long-term liabilities assumed		451
		$23,343

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

4. BUSINESS ACQUISITIONS AND DISPOSALS (CONTINUED)

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

The Company has agreed to pay up to $10,000 in performance-based bonuses to employees if specified financial objectives are reached over the five years following the acquisition date. At the time these contingencies become probable, the bonuses, if any, are recorded as compensation expense. The Company has entered into employment agreements with certain key scientific and management personnel of Sierra that contain retention and non-competition payments totaling $3,000 to be paid upon their continuing employment with the Company at December 31, 1999 and June 30, 2001. The Company has recorded compensation expense of $1,435 in fiscal year 1999 relating to the first payment which was made on December 31, 1999 and $963 in fiscal year 2000 relating to the payment due on June 30, 2001. The remaining $602 will be expensed ratably through June 30, 2001.

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

(DOLLARS IN THOUSANDS)

4. BUSINESS ACQUISITIONS AND DISPOSALS (CONTINUED)

The following selected unaudited pro forma consolidated results of operations are presented as if each of the acquisitions had occurred as of the beginning of the period immediately preceding the period of acquisition after giving effect to certain adjustments for the amortization of goodwill and related income tax effects. The pro forma data is for informational purposes only and does not necessarily reflect the results of operations had the companies operated as one during the period. No effect has been given for synergies, if any, that may have been realized through the acquisitions.

	FISCAL YEAR ENDED		
	DECEMBER 27, 1998	DECEMBER 25, 1999	DECEMBER 30, 2000
Net sales	$228,613	$247,447	$313,987
Operating income	37,917	43,852	67,056
Income before extraordinary items	24,094	19,652	18,005
Net income/(loss)	24,094	19,652	(11,096)
Earnings per common share before extraordinary item			
Basic	$ 1.22	$ 0.99	$ 0.65
Diluted	$ 1.22	$ 0.99	$ 0.57
Earnings/(loss) per common share after extraordinary item			
Basic	$ 1.22	$ 0.99	$ (0.40)
Diluted	$ 1.22	$ 0.99	$ (0.35)

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

DISPOSALS

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

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

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

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

4. BUSINESS ACQUISITIONS AND DISPOSALS (CONTINUED)

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

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

5. EARNINGS (LOSS) PER SHARE

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

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

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

(DOLLARS IN THOUSANDS)

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

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

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

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

6. SHAREHOLDERS' EQUITY

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

DECEMBER 25, 1999

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

(DOLLARS IN THOUSANDS)

6. SHAREHOLDERS' EQUITY (CONTINUED)

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

DECEMBER 30, 2000	
Common stock $0.01 par value, 120,000,000 shares authorized, 35,920,369 shares issued and outstanding	$359

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

7. SUPPLEMENTAL BALANCE SHEET INFORMATION

The composition of inventories is as follows:

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

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

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

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

(DOLLARS IN THOUSANDS)

8. LEASES

CAPITAL LEASES

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

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

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

OPERATING LEASES

The Company has various operating leases for machinery and equipment, automobiles, office equipment, land and office space. Rent expense for all operating leases was $5,926 in 2000, $4,453 in 1999, and $3,273 in 1998. Future minimum payments by year and in the aggregate, under noncancellable operating leases with initial or remaining terms of one year or more consist of the following at December 30, 2000:

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

9. INCOME TAXES

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

(DOLLARS IN THOUSANDS)

9. INCOME TAXES (CONTINUED)

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

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

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

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

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

(DOLLARS IN THOUSANDS)

9. INCOME TAXES (CONTINUED)

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

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

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

As of December 30, 2000, the Company has net operating loss carryforwards for federal and state income tax purposes of approximately $50,117 expiring between 2004 and 2020. Additionally, the Company has foreign tax credit carryforwards of $2,320 expiring in 2004 and 2005. As a result of the Offering, the Company expects to be significantly more profitable in the future, due to reduced interest costs. Accordingly, during the second quarter of 2000 the Company reassessed the need for a valuation allowance relating to state income taxes associated with the deferred tax asset balance recorded on the recapitalization transaction discussed above. As a result of this reassessment, $4,762 of the valuation allowance relating to state tax benefits was released in the second quarter of 2000, and recorded as a tax benefit. This release of the valuation allowance was offset by an increase of $3,007, pertaining mainly to the realization of state income tax benefits associated with the extraordinary loss recorded in the third quarter of 2000. The Company has recorded the balance of the net deferred tax asset on the belief that it is more likely than not that it will be realized. This belief is based upon a review of all available evidence, including historical operating results, projections of taxable income, and tax planning strategies.

(DOLLARS IN THOUSANDS)

9. INCOME TAXES (CONTINUED)

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

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

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

10. EMPLOYEE BENEFITS

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

One of the Company's sponsored defined benefit plans, the Charles River Laboratories, Inc. Pension Plan, is a qualified, non-contributory plan that also covers substantially all U.S. employees. Benefits are based on participants' final average monthly compensation and years of service. Participants' rights vest upon completion of five years of service. The Charles River Japan defined benefit pension plan is a non-contributory plan that covers all employees. Benefits are based upon length of service and final salary.

(DOLLARS IN THOUSANDS)

10. EMPLOYEE BENEFITS (CONTINUED)

Under another defined benefit plan, the Company provides some executives with supplemental retirement benefits. This plan, the Executive Supplemental Life Insurance Retirement Plan or ESLIRP, is generally unfunded and non-qualified under the provisions of the Employee Retirement Income Securities Act of 1974. The Company has, however, taken out several key person life insurance policies with the intention of using its cash surrender value to fund the ESLIRP Plan. At December 30, 2000, the cash surrender value of these policies was $8,595.

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

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

(DOLLARS IN THOUSANDS)

10. EMPLOYEE BENEFITS (CONTINUED)

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

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

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

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

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plan with accumulated benefit obligations in excess of plan assets were $8,761, $8,315, and $0 at December 25, 1999 and $14,493, $12,312 and $2,780, as of December 30, 2000.

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

11. STOCK COMPENSATION PLANS

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

11. STOCK COMPENSATION PLANS (CONTINUED)

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

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

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

(DOLLARS IN THOUSANDS)

11. STOCK COMPENSATION PLANS (CONTINUED)

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

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

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

The company accounts for stock-based compensation plans under the provisions of APB 25. Because the exercise price of the employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized.

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

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

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

(DOLLARS IN THOUSANDS)

11. STOCK COMPENSATION PLANS (CONTINUED)

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

Had compensation expense for the Company's portion of fixed options been determined consistent with FAS 123, the Company's net income (loss) for the years ended December 25, 1999 and December 30, 2000 would have been reduced to the pro forma amounts indicated below:

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

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

12. JOINT VENTURES

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

Prior to the additional equity investment on February 28, 2000, Charles River Japan was accounted for under the equity method. Charles River Japan is a joint venture with Ajinomoto Co., Inc. and is an extension of the Company's research model business in Japan. Dividends received from Charles River Japan prior to the additional equity investmant amounted to $601 in 1998, $815 in 1999, and $0 in 2000. The Company also has another joint venture, Charles River Mexico, which is accounted for under

(DOLLARS IN THOUSANDS)

12. JOINT VENTURES (CONTINUED)
the equity method. Charles River Mexico, an extension of the Company's avian (or bird) business in Mexico, is not significant to the Company's operations.

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

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

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

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

13. COMMITMENTS AND CONTINGENCIES

INSURANCE

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

LITIGATION

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

13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Company is currently under a court order issued in June 1997 to remove its primate operations from two islands located in the Florida Keys. The mandate asserts that the Company's operations have contributed to the defoliation of some protected plant life. The Company continues to hold discussions with the state of Florida authorities regarding the extent of refoliation required on the islands and believes the reserves recorded in the accompanying consolidated financial statements are sufficient to provide for the estimated exposure in connection with the refoliation. The Company has provided a letter of credit in regards to the completion of the refoliation on the island for $350.

14. RELATED PARTY TRANSACTIONS

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

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

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

15. GEOGRAPHIC AND BUSINESS SEGMENT INFORMATION

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

The following table presents sales and other financial information by geography for the years 1998, 1999 and 2000. Included in the other non-U.S. category below are the Company's operations located in Canada, China, Germany, Italy, Netherlands, United Kingdom, Australia, Belgium, Czech Republic, Hungary, Spain and Sweden. Sales to unaffiliated customers represent net sales originating in entities

(DOLLARS IN THOUSANDS)

15. GEOGRAPHIC AND BUSINESS SEGMENT INFORMATION (CONTINUED)
physically located in the identified geographic area. Long-lived assets include property, plant and equipment, goodwill and intangibles, other investments and other assets.

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

The Company's product line segments are research models and biomedical products and services. The following table presents sales and other financial information by product line segment for the fiscal years 1998, 1999 and 2000. Sales to unaffiliated customers represent net sales originating in entities primarily engaged in either provision of research models or biomedical products and services. Long-lived assets include property, plant and equipment, goodwill and intangibles, other investments, and other assets.

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

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

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

(DOLLARS IN THOUSANDS)

15. GEOGRAPHIC AND BUSINESS SEGMENT INFORMATION (CONTINUED)

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

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

16. SUBSEQUENT EVENTS (UNAUDITED)

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

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

EXHIBIT 99.2

(b) FINANCIAL STATEMENT SCHEDULES. The following financial statement schedules are included as part of this registration statement.

FINANCIAL STATEMENT SCHEDULES SCHEDULE I CHARLES RIVER LABORATORIES INTERNATIONAL, INC.

CONDENSED PARENT COMPANY STATEMENT OF INCOME
(DOLLARS IN THOUSANDS)

	THREE MONTHS ENDED DECEMBER 25, 1999	FISCAL YEAR ENDED DECEMBER 30, 2000
Operating income	$ --	$ --
Interest expense	2,846	6,917
(Loss) before income taxes, income (loss) from equity investment in subsidiary and extraordinary item	2,846	6,917
Income tax benefit	653	1,880
(Loss) before income (loss) from equity investment in subsidiary and extraordinary item	(2,193)	(5,037)
Income (loss) from equity investment in subsidiary	(635)	14,469
Net income (loss) before extraordinary item	(2,828)	9,432
Extraordinary loss, net of a tax benefit of $11	--	(20,656)
Net loss	($ 2,828)	($ 11,244)

CONDENSED PARENT COMPANY BALANCE SHEET
(DOLLARS IN THOUSANDS)

	DECEMBER 25, 1999	DECEMBER 30, 2000
Non-Current Assets		
Deferred tax asset	$ 653	$ 13,656
Investment in equity accounted subsidiary	--	103,271
Total assets	$ 653	$ 116,927
Liabilities and shareholders' equity		
Non-current liabilities		
Excess of liabilities over assets in equity accounted subsidiary	$ 22,616	$ --
Long term debt	74,981	--
Total liabilities	97,597	--
Redeemable common stock	13,198	--
Shareholders' equity		
Common stock	198	359
Capital in excess of par	206,940	451,404
Retained earnings	(307,351)	(318,575)
Loans to officers	(920)	(920)
Accumulated other comprehensive income	(9,009)	(15,341)
Total shareholders' equity	(110,142)	116,927
Total liabilities and shareholders' equity	$ 653	$ 116,927

CONDENSED PARENT COMPANY STATEMENT OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	THREE MONTHS ENDED DECEMBER 25, 1999	FISCAL YEAR ENDED DECEMBER 30, 2000
Cash flows relating to operating activities		
Net loss	$ (2,828)	$ (11,224)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Accretion of debenture and discount note	2,644	6,500
Amortization of discounts	202	417
Deferred income taxes	(653)	(1,880)
(Income) Loss from equity investment	635	(14,469)
Extraordinary loss, net of tax	--	20,656
Net cash provided by operating activities	$ --	$ --
Cash flows relating to financing activities		
Proceeds from issuance of common stock, net of transaction fees	--	235,964
Payments on long-term debt	--	(89,221)
Premiums paid for early retirement of debt	--	(24,444)
Additional investment in equity accounted subsidiary	--	(122,299)
Net cash used in financing activities	--	--
Net change in cash and cash equivalents	$ --	$ --
Cash and cash equivalents, beginning of period	$ --	$ --
Cash and cash equivalents, end of period	$ --	$ --

FINANCIAL STATEMENT SCHEDULES
CHARLES RIVER LABORATORIES INTERNATIONAL, INC.
NOTES TO CONDENSED PARENT COMPANY
FINANCIAL STATEMENTS

These condensed parent company financial statements have been prepared in accordance with Rule 12-04, Schedule 1 of Regulation S-X, as the restricted net assets of Charles River Laboratories Inc. exceed 25% percent of the consolidated net assets of Charles River Laboratories International, Inc. (the Parent Company). As disclosed in note 3 to the accompanying consolidated financial statements, in order to repay its obligations, the Parent Company is dependent upon either dividends from Charles River Laboratories, Inc., which are restricted by terms contained in the indenture governing the senior subordinated notes and the senior secured credit facility, or through a refinancing or equity transaction.

The Parent Company's 100% investment in Charles River Laboratories Inc. has been recorded using the equity basis of accounting in the accompanying condensed parent company financial statements. The condensed income statement and statement of cash flows are presented for the fiscal year ended December 30, 2000 and for the three month period ended December 25, 1999, as the dividend restrictions and the current capital structure of the Parent Company were created as a result of the recapitalization transaction more fully described in note 3 to the accompanying consolidated financial statements. There were no cash dividends paid to the Parent Company by Charles River Laboratories Inc. during the fiscal year ended December 30, 2000 or the three-month period ended December 25, 1999.

On June 5, 2000, a 1.927 for 1 exchange of stock was approved by the Board of Directors of the Parent Company. This exchange of stock was effective June 21, 2000. All references to common stock and shareholders' equity amounts have been restated in these condensed parent company financial statements as if the exchange of stock had occurred as of the earliest period presented.

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

The Company used the proceeds from the Offering to repay $89,221 of its existing debt, including issuance discounts. Premiums totaling $24,444 were paid as a result of the early repayment of the senior discount debentures.

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

SOURCES OF FUNDS:	
Proceeds from offering	$257,600
USES OF FUNDS:	
Repayment of subordinated discount note	(46,873)
Repayment of senior discount debentures	(42,348)*
Premium of early extinguishment of senior discount debentures	(24,444)
Additional investment in equity accounted subsidiary	(122,299)
Transaction fees and expenses	(21,636)
Net adjustment to cash	$ --

- ----------------
* Includes issuance discount.

An extraordinary loss before tax of $31,778 was recorded due to the payment of premiums relating to the early extinguishment of debt, ($24,444); the write-off of issuance discounts ($7,858); offset by a book gain of $524 on the subordinated discount note. This extraordinary loss has been recorded net of a tax benefit of $11,122.

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

THE FOLLOWING DISCUSSION SHOULD BE READ IN CONJUNCTION WITH OUR CONSOLIDATED FINANCIAL STATEMENTS AND OUR UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL DATA, INCLUDING THE RELATED NOTES, CONTAINED IN OUR PROSPECTUS FILED FEBRUARY 15, 2001.

OVERVIEW

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

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

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

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

NET SALES. We recognize revenue with respect to research models sales upon transfer of title, when the risks and rewards of ownership pass to the customer. Revenues with respect to services are recognized as these services are performed. Over the past three years, unit volume of small animal research models has increased modestly in North America and has decreased modestly in Europe. During the same period, sales in both North America and Europe have increased, principally as a result of price increases and a shift in mix towards higher priced research models. In recent years, we have increased our focus on the sale of specialty research models, such as special disease models, which have contributed to additional sales growth.

Our customers typically place orders for research models with less than a week's lead time. Meeting such demand requires efficient inventory management and strong customer service support. We improved inventory availability in the last three years through better forecasting and production mix, and most importantly, improved biosecurity, thereby reducing contaminations.

Biomedical products and services have grown at a compounded rate of 36.3% from 1998 to 2000. Our growth in this business demonstrated our ability to capitalize on our core research model technology and enter into related product development activities undertaken by our customers.

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

BIOSECURITY. Biosecurity is one of our highest operational priorities. Prior breaches of biosecurity have adversely affected our results of operations, and we cannot assure you that future breaches would not materially affect our results of operations. A biosecurity breach typically results in additional expenses from the need to clean up the contaminated room, which in turn results in inventory loss, clean-up and start-up costs, and can reduce net sales as a result of lost customer orders and credits for prior shipments. We experienced a few significant contaminations in 1997 in our isolation rooms for research models and in our poultry houses for vaccine support products. Since January 1, 1997, we have made over $8 million of capital expenditures designed to strengthen our biosecurity, primarily by upgrading our production facilities. In addition, we have made significant changes to our operating procedures for isolation rooms and poultry houses designed to further minimize the risks of contamination, including, for example, increasing the frequency of replacing masks and gowns, and most importantly, increasing awareness and training among our employees. These improvements to our operating procedures increased annual ongoing biosecurity-related expenses by approximately $0.5 million in 1999. While we cannot assure you that we will not experience future significant isolation room or poultry house contaminations in the future, we believe these changes have contributed to our absence of significant contaminations during 1998, 1999 and 2000.

ACQUISITIONS. Since January 1, 1998, we have successfully acquired and integrated four companies, which contributed $47.4 million in sales in 2000, representing 15.5% of total sales. On September 29, 1999, we acquired Sierra for an initial total purchase price of $23.3 million, including approximately $17.3 million in cash paid to former shareholders and assumed debt of approximately $6.0 million, which we immediately retired. In addition, we are obligated to pay $2.0 million in additional purchase price due to specified financial objectives being reached by December 30, 2000. The additional consideration was recorded as additional goodwill in the year ended December 30, 2000. We have also agreed to pay (a) up to $10.0 million in performance-based bonus payments if specified financial objectives are reached in the five years following the acquisition date, with no payment in any individual year to exceed $2.7 million and (b) $3.0 million in retention and non-competition payments contingent upon the continuing employment of specified key scientific and managerial personnel through June 30, 2001. Sierra became part of our drug safety assessment area.

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

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

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

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

ALLOCATION OF COSTS FROM BAUSCH & LOMB. Historically, B&L charged us for some direct expenses, including insurance, information technology and other miscellaneous expenses, based upon actual charges incurred on our behalf. However, these charges and estimates are not necessarily indicative of the costs and expenses which would have resulted had we incurred these costs as a stand-alone entity. The actual amounts of expenses we incur in future periods may vary significantly from these allocations and estimates.

THE RECAPITALIZATION AND SIERRA ACQUISITION. The recapitalization, which was consummated on September 29, 1999, was accounted for as a leveraged recapitalization and had no impact on the historical basis of our assets and liabilities. The Sierra acquisition was accounted for under the purchase method of accounting with the purchase price allocated to the assets and liabilities of Sierra based on an estimate of their fair value, with the remainder allocated to goodwill. We incurred various costs of approximately $22.6 million (pre-tax) in connection with consummating the recapitalization. We have capitalized and are amortizing the portion of these costs that represents deferred financing costs (approximately $14.4 million) over the life of the related financing. We have charged a portion of the expenses related to the recapitalization (approximately $8.2 million) to retained earnings.

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

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

RESULTS OF OPERATIONS

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

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

FISCAL 2000 COMPARED TO FISCAL 1999

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INTEREST EXPENSE. Interest expense in 2000 was $40.7 million compared to $12.8 million in 1999. The $27.9 million increase from 1999 was primarily due to the additional debt incurred as a result of the recapitalization which occurred on September 29, 1999 partially offset by the debt repayment in the third quarter.

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

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

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

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

FISCAL 1999 COMPARED TO FISCAL 1998

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

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

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

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

RESEARCH MODELS. Cost of products sold and services provided for research models in 1999 was $96.5 million, an increase of $0.4 million, or 0.4%, compared to $96.1 million in 1998. Cost of products sold and services provided in 1999 was 63.3% of net sales compared to 66.3% of net sales in 1998. Cost of products sold and services provided increased at a lower rate than net sales due to the more favorable product mix and better pricing, as well as improved capacity utilization.

BIOMEDICAL PRODUCTS AND SERVICES. Cost of products sold and services provided for biomedical products and services in 1999 was $50.2 million, an increase of $12.0 million, or 31.4%, compared to $38.2 million in 1998. Cost of products sold and services provided as a percentage of net sales was essentially unchanged at 63.6% in 1999 compared to 63.5% in 1998.

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

RESEARCH MODELS. Selling, general and administrative expenses for research models in 1999 were $22.2 million, an increase of $4.1 million, or 22.7%, compared to $18.1 million in 1998. Selling, general and administrative expenses in 1999 were 14.6% of net sales, compared to 12.5% in 1998. The increase was attributable to additional worldwide marketing efforts, additional salespeople in the United States and the impact of selling efforts in Europe for ESD, a business acquired at the end of 1998.

BIOMEDICAL PRODUCTS AND SERVICES. Selling, general and administrative expenses for biomedical products and services in 1999 were $12.5 million, an increase of $2.8 million, or 28.9%, compared to $9.7 million in 1998. Selling, general and administrative expenses in 1999 decreased to 15.8% of net sales, compared to 16.1% of net sales in 1998, due to greater economies of scale.

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

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

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

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

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

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

OTHER INCOME. We recorded a $1.4 million gain on the sale of two small facilities, one located in Florida, and the other located in the Netherlands, and a charge of $1.3 million for stock compensation expense.

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

INCOME TAXES. The effective tax rate of 50.7% in 1999 as compared to 39.5% in 1998 reflects the remittance of cash dividends of $20.7 million from our foreign subsidiaries which, in turn, were remitted to B&L. The related amounts were previously considered permanently reinvested in the foreign jurisdictions for U.S. income tax reporting purposes. Therefore, we were required to provide additional taxes upon their repatriation to the United States. In addition, in 1999, an election was made by B&L to treat some foreign entities as branches for U.S. income tax purposes. As a result, all previously untaxed accumulated earnings of such entities became immediately subject to tax in the United States. The receipt of the cash dividends from the foreign subsidiaries and the foreign tax elections made resulted in incremental United States taxes of $2.0 million, net of foreign tax credits, in 1999.

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

Borrowings under the credit facility bear interest at a rate per year equal to a margin over either a base rate or LIBOR. The $30.0 million revolving loan commitment will terminate six years after the date of the initial funding of the credit facility. The revolving credit facility may be increased by up to $25.0 million at our request, which will only be available to us under some circumstances, under the same terms and conditions of the original $30.0 million revolving credit facility. The term loan facility under the credit facility consists of a $40.0 million term loan A facility and a $120.0 million term loan B facility. The term loan A facility matures six years after the closing date of the facility and the term loan B facility matures eight years after the closing date of the facility. In February, 2001, in connection with the anticipated Primedica acquisition, we amended our credit facility to add a $25 million term C loan facility. The interest rate on the term A loan facility also increased to LIBOR plus 2.00% from LIBOR plus 1.75%. As of January 30, 2001, the interest rate on the term A loan facility was 8.1375%, the interest rate on the term B loan facility was 10.3875%, the interest rate on the term C loan facility was 8.1375% and there was an aggregate of $116.1 million outstanding under our loan facilities. The credit facility contains customary covenants and events of default, including substantial restrictions on our subsidiary's ability to declare dividends or make distributions. The term loans are subject to mandatory prepayment with the proceeds of certain asset sales and a portion of our excess cash flow.

In February 2000, the 13.5% senior subordinated notes were exchanged for registered notes having the same financial terms and covenants as the notes issued in September 1999. Interest on the notes is payable semi-annually in cash. The notes contain customary covenants and events of default, including covenants that limit our ability to incur debt, pay dividends and make particular investments.

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

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

FISCAL 2000 COMPARED TO FISCAL 1999

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

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

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

FISCAL 1999 COMPARED TO FISCAL 1998

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

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

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

RECENT ACCOUNTING PRONOUNCEMENTS

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