AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 21, 1998

REGISTRATION NO. 333-46941

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 2

TO

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CHARLES RIVER ASSOCIATES INCORPORATED
(Exact name of registrant as specified in its charter)

MASSACHUSETTS	8748	04-2372210
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

200 CLARENDON STREET
BOSTON, MASSACHUSETTS 02116
(617) 425-3000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

JAMES C. BURROWS
PRESIDENT AND CHIEF EXECUTIVE OFFICER
CHARLES RIVER ASSOCIATES INCORPORATED
200 CLARENDON STREET
BOSTON, MASSACHUSETTS 02116
(617) 425-3000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

PETER M. ROSENBLUM, ESQ. WILLIAM R. KOLB, ESQ. FOLEY, HOAG & ELIOT LLP ONE POST OFFICE SQUARE BOSTON, MASSACHUSETTS 02109 (617) 832-1000	PATRICK J. RONDEAU, ESQ. HALE AND DORR LLP 60 STATE STREET BOSTON, MASSACHUSETTS 02109 (617) 526-6000

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

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ] _____

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ] _____

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ] _____

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION, DATED APRIL 21, 1998

2,188,000 SHARES

[LOGO] CHARLES RIVER ASSOCIATES INCORPORATED

COMMON STOCK

Of the 2,188,000 shares of Common Stock offered hereby (the "Offering"), 1,562,500 shares are being sold by Charles River Associates Incorporated ("CRA" or the "Company") and 625,500 shares are being sold by the Selling Stockholders. The Company will not receive any of the proceeds from the sale of shares by the Selling Stockholders. See "Principal and Selling Stockholders."

Prior to the Offering, there has been no public market for the Common Stock of the Company. It is currently estimated that the initial public offering price of the Common Stock will be between $15.00 and $17.00 per share. See "Underwriting" for a discussion of the factors to be considered in determining the initial public offering price. The Company has applied to have the Common Stock approved for quotation on the Nasdaq National Market under the symbol "CRAI."

SEE "RISK FACTORS" COMMENCING ON PAGE 6 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE COMMON STOCK OFFERED HEREBY.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discount (1)	Proceeds to Company (2)	Proceeds to Selling Stockholders
Per Share.....	$	$	$	$
Total (3).....	$	$	$	$

(1) See "Underwriting" for information concerning indemnification of the Underwriters and other matters.
(2) Before deducting expenses payable by the Company, estimated at $900,000.
(3) The Company and the Selling Stockholders have granted the Underwriters a 30-day option to purchase up to 328,200 additional shares of Common Stock, solely to cover over-allotments, if any. If the Underwriters exercise this option in full, the Price to Public will total $, the Underwriting Discount will total $, the Proceeds to Company will total $, and the Proceeds to Selling Stockholders will total $. See "Underwriting."

The shares of Common Stock are offered by the several Underwriters named herein, subject to receipt and acceptance by them, and subject to their right to reject any order in whole or in part. It is expected that delivery of the certificates representing such shares will be made against payment therefor at the office of NationsBanc Montgomery Securities LLC on or about , 1998.

NationsBanc Montgomery Securities LLC William Blair & Company

, 1998

CERTAIN PERSONS PARTICIPATING IN THE OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE COMMON STOCK. SUCH TRANSACTIONS MAY INCLUDE STABILIZING, THE PURCHASE OF COMMON STOCK TO COVER SYNDICATE SHORT POSITIONS AND THE IMPOSITION OF PENALTY BIDS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

PROSPECTUS SUMMARY

This following summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information, including "Risk Factors" and the Consolidated Financial Statements and Notes thereto, appearing elsewhere in this Prospectus. The terms "fiscal 1993," "fiscal 1994," "fiscal 1995," "fiscal 1997" and "fiscal 1998" refer to the 52-week periods ended November 27, 1993, November 26, 1994, November 25, 1995, November 29, 1997 and November 28, 1998, respectively, and the term "fiscal 1996" refers to the 53-week period ended November 30, 1996. Unless otherwise indicated, all information in this Prospectus (i) reflects the amendment and restatement of the Company's articles of organization, (ii) reflects a 52-for-1 stock split to be effected in the form of a dividend of 51 shares of Common Stock per share of Common Stock outstanding before the closing of the Offering and (iii) assumes no exercise of the Underwriters' over-allotment option. See "Underwriting."

THE COMPANY

Charles River Associates Incorporated ("CRA" or the "Company") is a leading economic and business consulting firm that applies advanced analytic techniques and in-depth industry knowledge to complex engagements for a broad range of clients. Founded in 1965, the Company provides original and authoritative advice for clients involved in many high-stakes matters, such as multi-billion dollar mergers and acquisitions, new product introductions, major capital investment decisions, and complex litigation, the outcome of which often has significant implications or consequences for the parties involved. The Company offers two types of services: legal and regulatory consulting and business consulting. Through its legal and regulatory consulting practice, CRA provides law firms and businesses involved in litigation and regulatory proceedings with expert advice on highly technical issues such as the competitive effects of mergers and acquisitions, damages calculations, measurement of market share and market concentration, liability analysis in securities fraud cases, and the impact of increased regulation. In addition, the Company uses its expertise in economics, finance and business analysis to offer clients business consulting services for strategic issues such as establishing pricing strategies, estimating market demand, valuing intellectual property and other assets, assessing competitors' actions, and analyzing new sources of supply. To complement its analytical expertise in advanced economic and financial methods, the Company offers its clients in-depth industry expertise in specific vertical markets, including chemicals, electric power and other energies, healthcare, materials, media/telecommunications, and transportation.

The Company's services are provided by its highly credentialed and experienced staff of consultants. As of February 20, 1998, CRA employed 120 full-time professional consultants, including 47 consultants with Ph.D.s and 26 consultants with other advanced degrees, who have backgrounds in a wide range of disciplines, including economics, business, corporate finance, materials sciences and engineering. Since maintaining its reputation is paramount and its engagements are typically complex, the Company is extremely selective in its hiring of consultants, recruiting individuals from leading universities, industry and government. Many of the Company's consultants are nationally recognized as experts in their respective fields, having published scholarly articles, lectured extensively and been quoted in the press. To enhance the expertise it provides to its clients, CRA maintains close working relationships with a select group of renowned academic and industry experts ("Outside Experts").

Through its offices in Boston, Massachusetts, Washington, D.C. and Palo Alto, California, CRA has completed more than 2,500 engagements for clients, including major law firms, domestic and foreign corporations, federal, state and local government agencies, governments of foreign countries, public and private utilities, and national and international trade associations. While the Company has particular expertise in certain vertical markets, the Company provides services to a diverse group of clients in a broad range of industries. During its last three fiscal years, the Company had over 1,200 engagements for clients that included 59 of the 100 largest U.S. law firms (ranked by The American Lawyer based on 1996 revenues) and 109 Fortune 500 companies (based on 1996 revenues). During that period, the Company's clients included Cravath, Swaine & Moore; Ford Motor Company; Jones, Day, Reavis & Pogue; Procter & Gamble Company

Inc.; Skadden, Arps, Slate, Meagher & Flom LLP; and Time Warner Inc. No single client accounted for over 10% of the Company's revenues in fiscal 1997.

The environment in which businesses operate is becoming increasingly complex due to the broader application of technology, the globalization of many industries and increased competition. This increasing complexity and the changing nature of the business environment are also forcing governments to adjust their regulatory strategies, resulting in more frequent and more complex litigation and increased interaction with government agencies. In response to these trends, companies are increasingly relying on sophisticated economic and financial analysis to solve complex problems and improve decision-making. As the need for complex economic and financial analysis becomes more widespread, CRA believes that companies will increasingly turn to outside consultants for access to specialized expertise, experience and prestige that are not available to them internally.

CRA intends to capitalize on these industry trends and enhance its position as a leading economic and business consulting firm by pursuing a multi-pronged growth strategy. Since its consultants are its most important asset, CRA will continue to aggressively recruit and retain high quality consultants. In addition, the Company will continue to expand its expertise by establishing relationships with additional Outside Experts. The Company also intends to expand its current client base by increasing marketing activities and expanding its current service offerings. Finally, the Company plans to pursue strategic acquisitions and alliances in order to gain access to additional consultants, new service offerings, additional industry expertise, a broader client base or an expanded geographic presence.

Officers and directors of the Company completed a management buy-out in March 1995, resulting in a broad expansion of the Company's ownership principally from its three founders to all of its officers and directors at that time. In order to align each officer's interest with the overall interests and profitability of CRA, the Company adopted, as part of the management buy-out, a policy requiring that each of its officers have an equity interest in CRA. As of the date of this Prospectus, the Company's stock is broadly held among over 30 officers and directors. In connection with the management buy-out, the Company refocused its efforts on improving profitability and expanding its areas of expertise and its client base. The Company's revenues and income from operations have increased from $31.8 million and $2.5 million in fiscal 1995 to $44.8 million and $4.7 million in fiscal 1997, respectively, representing compound annual growth rates of 18.6% and 37.8%, respectively.

The Company was incorporated in the Commonwealth of Massachusetts on February 19, 1965. The Company's principal executive offices are located at 200 Clarendon Street, Boston, Massachusetts 02116 and its telephone number is (617) 425-3000.

THE OFFERING

Common Stock offered by the Company.....	1,562,500 shares
Common Stock offered by the Selling Stockholders.....	625,500 shares
Common Stock to be outstanding after the Offering.....	8,081,740 shares (1)
Use of proceeds.....	Payment of dividends and general corporate purposes, including working capital and possible acquisitions. See "Use of Proceeds."
Proposed Nasdaq National Market symbol.....	CRAI

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(1) Excludes 970,000 shares of Common Stock reserved for issuance under the 1998 Incentive and Nonqualified Stock Option Plan and 243,000 shares of Common Stock reserved for issuance under the 1998 Employee Stock Purchase Plan. At the time of the Offering, there are outstanding under such Option Plan options to purchase an aggregate of 345,000 shares of Common Stock at exercise prices equal to the initial public offering price. See "Management--Benefit Plans."

SUMMARY CONSOLIDATED FINANCIAL DATA
(IN THOUSANDS, EXCEPT SHARE DATA)

	FISCAL YEAR ENDED				
	NOVEMBER 27, 1993	NOVEMBER 26, 1994	NOVEMBER 25, 1995	NOVEMBER 30, 1996 (53 WEEKS)	NOVEMBER 29, 1997
CONSOLIDATED STATEMENTS OF OPERATIONS DATA:					
Revenues	$25,937	$26,249	$31,839	$37,367	$44,805
Costs of services	15,446	16,160	19,760	23,370	28,374
Supplemental compensation (1)	--	--	1,212	1,200	1,233
Gross profit	10,491	10,089	10,867	12,797	15,198
Income from operations	2,002	1,885	2,470	3,737	4,689
Net income (2)	$ 1,848	$ 1,545	$ 2,414	$ 3,588	$ 4,967
Basic and diluted net income per share	$0.23	$0.19	$0.40	$0.59	$0.78
Pro forma net income (3)					$3,134
Pro forma net income per share (3)					$0.48
Weighted average number of common shares outstanding used in basic and diluted net income per share	7,902,752	7,935,512	5,987,384	6,091,384	6,355,873
Weighted average number of common shares outstanding used in pro forma net income per share (4)					6,505,873

	QUARTER ENDED	
	FEBRUARY 21, 1997	FEBRUARY 20, 1998
CONSOLIDATED STATEMENTS OF OPERATIONS DATA:		
Revenues	$9,648	$11,137
Costs of services	6,106	6,486
Supplemental compensation (1)	280	--
Gross profit	3,262	4,651
Income from operations	1,128	1,897
Net income (2)	$1,061	$ 1,875
Basic and diluted net income per share	$0.17	$0.29
Pro forma net income (3)		$1,181
Pro forma net income per share (3)		$0.18
Weighted average number of common shares outstanding used in basic and diluted net income per share	6,212,440	6,519,240
Weighted average number of common shares outstanding used in pro forma net income per share (4)		6,669,240

	FEBRUARY 20, 1998		
	ACTUAL	PRO FORMA(5)	PRO FORMA AS ADJUSTED(6)
CONSOLIDATED BALANCE SHEET DATA:			
Working capital	$ 9,558	$ 1,836	$22,700
Total assets	23,828	17,325	38,189
Total long-term debt	773	773	773
Total stockholders' equity	10,522	2,800	23,664

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(1) Represents discretionary payments of bonus compensation to officers and

certain Outside Experts under a bonus program that has been discontinued after fiscal 1997. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview" and Note 7 of Notes to Consolidated Financial Statements.

(2) Since fiscal 1988, the Company has been taxed under subchapter S of the Internal Revenue Code of 1986, as amended (the "Code"). As an S corporation, the Company is not subject to federal and some state income taxes. The Company's S corporation status will terminate on the closing of the Offering. See "S Corporation Distributions and Termination of S Corporation Status."

(3) Pro forma net income and pro forma net income per share for fiscal 1997 and the quarter ended February 20, 1998 have been computed by adjusting net income, as reported, to record income tax expense that would have been recorded had the Company been a C corporation during those periods, assuming effective tax rates for the year ended November 29, 1997 and the quarter ended February 20, 1998 of 43% and 42%, respectively. See Note 11 of Notes to Consolidated Financial Statements.

(4) See Note 1 of Notes to Consolidated Financial Statements for a description of the computation of the number of shares used in the per share calculation.

(5) Pro forma balance sheet data has been adjusted to reflect (i) an increase in the Company's net deferred income tax liability, which increase would have been approximately $1.2 million as of February 20, 1998, that will be recognized as a result of the termination of the Company's S corporation status and (ii) the declaration and payment of the S Corporation Distribution (as defined below), which would have been approximately $6.5 million as of February 20, 1998. The amounts of the increase in the net deferred income tax liability and the S Corporation Distribution will be revised based upon the results of operations and financial condition of the Company between February 20, 1998 and the date of the closing of the Offering and may be significantly larger or smaller than the foregoing amounts. See "Use of Proceeds," "S Corporation Distributions and Termination of S Corporation Status" and Note 11 of Notes to Consolidated Financial Statements.

(6) Adjusted to reflect (i) the sale of the 1,562,500 shares of Common Stock offered by the Company hereby at an assumed initial public offering price of $16.00 per share, after deducting the estimated underwriting discount and estimated offering expenses payable by the Company, (ii) the declaration and payment of the Dividend (as defined below) of $2.4 million and (iii) the receipt of payments of $914,000 on notes receivable from stockholders. See "Use of Proceeds" and "Capitalization."

RISK FACTORS

In addition to the other information contained in this Prospectus, the following risk factors should be carefully considered in evaluating the Company and its business before purchasing any of the shares of Common Stock offered hereby. Certain of the statements contained in this section and elsewhere in this Prospectus that are not purely historical, such as statements regarding the Company's expectations, beliefs, intentions, plans and strategies regarding the future, are forward-looking statements that involve risks, uncertainties and assumptions that could cause the Company's actual results to differ materially from those expressed in the forward-looking statements. Important factors that could cause or contribute to these differences include those discussed below, as well as those discussed elsewhere in this Prospectus. All forward-looking statements are based on information available to the Company on the date hereof and the Company assumes no obligation to update any forward-looking statement. The cautionary statements made in this Prospectus should be read as being applicable to all related forward-looking statements wherever they appear in this Prospectus.

DEPENDENCE UPON KEY EMPLOYEES

The Company's business consists primarily of the delivery of professional services and, accordingly, its future success is highly dependent upon the efforts, abilities, business generation capabilities and project execution of its consultants. The Company's success is also dependent upon the managerial, operational and administrative skills of its officers, particularly James C. Burrows, the Company's President and Chief Executive Officer. Engagements generated primarily through the efforts of the Company's consultants accounted for approximately 79% of the Company's revenues in fiscal 1997, with approximately 33% of revenues generated primarily through the efforts of five of the Company's consultants. The Company has no employment or non-competition agreement with any consultant and, accordingly, each consultant may terminate his or her relationship with the Company at will and without notice and immediately begin to compete with the Company. The loss of the services of any consultant or the failure of the Company's consultants to generate business or otherwise perform at or above historical levels could have a material adverse effect on the Company's business, financial condition and results of operations. The Company intends to permit its key-person life insurance to lapse following the closing of the Offering. See "Business--Human Resources--Consultants" and "Management--Executive Officers and Directors."

NEED TO ATTRACT QUALIFIED CONSULTANTS

The Company's business involves the delivery of sophisticated economic and other consulting services which only highly qualified, highly educated consultants can provide. In order to meet its growth objectives, the Company will need to hire increasing numbers of highly qualified, highly educated consultants. The Company primarily hires as senior consultants individuals who have obtained a Ph.D. or master's degree in economics or a related discipline from a select group of universities. As a result, the number of potential employees that meet the Company's hiring criteria is relatively small, and the Company faces significant competition for these employees, from not only the Company's direct competitors but also academic institutions, government agencies, research firms, investment banking firms and other enterprises. Many of these competing employers are able to offer potential employees significantly greater compensation and benefits or more attractive lifestyle choices, career paths or geographic locations than the Company. Moreover, increasing competition for these consultants may also result in significant increases in the Company's labor costs, which could have a material adverse effect on the Company's margins and results of operations. The failure to recruit and retain a significant number of qualified consultants could have a material adverse effect on the Company's business, financial condition and results of operations. See "Business--Human Resources--Consultants."

MAINTENANCE OF PROFESSIONAL REPUTATION

The Company's ability to secure new engagements and hire qualified consultants is highly dependent upon the Company's overall reputation as well as the individual reputations of its consultants and principal Outside Experts. Because the Company obtains a majority of its new engagements from existing clients,

including both businesses and law firms, or from referrals by those clients, the dissatisfaction of any such client with the Company's performance on a single matter could have a disproportionately large adverse impact on the Company's ability to secure new engagements. Any factor that diminishes the reputation of the Company or any of its personnel or Outside Experts, including poor performance, could make it substantially more difficult for the Company to compete successfully for both new engagements and qualified consultants and could therefore have a material adverse effect on the Company's business, financial condition and results of operations. See "Business--Competitive Strengths."

FLUCTUATIONS IN QUARTERLY RESULTS OF OPERATIONS

The Company has experienced, and may continue to experience, significant period-to-period fluctuations in revenues and results of operations. The Company's results of operations in any quarter can fluctuate depending upon, among other things, the number of weeks in the quarter, the number and scope of ongoing client engagements, the commencement, postponement and termination of engagements in the quarter, the mix of revenue, the extent of discounting or cost overruns, employee hiring, the ability to reassign consultants efficiently from one engagement to the next, severe weather conditions and other factors affecting employee productivity. Because the Company generates substantially all of its revenues from consulting services provided on an hourly-fee basis, the Company's revenues in any period are directly related to the number of its consultants, their billing rates and the number of billable hours worked during that period. The Company's ability to increase any of these factors in the short term is limited and, accordingly, the Company may be unable to compensate for periods of underutilization during one part of a fiscal period by augmenting revenues during another part of that period. In addition, the Company intends to hire additional consultants who may not be fully utilized immediately, particularly in the quarter in which the consultants are hired. Moreover, a significant majority of the Company's operating expenses, primarily rent and the base salaries of the Company's consultants, are fixed in the short term, and as a result the failure of revenues to meet the Company's projections in any quarter could have a disproportionate adverse effect on the Company's net income. For these reasons, the Company believes that its historical results of operations should not be relied upon as an indication of future performance. If the Company's revenues or net income in a quarter fall below the expectations of securities analysts or investors, the market price of the Common Stock could be materially adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview" and "--Quarterly Results of Operations."

DEPENDENCE UPON OUTSIDE EXPERTS

The Company's future success depends upon the continuation of the Company's existing relationships with four principal Outside Experts. Engagements generated primarily through the efforts of these four Outside Experts accounted for approximately 18% of the Company's revenues in fiscal 1997. The Company believes that these Outside Experts are highly regarded in their respective fields and that each offers a combination of knowledge, experience and expertise that would be very difficult to replace. The Company's ability to compete successfully for certain engagements in the past has derived in substantial part from its ability to offer the services of these Outside Experts to potential clients. In general, these Outside Experts may limit their relationships with the Company at any time for any reason, including, among other things, affiliations with universities whose policies prohibit accepting certain engagements, the pursuit of other interests and retirement. Each of these Outside Experts is a party to an agreement with the Company that restricts his right to compete with the Company. The limitation or termination of any of their relationships with the Company or competition from any of them following the termination of their respective agreements with the Company could have a material adverse effect on the Company's business, financial condition and results of operations. See "Business--Human Resources."

In order to meet the Company's growth objectives, the Company believes that it will be necessary to establish ongoing relationships with additional Outside Experts having established reputations as leading experts in their fields. There can be no assurance that the Company will be successful in establishing relationships with any additional Outside Experts or that any such relationship would enable the Company to meet its objectives or generate anticipated revenues or earnings, if any.

MANAGEMENT OF GROWTH

The Company has recently experienced and may continue to experience significant growth in its revenues and employee base. This growth has resulted, and any future growth would continue to result, in new and increased management, consulting and training responsibilities for the Company's consultants as well as increased demands on the Company's internal systems, procedures and controls, and its managerial, administrative, financial, marketing and other resources. These new responsibilities and demands may adversely affect the overall quality of the Company's work. No member of the Company's management team has experience in managing a public company. Moreover, the Company may open offices in new geographic locations, which would entail certain start-up and maintenance costs that could be substantial. The failure of the Company to continue to improve its internal systems, procedures and controls, to attract, train, motivate, supervise and retain additional professional, managerial, administrative, financial, marketing and other personnel, or otherwise to manage growth successfully could have a material adverse effect on the Company's business, financial condition and results of operations. See "Business--Growth Strategy."

CONCENTRATION OF REVENUES; DEPENDENCE ON LIMITED NUMBER OF LARGE ENGAGEMENTS

As an economic and business consulting firm, the Company has derived, and expects to continue to derive, a significant portion of its revenues from a limited number of large engagements. The Company estimates that, in each of the last three fiscal years, it has had an average of approximately 260 engagements generating over $10,000 in revenues. The Company's 10 largest engagements accounted for approximately 37%, 28% and 23% of the Company's revenues in fiscal 1995, fiscal 1996 and fiscal 1997, respectively, and the Company's 10 largest clients accounted for approximately 46%, 42% and 29% of the Company's revenues in those years, respectively. One client accounted for approximately 11% of the Company's revenues in fiscal 1995. The volume of work performed for any particular client is likely to vary from year to year and a major client in one year may decide not to use the Company's services in any subsequent year. Accordingly, the failure to obtain anticipated numbers of new large engagements could have a material adverse effect on the Company's business, financial condition and results of operations.

TERMINATION OF ENGAGEMENTS

Engagements generally depend upon the initiation and continuation of disputes, proceedings or transactions involving the Company's clients, who may at any time decide to seek to resolve the dispute or proceeding or abandon the transaction. Engagements can therefore terminate suddenly and without prior notice to the Company. Clients typically incur no penalty for terminating an engagement. The unexpected termination of an engagement could result in the underutilization of the consultants working on the engagement until they are assigned to other projects. Accordingly, the termination or significant reduction in the scope of a single large engagement could have a material adverse effect on the Company's business, financial condition and results of operations.

POTENTIAL CONFLICTS OF INTERESTS

The Company provides its services primarily in connection with significant or complex transactions, disputes or other matters that are usually adversarial or that involve sensitive client information. The Company's engagement by a client frequently precludes the Company from accepting engagements with the client's competitors or adversaries because of direct or indirect conflicts between their interests or positions on disputed issues, clients' expectations of loyalty or other reasons. Accordingly, the number of both potential clients and potential engagements is limited. Moreover, in many of the industries in which the Company provides consulting services, and in the telecommunications industry in particular, there has been a continuing trend toward business consolidations and strategic alliances. These consolidations and alliances reduce the number of potential clients for the Company's services and increase the likelihood that the Company will be unable to continue certain ongoing engagements or accept certain new engagements as a result of conflicts of interests. Any such result could have a material adverse effect on the Company's business, financial condition and results of operations. See "Business--Clients" and "--Marketing."

DEPENDENCE UPON ANTITRUST AND MERGERS AND ACQUISITIONS CONSULTING BUSINESS

In fiscal 1995, fiscal 1996 and fiscal 1997, the Company derived approximately 28%, 36% and 35%, respectively, of its revenues from engagements in the Company's antitrust and mergers and acquisitions practice areas. Substantially all of these revenues are derived from engagements relating to enforcement of United States antitrust laws. Changes in the federal antitrust laws, changes in judicial interpretations of these laws or less vigorous enforcement of these laws by the United States Department of Justice (the "DOJ") and the United States Federal Trade Commission (the "FTC") as a result of changes in political appointments or priorities or for other reasons could substantially reduce the number, duration or size of engagements available to the Company in this area. In addition, adverse changes in general economic conditions, particularly conditions influencing the merger and acquisition activity of larger companies, could also have an impact on engagements in which the Company assists clients in proceedings before the DOJ and the FTC in connection with proposed mergers and acquisitions. Any substantial reduction in the number of the Company's antitrust and mergers and acquisitions consulting engagements could have a material adverse effect on its business, financial condition and results of operations. See "Business--Areas of Practice--Antitrust" and "--Mergers and Acquisitions."

INTENSE COMPETITION

The market for economic and business consulting services is intensely competitive, highly fragmented and subject to rapid change. In general, the barriers to entry into the Company's markets are few and the Company expects to face additional competition from new entrants into the economic and business consulting industries. Many of the Company's competitors have national and international reputations as well as significantly greater personnel, financial, managerial, technical and marketing resources than the Company. Certain of the Company's competitors also have a significantly broader geographic presence than the Company. There can be no assurance that the Company will compete successfully with its existing competitors or with any new competitors. See "Business--Competition."

RISKS RELATED TO POSSIBLE ACQUISITIONS

An element of the Company's strategy is to expand its operations through the acquisition of complementary businesses or consulting practices. The Company has never acquired another business, and there can be no assurance that the Company will be able to identify, acquire, successfully integrate into the Company or profitably manage any businesses without substantial expense, delay or other operational or financial problems. Moreover, there is competition for acquisition opportunities in the economic and business consulting industries, which could result in an increase in the price of acquisition targets and a decrease in the number of attractive companies available for acquisition. There can be no assurance that the financial, operational and other anticipated benefits of any acquisition will be achieved. Further, acquisitions may involve a number of special risks, including adverse short-term effects on the Company's results of operations, diversion of management's time, attention and resources, failure to retain key acquired personnel, increased costs to improve or coordinate managerial, operational, financial and administrative systems, dilutive issuances of equity securities, the incurrence of debt, legal liabilities, amortization of acquired intangible assets, difficulties in integrating diverse corporate cultures, client dissatisfaction or performance problems at the acquired business, additional conflicts of interests, and unanticipated events or circumstances. The occurrence of any of these events could have a material adverse effect on the Company's business, financial condition and results of operations. The Company does not have any binding agreement or other commitment to acquire any business at this time. See "Business--Growth Strategy."

RISKS RELATED TO ENTRY INTO NEW LINES OF BUSINESS

An element of the Company's growth strategy is to continue to develop new practice areas and complementary lines of business. For example, in June 1997, the Company established and purchased a controlling interest in NeuCo LLC ("NeuCo"), which provides applications consulting services and a family of neural network software solutions and complementary applications for fossil-fired electric utilities. To date, NeuCo has not been profitable, and there can be no assurance that it will become profitable. The development

by the Company of new practice areas or lines of business outside its core economic and business consulting services carries inherent risks, including risks associated with inexperience and competition from mature participants in those markets. The Company's inexperience may result in costly decisions that could have a material adverse effect on the Company's business, financial condition and results of operations. There can be no assurance that the Company's attempts to develop NeuCo or any other new practice area or line of business will be successful. See "Business--Growth Strategy" and "--New Opportunities."

PROFESSIONAL LIABILITY

The Company's services typically involve difficult analytical assignments and carry risks of professional and other liability. Many of the Company's engagements involve matters that, if not successfully resolved in the client's favor, could have a severe impact on the client's business, cause the client to lose significant sums of money or prevent the client from pursuing desirable business opportunities. Accordingly, the failure of the Company to perform to a client's satisfaction could induce the client to commence or threaten litigation in order to recover damages or to reduce or eliminate its obligation to pay the Company's fees, or both. Litigation against the Company alleging that the Company performed negligently or otherwise breached its obligations to the client could expose the Company to significant liabilities and tarnish its reputation, either of which could have a material adverse effect on the Company's business, financial condition and results of operations.

BROAD MANAGEMENT DISCRETION IN USE OF PROCEEDS

The net proceeds to the Company from the Offering are estimated to be approximately $22.4 million (approximately $25.8 million if the Underwriters' over-allotment option is exercised in full), assuming an initial public offering price of $16.00 per share. The Company intends to use approximately $20.0 million, or 89.3%, of the total net proceeds from the Offering (approximately $23.4 million, or 90.7%, if the Underwriters' over-allotment option is exercised in full), for working capital and general corporate purposes, including potential acquisitions. Accordingly, the Company will have broad discretion with respect to the use of the net proceeds of the Offering. Purchasers of Common Stock in the Offering will not have the opportunity to evaluate the economic, financial or other information that the Company will use to determine the application of such proceeds. See "Use of Proceeds."

DISTRIBUTIONS TO CURRENT STOCKHOLDERS; TERMINATION OF S CORPORATION STATUS

In connection with the termination of the Company's status as an S corporation under the Internal Revenue Code of 1986, as amended (the "Code"), the Company intends to pay a dividend equal to the amount of the Company's aggregate undistributed taxable earnings up to the date of the closing of the Offering (the "S Corporation Distribution"). As of February 20, 1998, the Company's aggregate undistributed taxable earnings were approximately $6.5 million. The Company also intends to pay an additional dividend of $2.4 million (the "Dividend") out of the proceeds of the Offering. Purchasers of Common Stock in the Offering will not receive any portion of the S Corporation Distribution or the Dividend. In addition, as a result of the termination of the Company's status as an S corporation, the Company will recognize an increase in its net deferred income tax liability, which increase would have been approximately $1.2 million as of February 20, 1998, that will reduce the Company's net income in the period in which the Offering is consummated by an amount equal to the increase in the net deferred income tax liability. The amounts of the S Corporation Distribution and the increase in the net deferred income tax liability will be revised based upon the results of operations and financial condition of the Company between February 20, 1998 and the date of the closing of the Offering and may be significantly larger or smaller than the foregoing amounts. See "Use of Proceeds" and "S Corporation Distributions and Termination of S Corporation Status."

POSSIBLE VOLATILITY OF STOCK PRICE

Many factors may cause the market price of the Common Stock to fluctuate significantly, including factors such as variations in the Company's quarterly results of operations, the hiring or departure of key personnel or Outside Experts, changes in the professional reputation of the Company, the introduction of new services of the Company, its competitors or third parties, acquisitions or strategic alliances by the Company,

its competitors or third parties, changes in accounting principles, changes in estimates of the performance of the Company or recommendations by securities analysts, and market conditions in the industry and the economy as a whole. In addition, the stock market in general has recently experienced extreme price and volume fluctuations, which are often unrelated to the operating performance of particular companies. These broad market fluctuations may also adversely affect the market price of the Common Stock offered hereby. Following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against the company. Any such litigation against CRA could result in substantial costs and the diversion of the time and attention of management and other resources, which could have a material adverse effect on the Company's business, financial condition and results of operations.

SHARES ELIGIBLE FOR FUTURE SALE; POSSIBLE ADVERSE EFFECT ON MARKET PRICE

Sales of a substantial number of shares of Common Stock in the public market could materially adversely affect the market price of the Common Stock and could impair the Company's ability to raise capital through a sale of its equity securities. Following the closing of the Offering, there will be 8,081,740 shares of Common Stock outstanding, of which the 2,188,000 shares of Common Stock offered hereby will generally be freely tradable in the public market. Upon the expiration of "lock-up" agreements between the existing stockholders of the Company and the Representatives of the Underwriters 180 days after the date of this Prospectus (or earlier with the consent of NationsBanc Montgomery Securities LLC in certain cases), approximately 3,081,630 of the remaining shares of outstanding Common Stock will be eligible for immediate sale in the public market under Rule 144(k) and approximately an additional 2,447,880 shares will be eligible for immediate sale subject to the volume and other restrictions of Rule 144. In addition to the foregoing lock-up agreements, each existing stockholder of the Company has agreed that he or she will not sell or otherwise transfer any shares of Common Stock acquired by him or her prior to the Offering without the consent of the Board of Directors for a period of two years after the Offering, except in a public offering, and will transfer only limited portions of such shares in subsequent years. The Board of Directors may release any stockholder from the restrictions imposed by the Company at any time. Immediately after the closing of the Offering, the Company intends to register on Forms S-8 1,213,000 shares of Common Stock reserved for issuance under the Company's stock option and stock purchase plans, which would permit the immediate resale in the public market of any shares of Common Stock issued pursuant to such plans. See "Management--Benefit Plans," "Certain Transactions--Stock Restriction Agreement," "Shares Eligible for Future Sale" and "Underwriting."

ANTI-TAKEOVER EFFECT OF CHARTER PROVISIONS, BY-LAWS AND MASSACHUSETTS LAW

The Company's Amended and Restated Articles of Organization, its Amended and Restated By-Laws and Massachusetts law contain provisions that could be deemed to have anti-takeover effects and that could discourage, delay or prevent a change in control of the Company or an acquisition of the Company at a price which many stockholders may find attractive. These provisions may also discourage proxy contests and make it more difficult for stockholders of the Company to effect certain corporate actions, including the election of directors. The existence of these provisions could limit the price that investors might be willing to pay in the future for shares of Common Stock. See "Description of Capital Stock--Anti-Takeover Effects of the Company's Amended and Restated Articles of Organization and Amended and Restated By-Laws and of Massachusetts Law."

DILUTION

Purchasers in the Offering will experience immediate and substantial dilution in the net tangible book value per share of the Common Stock. See "Dilution."

NO DIVIDENDS

Other than the S Corporation Distribution and the Dividend, the Company does not intend to declare or pay cash dividends on the Common Stock in the foreseeable future. Following the closing of the Offering, the Company intends to retain all earnings for the development of its business. See "Dividend Policy."

USE OF PROCEEDS

The net proceeds to the Company from the sale of the 1,562,500 shares of Common Stock offered by the Company hereby, after deducting the estimated underwriting discount and estimated offering expenses payable by the Company, are estimated to be approximately $22.4 million (approximately $25.8 million if the Underwriters' over-allotment option is exercised in full), assuming an initial public offering price of $16.00 per share.

The Company intends to use a portion of its net proceeds from the Offering to pay the Dividend in the amount of $2.4 million. The Company intends to use its remaining net proceeds for general corporate purposes, including working capital and possible acquisitions of and investments in complementary businesses, and accordingly, the Company will have broad discretion in the application of such net proceeds. The Company is not currently involved in negotiations with respect to, and has no agreement or understanding regarding, any such acquisition or investment. Pending these uses, the Company intends to invest its net proceeds from the Offering in investment-grade, short-term, interest-bearing instruments. The Company will not receive any proceeds from the sale of shares of Common Stock by the Selling Stockholders. See "Risk Factors--Broad Management Discretion in Use of Proceeds."

S CORPORATION DISTRIBUTIONS AND TERMINATION OF S CORPORATION STATUS

Since fiscal 1988, the Company has been treated for federal and certain state income tax purposes as an S corporation under the Code. As a result, the Company's stockholders, rather than the Company, have been and are required to pay federal and certain state income taxes based on the Company's taxable earnings, whether or not these amounts have been distributed to the Company's stockholders. The Company has made periodic distributions to its stockholders in amounts equal to the stockholders' estimated aggregate tax liabilities associated with the Company's taxable earnings, as well as other dividend distributions. The Company made distributions to its stockholders of approximately $1.5 million, $1.6 million and $1.8 million based on the Company's results of operations in fiscal 1995, fiscal 1996 and fiscal 1997, respectively.

The Company has declared the S Corporation Distribution payable to its stockholders of record as of the close of business on April 9, 1998 in an amount equal to the Company's aggregate undistributed taxable earnings up to the date of the closing of the Offering. The S Corporation Distribution will be paid before and after the closing of the Offering from available cash balances. Purchasers of Common Stock in the Offering will not receive any portion of the S Corporation Distribution.

Following the closing of the Offering, the Company will be subject to corporate income taxation as a C corporation under the Code and will be required to change its method of accounting for tax purposes from the cash method to the accrual method. In accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," the termination of the Company's S corporation status will increase its net deferred income tax liability for financial reporting purposes, which increase would have been approximately $1.2 million as of February 20, 1998. The amount of the increase in the net deferred income tax liability will be revised based upon the results of operations and financial condition of the Company between February 20, 1998 and the date of the closing of the Offering and may be significantly larger or smaller than the foregoing amount. This increase in the net deferred income tax liability will be in addition to income tax expense otherwise incurred in the quarter in which such termination occurs. See Note 11 of Notes to Consolidated Financial Statements.

DIVIDEND POLICY

Since fiscal 1988, the Company has made periodic distributions to its stockholders in amounts equal to the stockholders' aggregate tax liabilities associated with the Company's taxable earnings attributable to them, as well as other dividend distributions. Except with respect to the S Corporation Distribution and the Dividend, the Company currently intends to retain any future earnings to finance operations and therefore does not anticipate paying any cash dividends in the foreseeable future. In addition, the terms of the Company's bank line of credit place certain restrictions on the Company's ability to pay cash dividends on its Common Stock.

CAPITALIZATION

The following table sets forth the capitalization of the Company as of February 20, 1998: (i) on an actual basis; (ii) on a pro forma basis, giving effect to the declaration and payment of a dividend of $6.5 million (the amount the S Corporation Distribution would have been as of February 20, 1998), and an increase of $1.2 million in the Company's net deferred income tax liability resulting from the termination of the Company's S corporation status (the amount by which the Company's net deferred income tax liability would have increased had the Company terminated its S corporation status on February 20, 1998); and (iii) on a pro forma basis, as adjusted to reflect the sale of the 1,562,500 shares of Common Stock offered by the Company hereby at an assumed initial public offering price of $16.00 per share, after deducting the estimated underwriting discount of $1,750,000 and estimated offering expenses payable by the Company of $900,000, the declaration and payment of the Dividend of $2.4 million and the receipt of payments of $914,000 on notes receivable from stockholders. See "Use of Proceeds," "S Corporation Distributions and Termination of S Corporation Status" and "Description of Capital Stock." This information should be read in conjunction with the Company's Consolidated Financial Statements and the Notes thereto appearing elsewhere in this Prospectus.

	FEBRUARY 20, 1998		
	ACTUAL	PRO FORMA	PRO FORMA AS ADJUSTED
	(IN THOUSANDS)		
Current portions of notes payable to former stockholders and capital lease obligations(1)	$ 323	$ 323	$ 323
Notes payable to former stockholders and capital lease obligations, net of current portions(1)	$ 773	$ 773	$ 773
Stockholders' equity:			
Preferred Stock, without par value; none authorized or outstanding, actual; 1,000,000 shares authorized and none outstanding, pro forma and pro forma as adjusted	--	--	--
Common Stock, without par value; 25,000,000 shares authorized and 6,519,240 shares outstanding, actual and pro forma; 25,000,000 shares authorized and 8,081,740 shares outstanding, pro forma as adjusted(2)	1,977	1,977	23,850
Retained earnings	9,645	1,923	--
Less:			
Notes receivable from stockholders(3)	(1,100)	(1,100)	(186)
Total stockholders' equity	10,522	2,800	23,664
Total capitalization	$11,295	$ 3,573	$24,437

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(1) See Notes 4 and 8 of Notes to Consolidated Financial Statements.

(2) Excludes 970,000 shares of Common Stock reserved for issuance under the 1998 Incentive and Nonqualified Stock Option Plan and 243,000 shares of Common Stock reserved for issuance under the 1998 Employee Stock Purchase Plan. At the time of the Offering, there are outstanding under such Option Plan options to purchase an aggregate of 345,000 shares of Common Stock at exercise prices equal to the initial public offering price. See "Management--Benefit Plans."

(3) See Note 9 of Notes to Consolidated Financial Statements.

DILUTION

The pro forma net tangible book value of the Company as of February 20, 1998, was $2,741,000, or $0.42 per share of Common Stock. Pro forma net tangible book value per share represents the amount of the Company's total tangible assets less its total liabilities, after giving effect to the declaration and payment of the estimated S Corporation Distribution and the estimated increase in its net deferred income tax liability resulting from the termination of the Company's S corporation status, divided by the total number of shares of Common Stock outstanding. After giving effect to (i) the sale of the 1,562,500 shares of Common Stock offered by the Company hereby at an assumed initial public offering price of $16.00 per share and after deducting the estimated underwriting discount and estimated offering expenses payable by the Company, (ii) the declaration and payment of the Dividend and (iii) the receipt of payments of $914,000 on notes receivable from stockholders, the adjusted pro forma net tangible book value of the Company as of February 20, 1998 would have been $23,605,000, or $2.92 per share of Common Stock. This represents an immediate increase in pro forma net tangible book value of $2.50 per share to existing stockholders and an immediate dilution in pro forma net tangible book value of $13.08 per share to purchasers of Common Stock in the Offering. The following table illustrates the dilution in pro forma net tangible book value per share to new investors:

Assumed initial public offering price per share.....		$16.00
Pro forma net tangible book value per share as of February 20, 1998.....	$0.42	
Increase per share attributable to new investors.....	2.50	
Adjusted pro forma net tangible book value per share after the Offering.....		2.92
Dilution per share to new investors.....		$13.08

The following table summarizes, on a pro forma basis as of February 20, 1998, the number of shares of Common Stock purchased from the Company, the total consideration paid and the average price per share paid by existing stockholders and new investors, assuming an initial public offering price of $16.00 per share, before deducting the estimated underwriting discount and estimated offering expenses payable by the Company:

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE
	NUMBER	PERCENT	AMOUNT	PERCENT	PER SHARE
Existing stockholders.....	6,519,240	80.7%	$ 1,977,000(1)	7.3%	$ 0.30
New investors.....	1,562,500	19.3	25,000,000	92.7	$16.00
Total.....	8,081,740	100.0%	$26,977,000	100.0%	

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(1) Includes notes receivable from stockholders in the amount of $1.2 million, of which $914,000 will be paid in connection with the closing of the Offering. See Note 9 of Notes to Consolidated Financial Statements.

The net effect of sales by the Selling Stockholders in the Offering will be to reduce the number of shares held by existing stockholders to 5,893,740 or 72.9% of the total number of shares Common Stock to be outstanding after the Offering (5,799,915 or 69.7% if the Underwriters' over-allotment option is exercised in full) and to increase the number of shares held by new investors to 2,188,000 or 27.1% of the total number of shares of Common Stock to be outstanding after the Offering (2,516,200 or 30.3% if the Underwriters' overallotment option is exercised in full). See "Principal and Selling Stockholders."

SELECTED CONSOLIDATED FINANCIAL DATA
(IN THOUSANDS, EXCEPT SHARE DATA)

The following selected consolidated financial data of the Company as of November 30, 1996 and November 29, 1997 and for each of the fiscal years in the three-year period ended November 29, 1997 have been derived from the consolidated financial statements of the Company included elsewhere in this Prospectus, which have been audited by Ernst & Young LLP, independent auditors. The following selected consolidated financial data of the Company as of November 27, 1993, November 26, 1994 and November 25, 1995 and for the fiscal years ended November 27, 1993 and November 26, 1994 have been derived from consolidated financial statements of the Company not included in this Prospectus, which have also been audited by Ernst & Young LLP. The selected consolidated financial data as of February 20, 1998 and for the quarters ended February 20, 1998 and February 21, 1997 have been derived from the unaudited consolidated financial statements of the Company. The unaudited consolidated financial statements have been prepared on the same basis as the audited financial statements and, in the opinion of management of the Company, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth therein. The results of operations for the quarter ended February 20, 1998 are not necessarily indicative of future operating results. The selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's Consolidated Financial Statements and Notes thereto included elsewhere in this Prospectus.

	FISCAL YEAR ENDED					QUARTER ENDED	
	NOV. 27, 1993	NOV. 26, 1994	NOV. 25, 1995	NOV. 30, 1996 (53 WEEKS)	NOV. 29, 1997	FEB. 21, 1997	FEB. 20, 1998
CONSOLIDATED STATEMENTS OF OPERATIONS DATA:							
Revenues	$25,937	$26,249	$31,839	$37,367	$44,805	$9,648	$11,137
Costs of services	15,446	16,160	19,760	23,370	28,374	6,106	6,486
Supplemental compensation(1)	--	--	1,212	1,200	1,233	280	--
Gross profit	10,491	10,089	10,867	12,797	15,198	3,262	4,651
General and administrative	8,489	8,204	8,397	9,060	10,509	2,134	2,754
Income from operations	2,002	1,885	2,470	3,737	4,689	1,128	1,897
Interest income, net	16	106	118	124	302	9	46
Income before provision for income taxes and minority interest	2,018	1,991	2,588	3,861	4,991	1,137	1,943
Provision for income taxes(2)	(170)	(446)	(174)	(273)	(306)	(76)	(120)
Net income before minority interest	1,848	1,545	2,414	3,588	4,685	1,061	1,823
Minority interest	--	--	--	--	282	--	52
Net income(2)	$ 1,848	$ 1,545	$ 2,414	$ 3,588	$ 4,967	$1,061	$1,875
Basic and diluted net income per share	$0.23	$0.19	$0.40	$0.59	$0.78	$0.17	$0.29
Weighted average number of common shares outstanding used in basic and diluted net income per share	7,902,752	7,935,512	5,987,384	6,091,384	6,355,873	6,212,440	6,519,240
Pro forma net income(3)					$3,134		$1,181
Pro forma net income per share(3)					$0.48		$0.18
Weighted average number of common shares outstanding used in pro forma net income per share(4)					6,505,873		6,669,240

	NOV. 27, 1993	NOV. 26, 1994	NOV. 25, 1995	NOV. 30, 1996	NOV. 29, 1997	FEB. 20, 1998
			(IN THOUSANDS)			
CONSOLIDATED BALANCE SHEETS DATA:						
Working capital	$ 4,673	$ 2,908	$ 4,782	$ 6,554	$ 7,732	$ 9,558
Total assets	11,601	10,057	12,307	15,468	20,435	23,828
Total long-term debt	304	222	324	550	781	773
Total stockholders' equity	5,138	2,697	4,282	6,202	8,536	10,522

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(1) Represents discretionary payments of bonus compensation to officers and certain Outside Experts under a bonus program that will be discontinued after fiscal 1997. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview" and Note 7 of Notes to Consolidated Financial Statements.

(2) Since fiscal 1988, the Company has been taxed under subchapter S of the Code. As an S corporation, the Company is not subject to federal and some state income taxes. The Company's S corporation status will terminate on the closing of the Offering. See "S Corporation Distributions and Termination of S Corporation Status."

(3) Pro forma net income and pro forma net income per share for fiscal 1997 and the first quarter of fiscal 1998 have been computed by adjusting net income, as reported, to record income tax expense that would have been recorded had the Company been a C corporation during those periods, assuming effective tax rates for the year ended November 29, 1997 and the quarter ended February 20, 1998 of 43% and 42%, respectively. See Note 11 of Notes to Consolidated Financial Statements.

(4) See Note 1 of Notes to Consolidated Financial Statements for a description of the computation of the number of shares used in the per share calculation.

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

OVERVIEW

The Company is a leading economic and business consulting firm that applies advanced analytic techniques and in-depth industry knowledge to complex engagements for a broad range of clients. Founded in 1965, the Company provides original and authoritative advice for clients involved in many high-stakes matters, such as multi-billion dollar mergers and acquisitions, new product introductions, major capital investment decisions and complex litigation, the outcome of which often has significant implications or consequences for the parties involved. The Company offers two types of services: legal and regulatory consulting and business consulting. The Company estimates that it derived approximately two-thirds of its revenues in fiscal 1997 from legal and regulatory consulting and approximately one-third from business consulting.

The Company derives revenues principally from professional services rendered by its consultants. In most instances, clients are charged on a time-and-materials basis and revenues are recognized in the period when services are provided. Consultants' time is charged at hourly rates, which vary from consultant to consultant depending on a consultant's position, experience and expertise, and other factors. Outside Experts typically bill clients directly for their services. As a result, substantially all of the Company's professional services fees are generated from the work of its own full-time consultants. Factors that affect the Company's professional services fees include the number and scope of client engagements, the number of consultants employed by the Company, the consultants' billing rates, and the number of hours worked by the consultants. In addition to professional services fees, a portion of the Company's revenues represents expenses billed to clients, such as travel and other out-of-pocket expenses, charges for support staff and outside contractors, and other reimbursable expenses.

The Company's costs of services include the salaries, bonuses and benefits of the Company's consultants. Consultants are compensated on a salary and bonus basis. The Company currently has one bonus program. This program awards discretionary bonuses based on the Company's revenues and profitability and individual performance. Amounts paid under this bonus program to consultants are included in costs of services, and the Company expects to continue this bonus program after the Offering. During fiscal 1995, fiscal 1996 and fiscal 1997, the Company also had another bonus program, which consisted of discretionary payments to officers and certain Outside Experts based primarily on the Company's cash flows. These bonus payments are shown as "supplemental compensation" in the Company's statements of income, and the Company does not intend to make additional payments under this bonus program after fiscal 1997. Costs of services also include out-of-pocket and other expenses that are billed to clients, and the salaries, bonuses and benefits of certain support staff whose time is billed directly to clients, such as librarians, editors and computer programmers. The Company's gross profit, which equals revenues less costs of services and supplemental compensation, is affected by changes in the mix of revenues. The Company experiences significantly higher gross margins on revenues from professional services fees than revenues from expenses billed to clients. General and administrative expenses include salaries, bonuses and benefits of the Company's administrative and support staff, performance payments to Outside Experts for generating new business, rent, and marketing and certain other costs.

Since fiscal 1988, the Company has been treated for federal and certain state income tax purposes as an S corporation under the Code. As a result, the Company's stockholders, rather than the Company, have been and are required to pay federal and certain state income taxes based on the Company's taxable earnings. The state income taxes that the Company does pay are shown as "provision for income taxes" in the Company's statements of income. Upon the closing of the Offering, the Company's status an S corporation will cease and, thereafter, it will be subject to corporate taxation as a C corporation under the Code.

The Company will recognize an increase in its net deferred income tax liability resulting from the termination of the Company's S corporation status, which will result in a significant non-cash charge against earnings during the quarter in which the Offering is completed. Based upon the Company's audited results of operations and financial information as of and for the year ended November 29, 1997 and its unaudited results

of operations and financial information as of and for the quarter ended February 20, 1998, the net charge to earnings would have been approximately $1.2 million. The actual net charge to earnings may be larger or smaller than the foregoing amount, depending on the Company's results of operations and financial condition from February 20, 1998 through the closing of the Offering. See "S Corporation Distributions and Termination of S Corporation Status" and Note 11 of Notes to Consolidated Financial Statements.

Officers and directors of the Company completed a management buy-out in March 1995, resulting in a broad expansion of the Company's ownership principally from its three founders to all of its officers and directors at that time. In order to align each officer's interest with the overall interests and profitability of CRA, the Company adopted, as part of the management buy-out, a policy requiring that each of its officers have an equity interest in CRA. As of the date of this Prospectus, the Company's stock is widely held among over 30 officers and directors.

In June 1997, the Company invested approximately $650,000 for a majority interest in NeuCo. NeuCo was established by the Company and an affiliate of Commonwealth Energy Systems as a start-up entity to develop and market a family of neural network software tools and complementary applications consulting services for electric utilities. The Company's financial statements are consolidated with the financial statements of NeuCo. For the period from inception (June 19, 1997) to November 29, 1997 and for the first quarter of fiscal 1998, NeuCo sustained a net loss after taxes of $564,000 and $104,000, respectively. There can be no assurance that NeuCo will become profitable. The portion of this loss allocable to NeuCo's minority owners is shown as "minority interest" in the Company's statements of income, and that amount, together with the capital contributions to NeuCo of its minority owners, is shown as "minority interest" in the Company's balance sheets. See "Business--New Opportunities--NeuCo," "Risk Factors--Risks Related to Entry into New Lines of Business," and Note 1 of Notes to Consolidated Financial Statements.

The Company's fiscal year ends on the last Saturday in November and, accordingly, the Company's fiscal year will periodically contain 53 weeks rather than 52 weeks. For example, fiscal 1996 contains 53 weeks. This additional week of operations in the fiscal year will affect the comparability of results of operations of these 53-week fiscal years with other fiscal years. Historically, the Company has managed its business based on a four-week billing cycle to clients and, consequently, has established quarters that are divisible by four-week periods. As a result, the first, second and fourth quarters of each fiscal year are 12-week periods and the third quarter of each fiscal year is a 16-week period. However, the fourth quarter in 53-week fiscal years is 13 weeks long. Accordingly, quarter to quarter comparisons of the Company's results of operations are not necessarily meaningful if the quarters being compared are of different lengths.

RESULTS OF OPERATIONS

The following table sets forth certain operating information as a percentage of revenues for the periods indicated:

	FISCAL YEAR ENDED			QUARTER ENDED	
	NOV. 25, 1995	NOV. 30, 1996	NOV. 29, 1997	FEB. 21, 1997	FEB. 20, 1998
		(53 WEEKS)			
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Costs of services	62.1	62.6	63.3	63.3	58.2
Supplemental compensation	3.8	3.2	2.8	2.9	--
Gross profit	34.1	34.2	33.9	33.8	41.8
General and administrative	26.4	24.2	23.5	22.1	24.7
Income from operations	7.7	10.0	10.4	11.7	17.1
Interest income, net	0.4	0.3	0.7	0.1	0.4
Income before provision for income taxes and minority interest	8.1	10.3	11.1	11.8	17.5
Provision for income taxes	0.5	0.7	0.7	0.8	1.1
Net income before minority interest	7.6	9.6	10.4	11.0	16.4
Minority interest	--	--	0.6	--	0.4
Net income	7.6%	9.6%	11.0%	11.0%	16.8%

FIRST QUARTER FISCAL 1998 COMPARED TO FIRST QUARTER FISCAL 1997

Revenues. Revenues increased $1.5 million, or 15.4%, from $9.6 million for the first quarter of fiscal 1997 to $11.1 million for the first quarter of fiscal 1998. The increase in revenues was due primarily to increased consulting services performed for new and existing clients during the period and higher billing rates. The Company experienced revenue increases during the first quarter of fiscal 1998 in both its legal and regulatory consulting services and business consulting services, and in particular generated significant revenue increases in its antitrust and mergers and acquisitions practices.

Costs of Services. Costs of services increased by $380,000, or 6.2%, from $6.1 million in the first quarter of fiscal 1997 to $6.5 million in the first quarter of fiscal 1998. As a percentage of revenues, costs of services decreased from 63.3% in the first quarter of fiscal 1997 to 58.2% in the first quarter of fiscal 1998. The decrease as a percentage of revenues was due primarily to discretionary cash compensation to consultants not increasing at as fast a rate as the rate of increase of revenues during the first quarter of fiscal 1998. This is in anticipation of the Company granting stock options from time to time to certain of its consultants pursuant to its stock option plan.

Supplemental Compensation. The Company does not intend to pay supplemental compensation after fiscal 1997, and consequently, did not have supplemental compensation in the first quarter of fiscal 1998. Supplemental compensation was $280,000 in the first quarter of fiscal 1997.

General and Administrative. General and administrative expenses increased by $620,000, or 29.1%, from $2.1 million in the first quarter of fiscal 1997 to $2.8 million in the first quarter of fiscal 1998. As a percentage of revenues, general and administrative expenses increased from 22.1% in the first quarter of fiscal 1997 to 24.7% in the first quarter of fiscal 1998. The increase as a percentage of revenues was due primarily to increased rent expense resulting from the Company's expansion of each of its three offices in Boston, Massachusetts, Washington, D.C. and Palo Alto, California.

Interest Income, Net. Net interest income increased from $9,000 in the first quarter of fiscal 1997 to $46,000 in the first quarter of fiscal 1998. This increase was due primarily to the Company maintaining higher cash balances during the first quarter of fiscal 1998 as compared to the first quarter of fiscal 1997.

Minority Interest. Minority interest was $52,000 in the first quarter of fiscal 1998, and represents the portion of NeuCo's net loss after taxes allocable to its minority owners.

FISCAL 1997 COMPARED TO FISCAL 1996

Revenues. Revenues increased by $7.4 million, or 19.9%, from $37.4 million for fiscal 1996 to $44.8 million for fiscal 1997. The increase in revenues was due primarily to increased consulting services performed for new and existing clients during the period. In fiscal 1997, the Company experienced revenue increases in both its legal and regulatory consulting services and its business consulting services, and in particular generated significant revenue increases in its mergers and acquisitions, finance, and auctions practices. During fiscal 1997, the Company increased the number of its consultants from 112 to 121. The increase in revenues during fiscal 1997 was also due in part to increased billing rates of the Company's consultants.

Costs of Services. Costs of services increased by $5.0 million, or 21.4%, from $23.4 million in fiscal 1996 to $28.4 million in fiscal 1997. As a percentage of revenues, costs of services increased from 62.6% in fiscal 1996 to 63.3% in fiscal 1997. The increase as a percentage of revenues was due primarily to slightly lower utilization rates for the Company's consultants during fiscal 1997, which resulted in part from certain consultants of the Company spending time developing new practice areas that are complementary to the Company's core practice areas.

Supplemental Compensation. Supplemental compensation was $1.2 million for each of fiscal 1996 and fiscal 1997. As a percentage of revenues, supplemental compensation decreased from 3.2% in fiscal 1996 to 2.8% in fiscal 1997. The Company has paid supplemental compensation of $1.2 million in each of its last three fiscal years and intends to discontinue these payments after fiscal 1997.

General and Administrative. General and administrative expenses increased by $1.4 million, or 16.0%, from $9.1 million in fiscal 1996 to $10.5 million in fiscal 1997. As a percentage of revenues, general and administrative expenses decreased from 24.2% in fiscal 1996 to 23.5% in fiscal 1997. General and administrative expenses decreased as a percentage of revenues primarily because the Company increased its administrative and support staff at a lower rate than the rate of increase of its consultants.

Interest Income, Net. Net interest income increased from $124,000 for fiscal 1996 to $302,000 for fiscal 1997. This increase was due primarily to the Company generating more cash from operations during fiscal 1997, which resulted in the Company maintaining higher cash balances during the year.

Minority Interest. Minority interest was $282,000 for fiscal 1997, and represents the portion of NeuCo's net loss after taxes allocable to its minority owners.

FISCAL 1996 COMPARED TO FISCAL 1995

Revenues. Revenues increased by $5.5 million, or 17.4%, from $31.8 million for fiscal 1995 to $37.4 million for fiscal 1996. The increase in revenues was due primarily to increased consulting services performed for new and existing clients during the period. In fiscal 1996, the Company experienced revenue increases in both its legal and regulatory consulting services and its business consulting services, and in particular, generated increased revenues in its antitrust and mergers and acquisitions practices. As part of its growth strategy following the management buy-out, and to service additional client engagements, the Company increased the number of its consultants from 90 at the end of fiscal 1995 to 112 at the end of fiscal 1996. Increases in consultants' billing rates during fiscal 1996 also contributed to increased revenues for the period.

Costs of Services. Costs of services increased by $3.6 million, or 18.3%, from $19.8 million for fiscal 1995 to $23.4 million for fiscal 1996. As a percentage of revenues, costs of services increased slightly from 62.1% in fiscal 1995 to 62.6% in fiscal 1996. The increase as a percentage of revenues was due primarily to a higher percentage of reimbursable expenses in fiscal 1996 as compared to fiscal 1995, which have lower gross margins than professional services fees.

Supplemental Compensation. Supplemental compensation was $1.2 million in each of fiscal 1996 and fiscal 1995. As a percentage of revenues, supplemental compensation decreased from 3.8% in fiscal 1995 to 3.2% in fiscal 1996.

General and Administrative. General and administrative expenses increased by $663,000, or 7.9%, from $8.4 million in fiscal 1995 to $9.1 million in fiscal 1996. As a percentage of revenues, general and administrative expenses decreased from 26.4% for fiscal 1995 to 24.2% for fiscal 1996. The decrease as a percentage of revenues was primarily a result of the Company's strategy after the management buy-out to improve the productivity and efficiency of its administrative and support staff, which resulted in the Company reducing its hiring of administrative and support staff during fiscal 1996.

Interest Income, Net. Net interest income was $124,000 in fiscal 1996 as compared to $118,000 in fiscal 1995.

UNAUDITED QUARTERLY RESULTS

The following table presents certain unaudited quarterly statements of income information for each of the quarters in fiscal 1996 and fiscal 1997 and the first quarter of fiscal 1998. This information is derived from and is qualified by reference to the audited and unaudited consolidated financial statements included elsewhere in this Prospectus and, in the opinion of management of the Company, includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of that information. The first, second and fourth quarters of each fiscal year are 12-week periods and the third quarter of each fiscal year is a 16-week period. However, the fourth quarter in 53-week fiscal years is 13 weeks long. Accordingly, quarter to quarter comparisons of the Company's results of operations are not necessarily meaningful if the quarters being compared are of different lengths. The results of operations for any quarter are not necessarily indicative of the results to be expected for any future period.

	QUARTER ENDED								
	FEB. 16, 1996	MAY 10, 1996	AUG. 30, 1996	NOV. 30, 1996	FEB. 21, 1997	MAY 16, 1997	SEPT. 5, 1997	NOV. 29, 1997	FEB. 20, 1998
			(16 WEEKS)	(13 WEEKS)			(16 WEEKS)		
	(IN THOUSANDS)								
Revenues	$6,990	$8,334	$11,356	$10,687	$9,648	$9,171	$14,498	$11,488	$11,137
Costs of services	4,386	5,021	6,888	7,075	6,106	5,912	9,135	7,221	6,486
Supplemental compensation	280	280	373	267	280	280	373	300	--
Gross profit	2,324	3,033	4,095	3,345	3,262	2,979	4,990	3,967	4,651
General and administrative	1,811	2,087	2,890	2,272	2,134	2,162	3,361	2,852	2,754
Income from operations	513	946	1,205	1,073	1,128	817	1,629	1,115	1,897
Interest income, net	19	34	21	50	9	84	41	168	46
Income before provision for income taxes and minority interest	532	980	1,226	1,123	1,137	901	1,670	1,283	1,943
Provision for income taxes	(37)	(69)	(86)	(81)	(76)	(60)	(112)	(58)	(120)
Net income before minority interest	495	911	1,140	1,042	1,061	841	1,558	1,225	1,823
Minority interest	--	--	--	--	--	--	198	84	52
Net income	$ 495	$ 911	$ 1,140	$ 1,042	$1,061	$ 841	$ 1,756	$ 1,309	$ 1,875

The Company has experienced, and may continue to experience, significant period-to-period fluctuations in revenues and results of operations. The Company's results of operations in any quarter can fluctuate depending upon, among other things, the number of weeks in the quarter, the number and scope of ongoing client engagements, the commencement, postponement and termination of engagements in the quarter, the mix of revenue, the extent of discounting or cost overruns, employee hiring, the ability to reassign consultants efficiently from one engagement to the next, severe weather conditions, and other factors affecting employee productivity. Because the Company generates substantially all of its revenues from consulting services

provided on an hourly-fee basis, the Company's revenues in any period are directly related to the number of its consultants, their billing rates and the number of billable hours worked during that period. The Company's ability to increase any of these factors in the short term is limited and, accordingly, the Company may be unable to compensate for periods of underutilization during one part of a fiscal period by augmenting revenues during another part of that period. In addition, the Company intends to hire additional consultants who may not be fully utilized immediately, particularly in the quarter in which such consultants are hired. Moreover, a significant majority of the Company's operating expenses, primarily rent and the base salaries of the Company's consultants, are fixed in the short term, and as a result the failure of revenues to meet the Company's projections in any quarter could have a disproportionate adverse effect on the Company's net income.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operating activities provided cash of $1.4 million, $2.2 million and $3.6 million in fiscal 1995, fiscal 1996 and fiscal 1997, respectively. In each of these years, the cash from operating activities was generated primarily from net income earned for the period, which increased from $2.4 million in fiscal 1995 to $3.6 million in fiscal 1996 to $4.9 million in fiscal 1997. Cash generated from operating activities was partially offset by increases in unbilled services and accounts receivable, reflecting increased services performed by the Company in each of fiscal 1995, fiscal 1996 and fiscal 1997.

Cash used in investing activities during fiscal 1995, fiscal 1996 and fiscal 1997 was $698,000, $476,000 and $2.3 million, respectively, and was primarily attributable to purchases by the Company of property and equipment and leasehold improvements. The increased use of cash for investing activities in fiscal 1997 was due primarily to the Company's expansion of its three offices during that year.

The Company's financing activities used cash of $251,000, $1.3 million and $708,000 in fiscal 1995, fiscal 1996 and fiscal 1997, respectively. A principal use of cash for financing activities in each year was payment of dividends, which totaled $245,000, $1.5 million and $1.6 million in fiscal 1995, fiscal 1996 and fiscal 1997, respectively. In fiscal 1997, the Company's use of cash for financing activities was partially offset by collection of notes receivable from stockholders, the sale of Common Stock to officers of the Company and the investment in NeuCo by minority interest owners.

In the first quarter of fiscal 1998, the Company's operating activities provided cash of $6.6 million consisting primarily of a decrease in accounts receivable and increases in accounts payable and accrued expenses. Cash used in investing activities for the purchase of property and equipment during the first quarter of fiscal 1998 was $243,000. The Company's financing activities used cash of $1.4 million in the first quarter of fiscal 1998, which consisted primarily of the 1997 Distribution.

As of February 20, 1998, the Company had cash and cash equivalents of $7.0 million and working capital of $9.6 million. The Company presently has available a $2.0 million revolving line of credit with BankBoston Corporation ("BankBoston"), which is secured by the Company's accounts receivable. This line of credit automatically renews each year on June 30 unless earlier terminated by either the Company or BankBoston. No borrowings were outstanding under this line of credit as of February 20, 1998 or as of the date hereof. The Company had outstanding standby letters of credit under this line of credit as of February 20, 1998 amounting to $76,000, which expire between March and June 1998.

The Company believes that the net proceeds of the Offering, together with funds generated by operating activities, existing cash balances and credit available under its bank line of credit, will be sufficient to meet the Company's working capital and capital expenditure requirements for at least the next 12 months.

The Company is currently assessing the potential impact of the Year 2000 on the processing of date-sensitive information by the Company's computerized information systems and on products sold by the Company. While there can be no assurance that all issues arising from the Year 2000 will be identified and resolved satisfactorily, the Company presently believes that Year 2000 issues will not pose significant operational problems for the Company or have a material adverse effect on the Company's business, financial condition or results of operations.

To date, inflation has not had a material impact on the Company's financial results. There can be no assurance, however, that inflation may not adversely affect the Company's financial results in the future.

BUSINESS

INTRODUCTION

The Company is a leading economic and business consulting firm that applies advanced analytic techniques and in-depth industry knowledge to complex engagements for a broad range of clients. Founded in 1965, the Company provides original and authoritative advice for clients involved in many high-stakes matters, such as multi-billion dollar mergers and acquisitions, new product introductions, major capital investment decisions, and complex litigation, the outcome of which often has significant implications or consequences for the parties involved. The Company offers two types of services: legal and regulatory consulting and business consulting. Through its legal and regulatory consulting practice, CRA provides law firms and businesses involved in litigation and regulatory proceedings with expert advice on highly technical issues such as the competitive effects of mergers and acquisitions, damages calculations, measurement of market share and market concentration, liability analysis in securities fraud cases, and the impact of increased regulation. In addition, the Company uses its expertise in economics, finance and business analysis to offer clients business consulting services for strategic issues such as establishing pricing strategies, estimating market demand, valuing intellectual property and other assets, assessing competitors' actions, and analyzing new sources of supply. To complement its analytical expertise in advanced economic and financial methods, the Company offers its clients in-depth industry expertise in specific vertical markets, including chemicals, electric power and other energies, healthcare, materials, media/telecommunications, and transportation.

The Company's services are provided by its highly credentialed and experienced staff of consultants. As of February 20, 1998, CRA employed 120 full-time professional consultants, including 47 consultants with Ph.D.s and 26 consultants with other advanced degrees, who have backgrounds in a wide range of disciplines, including economics, business, corporate finance, materials sciences and engineering. Since maintaining its reputation is paramount and its engagements are typically complex, the Company is extremely selective in its hiring of consultants, recruiting individuals from leading universities, industry and government. Many of the Company's consultants are nationally recognized as experts in their respective fields, having published scholarly articles, lectured extensively and been quoted in the press. To enhance the expertise it provides to its clients, CRA maintains close working relationships with a select group of Outside Experts.

Through its offices in Boston, Massachusetts, Washington, D.C. and Palo Alto, California, CRA has completed more than 2,500 engagements for clients, including major law firms, domestic and foreign corporations, federal, state and local government agencies, governments of foreign countries, public and private utilities, and national and international trade associations. While the Company has particular expertise in certain vertical markets, the Company provides services to a diverse group of clients in a broad range of industries. During its last three fiscal years, the Company had over 1,200 engagements for clients that included 59 of the 100 largest U.S. law firms (ranked by The American Lawyer based on 1996 revenues) and 109 Fortune 500 companies (based on 1996 revenues). During that period, the Company's clients included Cravath, Swaine & Moore; Ford Motor Company; Jones, Day, Reavis & Pogue; Procter & Gamble Company Inc.; Skadden, Arps, Slate, Meagher & Flom LLP; and Time Warner Inc. No single client accounted for over 10% of the Company's revenues in fiscal 1997.

Officers and directors of the Company completed a management buy-out in March 1995, resulting in a broad expansion of the Company's ownership principally from its three founders to all of its officers and directors at that time. In order to align each officer's interest with the overall interests and profitability of CRA, the Company adopted, as part of the management buy-out, a policy requiring that each of its officers have an equity interest in CRA. As of the date of this Prospectus, the Company's stock is broadly held among over 30 officers and directors. In connection with the management buy-out, the Company refocused its efforts on improving profitability and expanding its areas of expertise and its client base. The Company's revenues and income from operations have increased from $31.8 million and $2.5 million in fiscal 1995 to $44.8 million and $4.7 million in fiscal 1997, respectively, representing compound annual growth rates of 18.6% and 37.8%, respectively.

INDUSTRY OVERVIEW

The environment in which businesses operate is becoming increasingly complex. Expanding access to powerful computers and software is providing companies with almost instantaneous access to a wide range of internal information, such as supply costs, inventory values, and sales and pricing data, as well as external information such as market demand forecasts and customer buying patterns. At the same time, markets are becoming increasingly global, offering companies the opportunity to expand their presences throughout the world and exposing them to increased competition and the uncertainties of foreign operations. Many industries are rapidly consolidating as companies are pursuing mergers and acquisitions in response to increased competitive pressures and to expand their market opportunities. In addition, companies are relying to a greater extent on technological and business innovations to improve efficiency, thus increasing the importance of strategically analyzing their businesses and developing and protecting new technology. As a result of this increasingly competitive and complex business environment, companies are required to constantly gather, analyze and utilize available information to enhance their business strategies and operational efficiencies.

The increasing complexity and changing nature of the business environment is also forcing governments to adjust their regulatory strategies. For example, certain industries such as healthcare are subject to frequently changing regulations while other industries such as telecommunications and electric power are experiencing trends toward deregulation. These constant changes in the regulatory environment are leading to frequent litigation and interaction with government agencies as companies attempt to interpret and react to the implications of this changing environment. Furthermore, as the general business and regulatory environment becomes more complex, litigation has also become more complicated, protracted, expensive and important to the parties involved.

As business, legal and regulatory environments undergo rapid change and become more complex, companies are increasingly relying on sophisticated economic and financial analysis to solve complex problems and improve decision-making. Economics and finance provide the tools necessary to analyze a variety of issues confronting businesses, such as interpretation of sales data, effects of price changes, valuation of assets, assessment of competitors' activities, evaluation of new products and analysis of supply limitations. Governments are also relying to an increasing extent on economic and finance theory to measure the effects of anti-competitive activity, evaluate mergers and acquisitions, change regulations, implement auctions to allocate resources, and establish transfer pricing rules. Finally, litigants and law firms are using economic and finance theory to help determine liability and to calculate damages amounts in complex and high-stakes litigation. As this need for complex economic and financial analysis becomes more widespread, CRA believes that companies will increasingly turn to outside consultants for access to specialized expertise, experience and prestige that are not available to them internally.

COMPETITIVE STRENGTHS

Since 1965, the Company has been committed to providing sophisticated consulting services to its clients. The Company believes that the following factors have been critical to its success:

Strong Reputation for High Quality Consulting. For over 30 years, the Company has been a leader in providing sophisticated economic analysis and original, authoritative studies for clients involved in complex litigation and regulatory proceedings. As a result, the Company believes that it has established a strong reputation among leading law firm and business clients as a preferred source of expertise in economics and finance, as evidenced by the Company's high level of repeat business and significant referrals from existing clients. Approximately 60% of the Company's revenues from new engagements in fiscal 1997 were derived from engagements for existing clients. In addition, the Company believes that its significant name recognition, developed as a result of its work on many high profile litigation and regulatory engagements, has enhanced the development of its business consulting practice. While reputation for high quality consulting and name recognition are critical in attracting new clients, CRA believes that these factors are equally important to its ability to recruit and retain both consultants and renowned Outside Experts.

Highly Educated, Experienced and Versatile Consulting Staff. The Company believes that its most important asset is its base of full-time consultants, particularly its senior consultants. Of the Company's

120 consultants as of February 20, 1998, 69 are either officers, principals or senior associates, substantially all of whom have a Ph.D. or a master's degree. Many of these senior consultants are nationally recognized as experts in their respective fields, having published scholarly articles, lectured extensively and been quoted in the press. In addition to their expertise in a particular field, most of the Company's consultants are able to apply their skills across numerous practice areas. This flexibility in staffing engagements is critical to the Company's ability to apply its resources as needed to meet the demands of its clients. As a result, the Company seeks to hire consultants who not only have strong analytical skills but also are creative, intellectually curious and driven to develop expertise in new practice areas and industries.

Vertical Market Expertise. By maintaining expertise in certain industries, the Company is able to offer clients creative and pragmatic advice tailored to their specific markets. This vertical market expertise, developed by CRA over decades of providing sophisticated consulting services to a diverse group of clients in industries such as chemicals, electric power and other energies, healthcare, materials, media/telecommunications, and transportation, differentiates the Company from many of its competitors. CRA believes that it has developed a strong reputation and substantial name recognition within these specific industries, which leads to repeat business and new engagements from clients in those markets.

Broad Range of Services. By offering clients both legal and regulatory consulting services and business consulting services, CRA is able to satisfy a broad array of client needs, ranging from expert testimony for complex lawsuits to designing global business strategies. This broad range of expertise enables the Company to take an interdisciplinary approach to certain engagements, combining economists and experts in one area with specialists in another discipline. The Company emphasizes its diverse capabilities to clients and regularly cross-markets across its service areas. For example, it is not unusual for a client that the Company assists in a litigation matter to later retain the Company for a business consulting matter. In addition, the Company believes that consultants and Outside Experts are attracted by the opportunity to work on a diverse array of matters.

Access to Leading Academic and Industry Experts. To enhance the expertise it provides to its clients, CRA maintains close working relationships with a select group of Outside Experts. Depending on client needs, the Company uses Outside Experts for their specialized expertise, assistance in conceptual problem-solving and expert witness testimony. CRA works regularly with renowned professors at Harvard University, the Massachusetts Institute of Technology, Georgetown University, The University of California, Stanford University, The University of Virginia and other leading universities. Outside Experts also generate business for CRA and provide the Company access to other leading academic and industry experts. By establishing affiliations with prestigious Outside Experts, the Company further enhances its reputation as a leading source of sophisticated economic and financial analysis.

GROWTH STRATEGY

CRA intends to enhance its position as a leading economic and business consulting firm by pursuing the following growth strategy:

Attract and Retain High Quality Consultants. Since its consultants are its most important asset, the Company's ability to attract and retain highly credentialed and experienced consultants both to work on engagements and to generate new business is crucial to the Company's success. In order to attract highly qualified consultants, the Company offers competitive compensation and benefits and has developed a career enhancement program that offers consultants career enrichment opportunities and access to individualized training. While competitive compensation and benefits are important, CRA believes that consultants are attracted to CRA because of its strong reputation, the credentials, experience and reputation of its consultants, the opportunity to work on a diverse array of matters, the opportunity to work with renowned Outside Experts, and the collegial atmosphere of the Company. The Company believes that its attractiveness as an employer is reflected in its low turnover rate among employees and that its status as a public company will further enhance its ability to recruit and retain employees. The Company intends to grant stock options to certain employees as part of its efforts to attract and retain consultants.

Increase Marketing Activities. Historically, the Company has primarily relied on its reputation and client referrals for new business. As a result, the Company believes there is an opportunity to expand significantly its marketing activities in order to attract new clients and increase the overall exposure of its consultants. For example, the Company intends to increase its presence at selected conferences, seminars and public speaking engagements to increase client referrals and lead generation. The Company also intends to increase circulation of its client publications, which highlight emerging trends and noteworthy CRA engagements, as well as to encourage its consultants to publish articles more frequently in the trade press and academic journals.

Expand Services. While the Company currently offers a broad range of services, CRA believes there are opportunities to expand the services and expertise it provides to its clients. For example, applying the expertise of several of its consultants in game theory, the Company recently began offering consulting services in auction design and implementation. Similarly, the Company believes that it can expand into other related areas of business with its existing consultants, most of whom have experience in a wide variety of fields. To encourage the development of new ideas and expertise, the Company fosters an environment that rewards creativity and innovation.

Establish Relationships with Additional Outside Experts. The Company intends to establish relationships with additional leading academic and industry experts. In addition to helping the Company serve its clients better, Outside Experts often provide the Company with new sources of business and expand the Company's network of academic affiliations. Moreover, the Company believes that affiliations with additional, prestigious Outside Experts will further enhance its reputation and aid in its recruiting of consultants. The Company may grant stock options to attract additional Outside Experts.

Pursue Strategic Acquisitions and Alliances. The Company will seek to expand its operations through the acquisition of complementary businesses and by establishing strategic alliances. Given the highly fragmented nature of the consulting industry, CRA believes that there are numerous opportunities to acquire small consulting firms. The Company believes the acquisition of complementary businesses and the establishment of strategic alliances, such as it has done for its auctions consulting practice, will provide it with additional consultants, new service offerings, additional industry expertise, a broader client base or an expanded geographic presence. As of the date of this Prospectus, the Company has no agreement or understanding regarding any acquisitions.

Open New Offices. The Company may expand its geographic presence by opening one or more additional offices, particularly in major metropolitan areas that have leading universities. The Company believes this strategy will help to attract consultants and Outside Experts and provide it with additional marketing opportunities for clients located in those regions.

There can be no assurance that the Company will be successful in any of the elements of its growth strategy.

SERVICES

The Company offers services in two broad areas: legal and regulatory consulting and business consulting. In its legal and regulatory practice, the Company usually works closely with law firms on behalf of one or more companies involved in litigation or regulatory proceedings. Many of the lawsuits and regulatory proceedings in which the Company is involved are high-stakes matters, such as obtaining regulatory approval of a pending merger or analyzing possible damages awards in a securities fraud case, the outcome of which often has significant implications or consequences for the parties involved. In the business consulting practice, CRA typically provides services directly to companies seeking assistance with strategic issues that require expert economic or financial analysis. Many of these matters involve "mission-critical" decisions for the client, such as positioning and pricing a new product or developing a new technological process. Engagements in the Company's two service areas often involve similar areas of expertise and address related issues, and it is common for CRA's consultants to work on engagements in both service areas. The Company estimates that it derived approximately two-thirds of its revenues in fiscal 1997 from legal and regulatory consulting and approximately one-third from business consulting.

LEGAL AND REGULATORY CONSULTING. The ability to formulate and effectively communicate powerful economic and financial arguments to courts and regulatory agencies is often critical to a successful outcome in litigation and regulatory proceedings. Through its highly educated and experienced consulting staff, the Company applies advanced analytic techniques in economics and finance to complex engagements for a diverse group of clients. The Company offers its clients a wide range of legal and regulatory consulting services, including the following:

Antitrust. CRA has expertise in a variety of issues arising in antitrust litigation, including collusion, price signaling, monopolization, tying, exclusionary conduct, resale price maintenance, predatory pricing and price discrimination. Expert testimony and analysis by economists play an increasingly important role in antitrust litigation. For the past three decades, the Company has provided expert assistance to law firms in a wide variety of antitrust lawsuits, including supporting IBM in landmark antitrust litigation brought by the DOJ and others.

Mergers and Acquisitions. The Company assists clients involved in mergers and acquisitions in their interactions with domestic and foreign antitrust regulatory authorities. By applying economic methods and tools, CRA helps clients simulate the effects of mergers on prices, estimate demand elasticities, design and administer customer and consumer surveys, and study the efficiencies that motivate or result from acquisitions. In addition, the Company regularly assists clients in proceedings before the FTC and DOJ, including helping them obtain termination of the waiting period imposed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

Finance. The Company offers clients a variety of financial advisory services, including valuations, securities fraud analysis, and risk assessments for options, futures, swaps and other derivatives. For clients involved in litigation and regulatory proceedings, CRA values businesses, products, contracts and securities, and provides expert testimony on a variety of valuation issues. The financial analysis performed by the Company encompasses cash-flow estimates, "but-for" analyses of revenues, complex analytical models and estimates of appropriate discount rates. The Company also assists clients in securities fraud cases by estimating damages computations and analyzing potential liability.

Intellectual Property. The Company provides expert consulting and testimony on a broad array of issues arising from intellectual property rights and valuations of intellectual property, cost-sharing arrangements, royalty rates, and determinations of fair market value of intellectual property transferred between related parties. For example, CRA estimates damages and provides expert testimony in patent, trademark, copyright, trade secret and unfair competition disputes. Its services include estimating lost profits, reasonable royalties, unjust enrichment and prejudgment interest.

Transfer Pricing. CRA provides transfer pricing advice for companies that are establishing foreign operations and for companies with existing foreign operations seeking to improve their tax positions. The Company helps clients to analyze their affiliates' functions and risks, the value of tangible and intangible assets, precedents set by comparable industry transactions, and the specifics of the tax laws in the relevant countries. In addition, CRA assists clients in preparing for Internal Revenue Service and foreign tax authority audits and provides expert testimony and litigation support in lawsuits related to transfer pricing disputes.

Environment. CRA regularly assists clients involved in environmental disputes both in litigation proceedings and before government agencies. For example, the Company helps clients determine responsibility for environmental cleanups, including Superfund sites, and advises clients on damages calculations resulting from oil spills, hazardous waste disposal and other environmental torts. As part of its work in this area, the Company's consultants and Outside Experts have assisted clients in developing innovative techniques for environmental regulatory compliance, such as emissions trading and regulatory cost-benefit analysis and risk assessment.

BUSINESS CONSULTING. The business consulting practice of CRA applies a highly analytical, quantitative approach to help companies analyze and respond to market forces and competitive pressures that affect their businesses. The Company advises its clients in many of the same areas in which it provides legal and regulatory consulting, such as finance and mergers and acquisitions. Applying its in-depth knowledge of

specific vertical markets, the Company is able to provide insightful, value-added advice to its clients. CRA offers clients practical and creative advice by challenging conventional approaches and generally avoiding predetermined solutions or methodologies. Recognizing the importance that clients place in maintaining confidentiality, CRA does not disclose the identity of its clients unless the Company's engagement with the client is already publicly disclosed. CRA's business consulting services can be grouped into three broad areas, as follows:

Business Strategy. CRA offers a broad range of strategy-related consulting services designed to help companies evaluate strategic opportunities and increase shareholder value. For example, CRA helps clients to identify investment opportunities, implement cost reduction programs, execute turnaround strategies, improve risk management, make capital investment decisions, complete due diligence, value intellectual property rights and other assets, and establish pricing strategies. The Company also assists clients with acquisitions by assessing the strategic and financial fit of an acquisition candidate. As it does in its legal and regulatory consulting practice, CRA advises clients on the competitive advantages and efficiencies, if any, resulting from acquisitions, as well as any potential antitrust concerns.

Market Analysis. CRA uses its vertical market expertise and analytical skills to assist its clients in identifying, understanding and reacting to market trends, including measuring market size, estimating supply and demand balances, evaluating growth opportunities, and analyzing procurement strategies. This type of analysis is particularly useful for companies that are launching a new product, repositioning an existing product or operating in an industry undergoing significant change. CRA uses complex computer models to predict the market impact of certain potential actions by the client or third parties. This information is then used to advise the client on product positioning, pricing strategies, competitive threats and probable market reactions. Using its regulatory and legal consulting expertise, CRA assists clients in evaluating the market impact of existing and proposed government policies.

Technology Management. CRA assists clients in managing their industrial technologies, including analyzing the processes used to develop their products and services. The Company helps clients with their technology needs from assessment through implementation. For example, CRA completes competitive analyses for clients by analyzing competitors' technology and processes through statistical comparisons of raw material costs, sales, productivity measurements and other factors. In addition, CRA helps clients to assess commercialization of new technology by quantifying the costs and benefits of obtaining and implementing new technology, including evaluation of engineering and employee training costs. Finally, the Company assists clients in implementing technology, including helping to coordinate the efforts of research and development organizations and conducting pre-feasibility studies.

VERTICAL MARKET EXPERTISE

The Company believes its ability to combine expertise in advanced economic and financial methods with in-depth knowledge of particular vertical markets is one of its key competitive strengths. By maintaining expertise in certain industries, the Company provides clients practical advice in both legal and regulatory consulting and business consulting that is tailored to their specific markets. This vertical market expertise, developed by CRA over decades of providing sophisticated consulting services to a diverse group of clients in leading industries, differentiates the Company from many of its competitors. CRA believes that it has developed a strong reputation and substantial name recognition within specific industries, which leads to repeat business and new engagements from clients in those markets. While the Company provides services to clients in a wide variety of industries, it has particular expertise in the following vertical markets:

Chemicals. The Company has a long history of providing consulting services to chemical companies. For example, CRA has assisted leading chemical companies in improving their research and development capabilities, investing in new businesses, assessing acquisition possibilities, and restructuring their facilities. CRA's industry experience enables it to offer advice to clients regarding pricing and profitability relative to supply, demand and competition within the chemicals industry.

Electric Power and Other Energies. CRA is a leading provider of economic testimony and analysis of the competitive impacts of electric utility, natural gas, and petroleum mergers and acquisitions. In addition,

the Company offers advice to energy clients about the effects of deregulation in the electric power and natural gas industries. In order to help energy clients address frequent regulatory changes, CRA represents them in proceedings before the Federal Energy Regulatory Commission, the Interstate Commerce Commission, state public regulatory commissions, and other international, federal and state administrative agencies. The Company has recently published a comprehensive study analyzing trading in electricity futures contracts.

Healthcare. CRA advises hospitals, pharmaceutical and medical product companies, and other healthcare clients by combining its in-depth knowledge of the unique and rapidly changing features of healthcare markets with its expertise in antitrust assessment, merger evaluations, measurement of damages and valuation of intellectual property. The Company assists its clients in responding to current competitive pricing trends and incentives created for vertical and horizontal consolidation. For pharmaceutical and medical product companies, CRA helps develop research, development, marketing and reimbursement strategies that highlight the clinical and economic advantages of their pharmaceuticals and medical technologies.

Materials. Led by a group of consultants with extensive experience and academic backgrounds in the materials and manufactured parts industries, CRA offers advice on a broad array of issues confronting clients selling and using materials such as minerals, metals and polymers. For example, CRA helps companies to analyze potential strategic acquisitions, evaluate capital investment opportunities, define and segment markets, assess new technology, respond to changing regulations, gauge competitors' actions and design business strategies. CRA also has expertise and experience in guiding materials and manufactured parts companies through antidumping proceedings before government agencies.

Media/Telecommunications. By providing a wide range of consulting services to a diverse group of media and telecommunications clients, the Company has developed a strong reputation as a leading source of expert economic and financial advice for media and telecommunications companies. CRA has been retained by clients involved in some of the largest media/telecommunications mergers, including the acquisitions of Turner Broadcasting System Inc. by Time Warner Inc. and Capital Cities/ABC Inc. by Walt Disney Company. Applying its expertise in the media/telecommunications industry, CRA has helped clients address the dramatic developments in their industry resulting from rapid technological change, deregulation and the globalization of their markets.

Transportation. The Company assists transportation industry clients by providing services in travel demand forecasting, market assessment, public policy analysis and business strategy. Through the use of sophisticated models for estimating travel demand developed by the Company, CRA helps transportation clients assess the feasibility of entering new markets and consults with governments considering infrastructure improvements. In addition, the Company has advised airline clients on the effects of deregulation and has consulted with automotive companies on the effects of increased government regulation.

NEW OPPORTUNITIES

An element of the Company's growth strategy is to expand into new practice areas that are complementary to its core practice areas. The Company intends to continue to encourage its consultants to develop expertise in new areas. Two examples of new areas of business that the Company recently developed are described below.

Auction Consulting. Several of CRA's consultants used their expertise in game theory to develop an auctions consulting practice. CRA is collaborating with Market Design, Inc. ("MDI"), a corporation owned and operated by a group of leading academic experts in the field of auction theory, to provide consulting services for the design and implementation of complex auctions, such as simultaneous ascending-bid auctions in which multiple objects are available for bid at the same time. Using jointly developed, sophisticated software, the Company and MDI help businesses and governments formulate rules for auctions, run auctions and track auction results. In addition, CRA and MDI provide bidder support services prior to and during an auction, including competitive evaluations, optimal bidding strategies and assessments of the competition's behavior. CRA typically charges clients a license fee for its auction software (a portion of which is shared with MDI) in addition to charging for its consulting services.

The Company's auction consulting work began in 1995 and was initially focused primarily on auctions of telecommunications spectrum licenses. For example, CRA and MDI were hired by Mexico's Comision Federal de Telecomunicaciones to design and help implement auctions for paging spectrum, microwave bands and personal communication services. While still focusing on telecommunications auctions, the Company has also provided auction consulting services to electric utilities, and intends to expand its auction consulting work into other industries, such as minerals and chemicals, that are beginning to use auctions more frequently to allocate resources and property rights.

NeuCo. In June 1997, the Company invested approximately $650,000 for a majority interest in NeuCo. NeuCo was established by the Company and an affiliate of Commonwealth Energy Systems as a start-up entity to develop and market a family of neural network software tools and complementary applications consulting services for electric utilities. NeuCo's products and services are designed to help utilities improve their power plants by improving heat rate, reducing emissions, overcoming operating constraints and increasing output capability. NeuCo was established in connection with the Company's consulting engagement with Commonwealth Energy.

While NeuCo is currently operating at a loss, and there can be no assurance that it will become profitable, the Company believes that demand exists for NeuCo's products and services. As of the date of this Prospectus, NeuCo has implemented its software and services solution at one of Commonwealth Energy's electric utility plants, and it is providing consulting services to another client. Although NeuCo's initial products and services are designed for electric utilities, the Company believes that NeuCo's neural network software tools can be adapted and combined with consulting services to form a solutions package to meet the efficiency needs of companies outside the electric power industry, particularly for gas and other combustion companies. The software engine that NeuCo utilizes to build its software applications is licensed by the Company from a third party and sublicensed to NeuCo. In addition to the sublicense, the Company provides NeuCo with general, administrative and other services for agreed-upon fees.

CLIENTS

The Company has completed more than 2,500 engagements for clients including major law firms, domestic and foreign corporations, federal, state and local government agencies, governments of foreign countries, public and private utilities, and national and international trade associations. While the Company has particular expertise in certain vertical markets, the Company provides services to a diverse group of clients in a broad range of industries. During its last three fiscal years, CRA worked with 59 of the 100 largest U.S. law firms (ranked by The American Lawyer based on 1996 revenues) and 109 Fortune 500 companies (based on 1996 revenues). No single client accounted for over 10% of the Company's revenues in fiscal 1997. CRA's policy is to keep the identities of its clients confidential unless the Company's work for the client is already publicly disclosed.

The following are examples of the Company's engagements:

Legal and Regulatory Consulting

- The Company assisted Procter & Gamble Company Inc. ("P&G") and its counsel in assessing the antitrust implications of P&G's acquisition of Tambrands Inc. The DOJ was concerned that the proposed merger might reduce competition and lead to price increases for feminine protection products. CRA reviewed P&G's and Tambrands' internal planning documents, which indicated that the two companies' products did not compete directly against each other. CRA confirmed this by applying sophisticated econometric techniques to consumer purchase data. CRA presented its findings, together with its extensive supporting data, to the DOJ's investigative staff to demonstrate that the two companies' products were either in distinct markets, or if in the same market, not substitutes for each other. After considering CRA's analysis and data, the DOJ allowed the acquisition to proceed.

- CRA assisted Polaroid Corporation in its instant-camera patent infringement lawsuit against Eastman Kodak Company. Working closely with two Outside Experts, CRA developed estimates of reasonable royalties and the value of lost profits on the basis of lost sales and price erosion resulting from Eastman

Kodak's infringement. CRA formulated its damages calculations using a non-linear model of consumer demand for a durable good. This model, developed by two Outside Experts working in conjunction with CRA consultants, analyzed consumer buying patterns, price movements and other factors in the context of a new product introduction. CRA assisted the Outside Experts with their trial testimony and worked closely with Polaroid's lawyers in preparing witnesses and critiquing the opposing parties' experts. CRA's analysis contributed to Polaroid obtaining a significant damages award.

- Exxon Company, USA retained CRA to assist in preparing for litigation related to the oil spill from the tanker Exxon Valdez. CRA examined a number of theoretical and empirical issues regarding the reliability of measures of natural resource damages. Working with a team of survey researchers, economists, psychologists, and statisticians, CRA developed and conducted a number of experiments after gathering and interpreting data from questionnaires administered to several thousand respondents throughout the United States. The studies specifically addressed the reliability and sensitivity of contingent valuation methods in measuring damages to environmental resources. CRA's study results indicated that slight variations in survey techniques and methodologies could lead to dramatically different results. For example, by isolating the "budget context" bias that arises in one traditional method of measuring natural resource damages, CRA's research demonstrated that the traditional method tended to overstate damages by a factor of almost 300 as compared to a survey method that CRA designed to mitigate the bias. Exxon used CRA's analysis to prepare for settlement negotiations.

- When several major oil companies were accused of conspiring to depress the prices of North Sea or Brent crude oil, they hired CRA to perform a number of sophisticated statistical tests to determine whether Brent prices had been affected by their purchases and sales. CRA's statistical tests demonstrated that there was no pattern of trading by the clients at below-market prices. Rather, the prices of a majority of the clients' trades fell within the range of non-defendants' prices prevailing for the corresponding delivery month and transaction day; the remaining trades were evenly distributed above and below the non-defendants' reported price range. Furthermore, statistical tests revealed no relationship between the relative level of the clients' prices and the direction of change in non-defendants' prices, contrary to what would be expected if the clients' trading activities were designed to drive market prices down. CRA's tests also showed that the volume of trading by its clients was not related to movements in market price and that changes in Brent prices did not lead to changes in prices of other crude oils. CRA's analysis was used by the clients to help settle the matter.

Business Consulting

- CRA evaluated the prospects and mechanisms of privatization for a major international oil and gas company. The Company developed a matrix of privatization efforts of companies around the world and determined the factors that contributed to their success or failure. CRA identified and evaluated financial, competitive and shareholder value concerns, and determined key management tradeoffs. In particular, the Company developed recommendations for the preliminary steps necessary for the client to achieve its privatization objectives and assisted with the implementation of the privatization, including the formation of four new operating companies. In addition, CRA advised the client on dividing the enterprise's assets among the four operating companies and establishing transfer prices.

- CRA developed a turnaround strategy for a nonferrous alloy manufacturing division of a large mining company that was losing money and having production problems. The strategy was based on an analysis of its production problems, costs, competitive positioning, product portfolio and customer mix. The Company identified the inherent potential of the division and explained to the client's board of directors the reasons not to divest the business. The client implemented the turnaround strategy developed by CRA, and the division has since become profitable and is growing.

HUMAN RESOURCES

Consultants

On February 20, 1998, the Company had 120 full-time consultants, consisting of 28 officers, 15 principals, 26 senior associates, 36 associates and 15 research assistants, and had over 55 full-time administrative \staff members. Officers and principals generally work closely with clients, supervise junior consultants, provide expert testimony on occasion and seek to generate business for the Company. Senior associates and associates typically serve as project managers and handle complex research assignments. Research assistants gather and analyze data sets and complete statistical programming and library research.

Most of the Company's revenues are derived directly from the services provided by its full-time consultants. The Company's consultants have backgrounds in many disciplines, including economics, business, corporate finance, materials sciences and engineering. Substantially all of CRA's senior consultants, consisting of officers, principals and senior associates, have either a Ph.D. or a master's degree in addition to substantial management, technical or industry expertise. Of the Company's total senior consulting staff of 69 as of February 20, 1998, 41 have Ph.D.s in economics, six have Ph.D.s in other disciplines and 18 have other advanced degrees. The Company believes that its financial results, reputation and growth are directly related to the number and quality of its consultants.

The Company is highly selective in its hiring of consultants, recruiting primarily from leading universities, industry and government. CRA carefully screens candidates and usually arranges for candidates seeking a senior consulting position to interview in at least two of CRA's offices. Prior to hiring a candidate for a senior consulting position, CRA requires that the candidate make a technical presentation to a group of CRA consultants. The Company believes that consultants choose to work at CRA and that turnover is low because of its strong reputation, the credentials, experience and reputation of its consultants, the opportunity to work on a diverse array of matters, the opportunity to work with renowned Outside Experts, and the collegial atmosphere of the Company. The Company believes that its attractiveness as an employer is reflected in its low turnover rate among employees and that its status as a public company will further enhance its ability to recruit and retain employees.

CRA's training and career development program for its consultants focuses on three areas: supervision, seminars and scheduled courses. This program is designed to complement on-the-job experience and an employee's pursuit of his or her own career development. New consultants participate in a structured program in which they are partnered with an assigned mentor. Through CRA's ongoing seminar program, outside speakers make presentations and conduct discussions with the consultants on various topics. In addition, consultants are expected to present papers, discuss significant cases, or outline new analytical techniques or marketing opportunities periodically at in-house seminars. CRA also provides scheduled courses designed to improve an employee's professional skills, such as presentation and sales and marketing techniques. Consultants are also encouraged to pursue their academic interests by authoring articles for economic and other journals.

Each of CRA's senior consultants has signed a non-solicitation agreement which generally prohibits the employee from soliciting clients of CRA for a period of six months following termination of the person's employment with the Company and from soliciting CRA's employees for a period of two years after termination of the person's employment. Each of the Company's current stockholders, including each of CRA's officers, has entered into an agreement with CRA (the "Stock Restriction Agreement"), pursuant to which each stockholder has agreed, among other things, not to sell or otherwise transfer any shares of Common Stock of the Company owned by the stockholder prior to the Offering without the consent of the Board of Directors of the Company for a period of two years following the closing of the Offering. For more information regarding the Stock Restriction Agreement, see "Certain Transactions--Stock Restriction Agreement."

Outside Experts

The Company works closely with a select group of Outside Experts from leading universities and industry, who supplement the work of the Company's consultants and generate business for the Company. The Company believes that Outside Experts choose to work with the Company on engagements because of the

interesting and challenging nature of the work involved, the opportunity to work with CRA's highly educated consultants and the financially rewarding nature of the work. Four Outside Experts, each of whom is a stockholder of the Company (see "Principal and Selling Stockholders") and a party to the Stock Restriction Agreement, have entered into agreements with the Company that restrict their right to compete with the Company.

MARKETING

The Company relies to a significant extent on the efforts of its consultants, particularly its officers and principals, to market the Company's services. Consultants are encouraged to generate new business from both existing and new clients, and are rewarded with increased compensation and promotions for obtaining new business. In pursuing new business, the Company's consultants emphasize CRA's institutional reputation and experience, while also promoting the expertise of the particular employees who will work on the matter. Many of the Company's consultants have published articles in industry, business, economic, legal and scientific journals and have made speeches and presentations at industry conferences and seminars, which serve as a means of attracting new business and enhancing their reputations. Consultants on occasion work with one or more Outside Experts to market the Company's services.

The personal marketing efforts of the Company's consultants are supplemented by firm-wide initiatives. Historically, the Company has primarily relied on its reputation and client referrals for new business. Since the management buy-out in 1995, the Company has increased its marketing activities and intends to continue to expand its current marketing programs. CRA regularly organizes seminars for existing and potential clients featuring panel members that include the Company's consultants, Outside Experts and leading government officials. The Company has an extensive set of brochures organized around CRA's service areas, which outline the Company's experience and capabilities. In addition, the Company periodically distributes publications to existing and potential clients highlighting emerging trends and noteworthy CRA engagements. Because existing clients are an important source of repeat business and referrals, the Company communicates regularly with its existing clients to keep them informed of developments that affect their markets and industries.

In its legal and regulatory consulting practice, much of the Company's new business is derived from referrals by existing clients. The Company has worked with leading law firms across the country and believes it has developed a reputation among law firms as a preferred source of sophisticated economic advice for litigation and regulatory work. For its business consulting practice, the Company also relies on referrals from existing clients, but supplements referrals with a significant amount of direct marketing to new clients through conferences, publications, presentations and direct solicitations.

It is important to the Company that it conduct business ethically and in accordance with industry standards and the Company's own rigorous professional standards. The pursuit of specific markets, clients and bids on specific requests for proposals are carefully considered. Before a new client or matter is accepted, the Company determines whether a conflict of interests exists by circulating a client development report among its officers and by checking the Company's internal client database.

COMPETITION

The market for economic and business consulting services is intensely competitive, highly fragmented and subject to rapid change. In general, the barriers to entry into the Company's markets are few, and the Company expects to face additional competition from new entrants into the economic and business consulting industries. In the legal and regulatory consulting market, the Company competes primarily with other economic consulting firms and individual academics. The Company believes that the principal competitive factors in this market are reputation, analytical ability, industry expertise and service. In the business consulting market, the Company competes primarily with other business and management consulting firms, specialized or industry-specific consulting firms, the consulting practices of large accounting firms, and the internal professional resources of existing and potential clients. The Company believes that the principal competitive factors in this market are reputation, industry expertise, analytical ability, service and price. Many of the Company's competitors have national and international reputations as well as significantly greater

personnel, financial, managerial, technical and marketing resources than the Company. Certain of the Company's competitors also have a significantly broader geographic presence than the Company. There can be no assurance that the Company will compete successfully with its existing competitors or with any new competitors.

FACILITIES

The Company's headquarters is located in Boston, Massachusetts in a leased facility consisting of approximately 41,000 square feet, under a 15-year lease that expires in 2008. The Company also occupies leased office space in Washington, D.C. and Palo Alto, California. The Company believes that its existing facilities are adequate to meet its current requirements and that suitable space will be available as needed.

LEGAL PROCEEDINGS

As of the date of this Prospectus, the Company is not a party to any legal proceedings the outcome of which, in the opinion of management of the Company, would have a material adverse effect on the Company's business, financial condition or results of operations.

MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS

The executive officers and directors of the Company are as follows:

NAME	AGE	POSITION
Franklin M. Fisher (1)(2).....	63	Chairman of the Board
Rowland T. Moriarty (1)(2)(3).....	51	Vice Chairman of the Board
James C. Burrows.....	54	President, Chief Executive Officer and Director
Laurel E. Morrison.....	47	Chief Financial Officer, Vice President, Finance and Administration, and Treasurer
Firoze E. Katrak (3).....	46	Vice President, Director
William B. Burnett (2).....	49	Vice President, Director
Carl Kaysen (1)(3).....	78	Director

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(1) Member of the Compensation Committee
(2) Member of the Governance Committee
(3) Member of the Audit Committee

FRANKLIN M. FISHER has served as an Outside Expert and a director of the Company since 1967. Since April 1997, Dr. Fisher has served as Chairman of the Board of Directors. Dr. Fisher has been a professor of economics at the Massachusetts Institute of Technology since 1965, and the president and sole employee of FMF, Inc., an economic consulting firm, since 1980. Dr. Fisher is also a director of the National Bureau of Economic Research and a member of the Steering Committee of the Institute for Social and Economic Policy in the Middle East at Harvard University's John F. Kennedy School of Government. He received his Ph.D. in economics in 1960 from Harvard University.

ROWLAND T. MORIARTY has served as a director of the Company since 1986 and as Vice Chairman of the Board since December 1992. Dr. Moriarty is also Chairman of the Board of Managers and a member of NeuCo. Dr. Moriarty has served as Chairman and Chief Executive Officer of Cubex Inc., an international marketing consulting firm, since 1992. Dr. Moriarty was a professor at the Harvard Business School from 1981 to 1992, where he received his D.B.A. in Marketing in 1980. He is a director of Staples, Inc. and Trammel Crow Corporation.

JAMES C. BURROWS joined the Company in 1967 and has served as its President and Chief Executive Officer since March 1995 and as a director since April 1993. Since December 1992, Dr. Burrows has directed the Company's legal and regulatory consulting practice. From 1971 to March 1995, Dr. Burrows served as a Vice President of the Company and from June 1987 to December 1992 also directed the Company's economic litigation program. Dr. Burrows received his Ph.D. in economics from the Massachusetts Institute of Technology in 1970.

LAUREL E. MORRISON has served as Chief Financial Officer, Vice President of Finance and Administration, and Treasurer of the Company since December 1996. Ms. Morrison served as Controller of the Company from May 1993 until December 1996. Ms. Morrison previously served as Controller of MicroMentor, Inc., a software company, from November 1992 to May 1993. Ms. Morrison is a certified public accountant.

FIROZE E. KATRAK has served as Vice President of the Company since 1986 and as a director of the Company since April 1993. Since June 1987, he has served as head of the Company's materials and manufacturing consulting practice. Dr. Katrak received his Ph.D. in materials engineering from the Massachusetts Institute of Technology in 1978 and has been an employee of the Company since that time.

WILLIAM B. BURNETT joined the Company as Vice President in 1988 and has served as a director since June 1994. From 1982 to 1988, Mr. Burnett served as a Vice President of Glassman-Oliver Economic Consultants, Inc., a consulting firm. Prior to joining the Company, Mr. Burnett served in the Bureau of Economics at the FTC from 1976 to 1982. Mr. Burnett received his M.A. in economics from Cornell University in 1975.

CARL KAYSEN has served as a director of the Company since 1986. From December 1992 until April 1997, Dr. Kaysen served as Chairman of the Board of Directors. Since 1990, Dr. Kaysen has been professor emeritus of political economy in the School of Humanities and Social Science at the Massachusetts Institute of Technology. Dr. Kaysen received his Ph.D. in economics from Harvard University in 1954.

The Board of Directors is divided into three classes, one class of which is elected each year at the annual meeting of stockholders to hold office for a term of three years. Dr. Moriarty and Mr. Burnett serve as Class I directors; their terms of office expire in 1999. Drs. Katrak and Kaysen serve as Class II directors; their terms of office expire in 2000. Drs. Fisher and Burrows serve as Class III directors; their terms of office expire in 2001. Each director also continues to serve as a director until his successor is duly elected and qualified. Executive officers of the Company are elected by and serve at the discretion of the Board of Directors.

The Board of Directors has a Compensation Committee, which provides recommendations concerning salaries and incentive compensation for employees of and consultants to the Company. The Board of Directors also has an Audit Committee, which reviews the scope and results of the audit and other services provided by the Company's independent auditors. The Board of Directors also has a Governance Committee, which nominates persons to serve as directors of the Company.

There are no family relationships among the directors and executive officers of the Company.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee currently consists of Drs. Fisher, Kaysen and Moriarty. Dr. Moriarty is Chairman of the Board of Managers and a member of NeuCo, a subsidiary of the Company. For information concerning a stock restriction agreement to which Drs. Fisher, Kaysen and Moriarty are parties as well as certain payments by the Company to Drs. Fisher and Moriarty, see "Certain Transactions."

DIRECTOR COMPENSATION

The Company pays its non-employee directors an annual fee of $13,000 for their services as directors, plus $2,000 for each regular Board meeting attended and $1,000 for each special Board meeting attended. Directors who are also employees of the Company do not receive separate fees for their services as directors. See "Certain Transactions" for information concerning consulting fees paid by the Company to certain directors for their services as Outside Experts to the Company.

Under the 1998 Incentive and Nonqualified Stock Option Plan (the "Option Plan"), each Outside Director (as defined below) who shall be re-elected as a director of the Company or whose term shall continue after the annual meeting of stockholders will on the date of the annual meeting receive a Nonqualified Option (as defined below) to purchase 5,000 shares of Common Stock at an exercise price equal to the fair market value of the Common Stock on that date. Each such option will have a term of five years and will vest in full on the first anniversary of the date of grant. Each person who shall be first elected an Outside Director of the Company after the adoption of the Plan will receive on the date of his or her election as a director a Nonqualified Option to purchase 10,000 shares of Common Stock at an exercise price equal to the fair market value of the Common Stock on that date. Each such option will have a term of five years and will vest in three equal annual installments, commencing on the first anniversary of the date of grant. Under the terms of the Option Plan, an "Outside Director" is a director who (i) is not an employee of the Company or any parent or subsidiary of the Company and (ii) is not a consultant who provides economic consulting services to or in conjunction with the Company or any parent or subsidiary of the Company. Currently, the Outside Directors of the Company are Drs. Moriarty and Kaysen. In accordance with the terms of the Option Plan, in April 1998 in connection with the Company's annual meeting of stockholders, each of Drs. Moriarty and Kaysen was granted a stock option to purchase 5,000 shares of Common Stock at an exercise price equal to the initial public offering price.

EXECUTIVE COMPENSATION

Compensation Summary. The following table sets forth certain information concerning the compensation earned by the Company's Chief Executive Officer and other executive officers for services rendered in all capacities to the Company for the fiscal year ended November 29, 1997.

SUMMARY COMPENSATION TABLE

	ANNUAL COMPENSATION			
NAME AND PRINCIPAL POSITION	SALARY($)	BONUS($)(1)	OTHER ANNUAL COMPENSATION($)(2)	ALL OTHER COMPENSATION($)(3)
James C. Burrows..... President and Chief Executive Officer	$285,000	$615,000	--	$22,371
Laurel E. Morrison..... Chief Financial Officer, Vice President, Finance and Administration, and Treasurer	100,000	55,000	--	20,418
Firoze E. Katrak..... Vice President	220,000	300,000	--	21,331
William B. Burnett..... Vice President	220,000	490,000	--	22,776

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(1) Includes supplemental compensation bonuses of $115,000, $5,000, $100,000 and $65,000 for Dr. Burrows, Ms. Morrison, Dr. Katrak and Mr. Burnett, respectively.

(2) Other annual compensation in the form of perquisites and other personal benefits has been omitted because the aggregate amount of such perquisites and other personal benefits was less than $50,000 and constituted less than 10% of the executive officers' respective total annual salary and bonus.

(3) Represents contributions by the Company on behalf of the executive officer to the Company's Savings & Retirement Plan and Trust and premiums paid by the Company for term life insurance for the benefit of the executive officer.

BENEFIT PLANS

1998 Incentive and Nonqualified Stock Option Plan

The Company has adopted the 1998 Incentive and Nonqualified Stock Option Plan. A total of 970,000 shares of Common Stock are reserved for issuance under the Option Plan. At the time of the Offering, there are outstanding under the Option Plan options to purchase an aggregate of 345,000 shares of Common Stock at exercise prices equal to the initial public offering price. The Option Plan authorizes (i) the grant of options to purchase Common Stock intended to qualify as incentive stock options ("Incentive Options"), as defined in Section 422 of the Code and (ii) the grant of options that do not so qualify ("Nonqualified Options"). The exercise price of Incentive Options granted under the Option Plan must be at least equal to the fair market value of the Common Stock of the Company on the date of grant. The exercise price of Incentive Options granted to an optionee who owns stock possessing more than 10% of the voting power of the Company's outstanding capital stock must be at least equal to 110% of the fair market value of the Common Stock on the date of grant. The exercise price of Nonqualified Options granted under the Option Plan must be at least equal to 85% of the fair market value of the Common Stock on the date of grant.

The Option Plan may be administered by the Board of Directors or the Compensation Committee. Except in the case of certain formula grants to Outside Directors described above under "Director Compensation," the Board or the Compensation Committee selects the individuals to whom options will be granted and determines the option exercise price and other terms of each award, subject to the provisions of the Option Plan. Incentive Options may be granted under the Option Plan to employees, including officers and

directors who are also employees. Nonqualified Options may be granted under the Option Plan to officers and other employees and to directors and other individuals providing services to the Company, whether or not they are employees of the Company. No participant in the Option Plan may be granted options to purchase more than 150,000 shares of Common Stock in any calendar year.

1998 Employee Stock Purchase Plan

The Company has adopted the 1998 Employee Stock Purchase Plan (the "Stock Purchase Plan"). The Stock Purchase Plan authorizes the issuance of up to an aggregate of 243,000 shares of Common Stock to participating employees. The Stock Purchase Plan may be administered by the Board of Directors or the Compensation Committee.

Under the terms of the Stock Purchase Plan, all employees of the Company (other than seasonal employees) who have completed one year of employment with the Company and whose customary employment is more than part-time (i.e., more than 20 hours per week and more than five months in the calendar year) are eligible to participate in the Stock Purchase Plan. Employees who own five percent or more of the outstanding Common Stock of the Company and directors who are not employees are not eligible to participate in the Stock Purchase Plan.

The right to purchase Common Stock under the Stock Purchase Plan will be made available through a series of one year offerings (each, an "Offering Period"). On the first day of an Offering Period, the Company will grant to each eligible employee who has elected in writing to participate in the Stock Purchase Plan an option to purchase shares of Common Stock. The employee will be required to authorize an amount (between one and ten percent of the employee's base compensation) to be deducted by the Company from the employee's pay during the Offering Period. On the last day of the Offering Period, the employee will be deemed to have exercised the option, at the option exercise price, to the extent of accumulated payroll deductions. Under the terms of the Stock Purchase Plan, the option exercise price is an amount equal to 85% of the fair market value of one share of Common Stock on either the first or last day of the Offering Period, whichever is lower.

No employee may be granted an option that would permit the employee's rights to purchase Common Stock to accrue at a rate in excess of $25,000 of the fair market value of the Common Stock, determined as of the date the option is granted, in any calendar year.

The Company has made no determination as to when the first Offering Period under the Stock Purchase Plan will commence.

Bonus Program

The Company maintains a discretionary bonus program, pursuant to which the Company grants performance-based bonuses to its officers and other employees. The Compensation Committee, in its discretion, determines the bonuses to be granted to the Company's officers, and the Company's Chief Executive Officer, in his discretion, determines the bonuses to be granted to the Company's other employees, based upon recommendations of the various committees of officers supervising the employees' work.

The Charles River Associates Savings & Retirement Plan and Trust

The Company maintains the Charles River Associates Savings & Retirement Plan and Trust (the "Savings & Retirement Plan"), qualified under Section 401(a) of the Code. All employees of the Company who are 21 years of age are eligible to make salary reduction contributions pursuant to the Savings & Retirement Plan, and those who have also completed at least one year of service (consisting of at least 1,000 hours of service) are eligible to receive profit-sharing contributions from the Company. A participant may contribute a maximum of 20% of his or her pre-tax salary, commissions and bonuses through payroll deductions (up to the statutorily prescribed annual limit of $10,000 in 1998) to the Savings & Retirement Plan. The percentage elected by more highly compensated participants may be required to be lower. The Company may make discretionary matching contributions under the Savings & Retirement Plan on behalf of participants whose annual rate of pay does not exceed $44,500 in an amount up to a maximum of 4% of the

participant's pre-tax salary, commissions and bonuses. The Company may also make discretionary profit-sharing contributions on behalf of eligible participants who have completed at least 1,000 hours of service during the fiscal year and are employed by the Company on the last day of the fiscal year. Any profit-sharing contribution is allocated to eligible participants as a percentage of their total compensation (up to the statutorily prescribed maximum of $160,000 in 1998) with a larger percentage allocated to compensation in excess of the Social Security wage base in accordance with rules set forth in the Code. The Company determines the level of the discretionary contributions on an annual basis. In fiscal 1997, the Company made aggregate matching and profit-sharing contributions of approximately $1.2 million.

CERTAIN TRANSACTIONS

STOCK RESTRICTION AGREEMENT

Each person who is a stockholder of the Company before the closing of the Offering (a "Pre-Offering Stockholder") is subject to a Stock Restriction Agreement with the Company. The Stock Restriction Agreement prohibits each Pre-Offering Stockholder from selling or otherwise transferring shares of Common Stock held immediately before the Offering (collectively, "Pre-Offering Stock") as follows: (i) in the first two years after the Offering, no Pre-Offering Stockholder may sell any of his or her Pre-Offering Stock except in a public offering; (ii) in the third, fourth and fifth years after the Offering, each Pre-Offering Stockholder will be able to sell up to an aggregate of 50% of his or her Pre-Offering Stock, less any shares previously sold in public offerings; (iii) in the sixth and seventh years after the Offering, each Pre-Offering Stockholder will be able to sell up to an aggregate of an additional 20% of his or her Pre-Offering Stock; and (iv) thereafter, each Pre-Offering Stockholder will be able to sell, in any 12-month period, an amount equal to the greater of (A) 10% of his or her Pre-Offering Stock or (B) one-third of the Pre-Offering Stock held by him or her at the end of the seventh year after the Offering. Upon the death or retirement for disability of any Pre-Offering Stockholder in accordance with the Company's policies, the foregoing restrictions will terminate with respect to his or her Pre-Offering Stock. The Board of Directors will have the discretion to waive any of the restrictions imposed by the Stock Restriction Agreement.

Under the terms of the Stock Restriction Agreement, if any Pre-Offering Stockholder shall leave the Company (other than for death or retirement for disability in accordance with the Company's policies), the Company (i) will have the right until the second anniversary of the Offering to repurchase up to 85% of his or her Pre-Offering Stock, (ii) will have the right after the second anniversary of the Offering until the fifth anniversary of the Offering to repurchase up to 50% of his or her Pre-Offering Stock, and (iii) will have the right after the fifth anniversary of the Offering to repurchase all of the Pre-Offering Stock that the Pre-Offering Stockholder shall not have already become entitled to sell. The purchase price will be equal to 70% of the fair market value of the repurchased stock (95% in the case of Pre-Offering Stockholders who retire after the fifth anniversary of the Offering), or, if the Pre-Offering Stockholder shall compete with the Company, 40% of such fair market value. The purchase price will be payable in three equal annual installments. The Stock Restriction Agreement will terminate ten years after the Offering or earlier with the approval of the Board of Directors of the Company.

PAYMENTS TO AFFILIATED PARTIES

The Company has made payments to Dr. Fisher, a director of the Company, and Steven C. Salop, a former director of the Company, for their services as Outside Experts, including for consulting services to clients and for the generation of engagements for the Company. Each of Drs. Fisher and Salop also holds more than five percent of the Common Stock of the Company outstanding before the Offering. In fiscal 1995, fiscal 1996 and fiscal 1997, the Company paid Dr. Fisher an aggregate of $459,673, $202,107 and $167,357, respectively. In fiscal 1995, fiscal 1996 and fiscal 1997, the Company paid Dr. Salop an aggregate of $545,658, $806,855 and $766,114, respectively. The foregoing amounts include payments made to companies wholly owned by the respective Outside Experts.

In fiscal 1997, the Company paid Dr. Moriarty, a director and five percent stockholder of the Company, an aggregate of $60,000 for consulting services. In addition, the Company has made certain office space and support services available to Cubex Inc., a company wholly owned by Dr. Moriarty. The portion of the Company's expenses, including rent, labor costs and insurance, allocable to the resources made available to Cubex Inc., net of reimbursements, was $22,436, $55,275 and $69,310 in fiscal 1995, fiscal 1996 and fiscal 1997, respectively.

SALE OF STOCK

In August 1997, the Company sold 26,000 shares of Common Stock to Laurel E. Morrison, the Chief Financial Officer, Vice President, Finance and Administration, and Treasurer of the Company, at a purchase

price of approximately $2.71 per share, which represented the fair market value per share at that time, as determined by the Company's Board of Directors. Ms. Morrison paid $24,000 at the time of purchase and the remainder of the purchase price is payable in five annual installments as set forth in the stock purchase agreement.

REPURCHASE OF STOCK

In May 1995, the Company repurchased 59,800 shares of Common Stock from each of Dr. Fisher and Alan R. Willens, a former director of the Company, in each case for a purchase price equal to the sum of (i) $33,695, payable in three equal annual installments, (ii) an amount, payable in five annual installments, equal to his pro rata portion of 25% of the Company's earnings before bonuses, supplemental compensation and amortization of goodwill for each of fiscal 1995, fiscal 1996, fiscal 1997, fiscal 1998 and fiscal 1999, of which the Company had paid $36,797 as of February 20, 1998, and (iii) $2,020, paid in April 1996.

SUPPLEMENTAL COMPENSATION PROGRAM

Pursuant to the Company's supplemental compensation bonus program, the Company paid each of Drs. Fisher and Salop $100,000 in each of fiscal 1995, fiscal 1996 and fiscal 1997 and paid Dr. Moriarty $50,000 in each of those years. Payments under this bonus program were discretionary and were based primarily on the Company's cash flows. The Company does not intend to make additional payments under this bonus program after fiscal 1997.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of the Company's Common Stock as of February 20, 1998, and as adjusted to reflect the sale by the Company and the Selling Stockholders of the shares of Common Stock offered by this Prospectus by (i) each person known by the Company to be the beneficial owner of more than five percent of the Common Stock, (ii) each of the Company's directors, (iii) each of the Company's executive officers, (iv) all directors and executive officers of the Company as a group and (v) each Selling Stockholder.

	SHARES BENEFICIALLY OWNED PRIOR TO OFFERING(1)		NUMBER OF SHARES TO	SHARES TO BE BENEFICIALLY OWNED AFTER OFFERING(1)	
NAME	NUMBER	PERCENT(2)	BE OFFERED	NUMBER	PERCENT(3)
5% STOCKHOLDERS, DIRECTORS AND EXECUTIVE OFFICERS:					
Franklin M. Fisher(4)(5)	653,588	10.0%	72,248	581,340	7.2%
James C. Burrows(4)	620,256	9.5	--	620,256	7.7
Steven C. Salop(4)(6)	585,000	9.0	52,000	533,000	6.6
Firoze E. Katrak(4)(7)	438,100	6.7	48,427	389,673	4.8
Rowland T. Moriarty(4)(8)	410,800	6.3	41,080	369,720	4.6
William B. Burnett(9)	312,000	4.8	34,488	277,512	3.4
Carl Kaysen(10)	67,600	1.0	7,473	60,127	*
Laurel E. Morrison	26,000	*	--	26,000	*
All directors and executive officers as a group (7 persons)(11)	2,528,344	38.8%	203,716	2,324,628	28.8%
OTHER SELLING STOCKHOLDERS(12):					
Richard S. Ruback	312,000	4.8%	31,200	280,800	3.5%
Jagdish C. Agarwal	208,000	3.2	22,993	185,007	2.3
Thomas R. Overstreet	208,000	3.2	22,993	185,007	2.3
Alan R. Willens	188,188	2.9	20,803	167,385	2.1
Stanley M. Besen	182,000	2.8	20,119	161,881	2.0
Michael A. Kemp	182,000	2.8	20,119	161,881	2.0
Bridger M. Mitchell	182,000	2.8	20,119	161,881	2.0
Deloris R. Wright	182,000	2.8	20,119	161,881	2.0
Raju Patel(13)	130,000	2.0	14,370	115,630	1.4
Daniel Brand	119,600	1.8	13,221	106,379	1.3
Steven R. Brenner	119,600	1.8	13,221	106,379	1.3
George C. Eads	119,600	1.8	13,221	106,379	1.3
W. David Montgomery	119,600	1.8	13,221	106,379	1.3
Gary L. Roberts	119,600	1.8	13,221	106,379	1.3
Louis L. Wilde	119,600	1.8	13,221	106,379	1.3
Stephen H. Kalos	104,000	1.6	11,496	92,504	1.1
Arnold J. Lowenstein	104,000	1.6	11,496	92,504	1.1
C. Christopher Maxwell	104,000	1.6	11,496	92,504	1.1
Robert M. Spann	104,000	1.6	11,496	92,504	1.1
John R. Woodbury	104,000	1.6	11,496	92,504	1.1
Monica G. Noether	98,800	1.5	10,921	87,879	1.1
Robert J. Larner and Anne M. Larner	89,700	1.4	9,916	79,784	*
Joen E. Greenwood	88,608	1.4	9,795	78,813	*
William R. Hughes	78,000	1.2	8,622	69,378	*
Gregory K. Bell	65,000	*	7,185	57,815	*
Paul R. Milgrom	52,000	*	5,200	46,800	*
Douglas R. Bohi	26,000	*	2,874	23,126	*

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* Less than one percent.

(1) The persons named in this table have sole voting and investment power with respect to the shares listed, except as otherwise indicated. The inclusion of shares listed as beneficially owned does not constitute an admission of beneficial ownership. The description of shares owned after the Offering assumes none of the listed stockholders will purchase additional shares in the Offering.

(2) The total number of shares of Common Stock outstanding as of February 20, 1998 was 6,519,240.

(3) The number of shares of Common Stock deemed outstanding after the Offering includes the additional 1,562,500 shares being offered by the Company hereby.

(4) The address for Drs. Fisher, Burrows, Katrak and Moriarty is in care of the Company, 200 Clarendon Street, Boston, Massachusetts 02116, and the address for Dr. Salop is in care of the Company, Suite 700, 600 13th Street, N.W., Washington, D.C. 20005.

(5) Dr. Fisher is Chairman of the Board of Directors of the Company.

(6) Dr. Salop is an Outside Expert.

(7) Includes 130,000 shares of Common Stock held by Raju Patel, as to which Ms. Patel has sole investment power and Dr. Katrak has sole voting power. Dr. Katrak is a Vice President and director of the Company. The number of shares to be offered by Dr. Katrak consists of 34,057 shares to be offered by Dr. Katrak and 14,370 shares to be offered by Raju Patel.

(8) Dr. Moriarty is Vice Chairman of the Board of Directors of the Company and Chairman of the Board of Managers and a member of NeuCo.

(9) Mr. Burnett is a Vice President and director of the Company.

(10) Dr. Kaysen is a director of the Company.

(11) See notes 5, 6 and 8 through 12.

(12) With the following exceptions, the persons listed under "Other Selling Stockholders" are employees of the Company: Richard S. Ruback and Paul R. Milgrom are Outside Experts; Alan R. Willens is a former director of the Company; and Raju Patel is not an employee of the Company.

(13) Represents shares of Common Stock as to which Ms. Patel has sole investment power and Dr. Katrak has sole voting power.

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company consists of 25,000,000 shares of common stock, without par value (the "Common Stock"), and 1,000,000 shares of preferred stock, without par value (the "Preferred Stock"). As of February 20, 1998, there were 6,519,240 shares of Common Stock outstanding and held of record by 36 stockholders, and no shares of Preferred Stock outstanding.

COMMON STOCK

Holders of Common Stock are entitled to one vote per share for each share held of record on all matters submitted to a vote of stockholders. Subject to preferences that may be applicable to the holders of outstanding Preferred Stock, if any, the holders of Common Stock are entitled to receive such lawful dividends as may be declared by the Board of Directors. In the event of a liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary, and subject to the rights of the holders of outstanding Preferred Stock, if any, the holders of Common Stock will be entitled to receive pro rata all of the remaining assets of the Company available for distribution to its stockholders. The Common Stock has no preemptive, redemption, conversion or subscription rights. All outstanding shares of Common Stock are fully paid and non-assessable, except for certain installments not yet due and payable by certain stockholders of the Company. As of February 20, 1998, the aggregate amount of future installments receivable by the Company was $1.1 million. The shares of Common Stock to be issued by the Company in the Offering will be fully paid and non-assessable.

PREFERRED STOCK

The Board of Directors is authorized, subject to any limitations prescribed by Massachusetts law, to provide for the issuance of Preferred Stock in one or more series, to establish from time to time the number of shares to be included in each series and to fix the preferences, voting powers, qualifications, and special or relative rights or privileges thereof. The Board of Directors is authorized to issue Preferred Stock with voting, conversion, and other rights and preferences that could adversely affect the voting power or other rights of the holders of Common Stock. Although the Company has no current plans to issue any Preferred Stock, the issuance of Preferred Stock or of rights to purchase Preferred Stock could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, a majority of the outstanding voting stock of the Company.

ANTI-TAKEOVER EFFECTS OF PROVISIONS OF THE COMPANY'S AMENDED AND RESTATED ARTICLES OF ORGANIZATION AND AMENDED AND RESTATED BY-LAWS AND OF MASSACHUSETTS LAW

The Company's Amended and Restated Articles of Organization (the "Articles") and Amended and Restated By-Laws (the "By-Laws") and Massachusetts law contain certain provisions that could be deemed to have anti-takeover effects and that could discourage, delay or prevent a change in control of the Company or an acquisition of the Company at a price which many stockholders may find attractive. These provisions may also discourage proxy contests and make it more difficult for stockholders of the Company to effect certain corporate actions, including the election of directors. The existence of these provisions could limit the price that investors might be willing to pay in the future for shares of Common Stock.

Articles and By-Laws

The By-Laws provide that nominations for directors may not be made by stockholders at any annual or special meeting thereof unless the stockholder intending to make a nomination notifies the Company of the nomination a specified number of days in advance of the meeting and furnishes to the Company certain information regarding such stockholder and the intended nominee. The By-Laws also require advance notice of any proposal to be brought by a stockholder before any annual or special meeting of stockholders and the provision of certain information to the Company regarding such stockholder and others known to support the proposal and any material interest they may have in the proposal.

The By-Laws require the Company to call a special meeting of stockholders only at the request of stockholders holding at least 40% of the voting power of the Company. The provisions in the By-Laws pertaining to stockholders and directors (including the provisions described above pertaining to nominations and the presentation of business before a meeting of the stockholders) may not be amended and no provision inconsistent therewith may be adopted without the approval of either the Board of Directors or the holders of at least 80% of the voting power of the Company.

The Articles provide that certain transactions, such as the sale, lease or exchange of all or substantially all of the Company's property and assets and the merger or consolidation of the Company into or with any other corporation, may be authorized by the approval of the holders of a majority of the shares of each class of stock entitled to vote thereon, rather than by two-thirds as otherwise provided by statute, provided that the transaction has been authorized by a majority of the members of the Board of Directors and the requirements of any other applicable provisions of the Articles have been met.

The Articles contain a "fair price" provision (the "Fair Price Provision") that provides that certain Business Combinations with any Interested Stockholder (as each such term is defined in the Fair Price Provision) may not be consummated without the approval of the holders of at least 80% of the voting power of the Company, unless approved by at least a majority of the Disinterested Directors (as defined in the Fair Price Provision) or unless certain minimum price and procedural requirements are met. A significant purpose of the Fair Price Provision is to deter a purchaser from using two-tiered pricing and similar unfair or discriminatory tactics in an attempt to acquire control of the Company. The affirmative vote of the holders of 80% of the voting power of the Company is required to amend or repeal the Fair Price Provision or adopt any provision inconsistent with it.

Massachusetts Law

Following the Offering, the Company expects that it will have more than 200 stockholders, as a result of which it will be subject to the provisions of Chapter 110F of the Massachusetts General Laws, an anti-takeover law. In general, this statute prohibits a publicly held Massachusetts corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person becomes an interested stockholder, unless either (i) prior to that date, the Board of Directors approved either the business combination or the transaction in which the person became an interested stockholder, (ii) the interested stockholder acquires 90% of the outstanding voting stock of the corporation (excluding shares held by certain affiliates of the corporation) at the time it becomes an interested stockholder or (iii) the business combination is approved by the Board of Directors and by the holders of two-thirds of the outstanding voting stock of the corporation (excluding shares held by the interested stockholder) voting at a meeting. In general, an "interested stockholder" is a person who owns 5% (15% in the case of a person eligible to file a Schedule 13G under the Securities Act with respect to the Common Stock) or more of the outstanding voting stock of the corporation or who is an affiliate or associate of the corporation and was the owner of 5% (15% in the case of a person eligible to file a Schedule 13G under the Securities Act with respect to the Common Stock) or more of the outstanding voting stock within the prior three years. A "business combination" includes mergers, consolidations, stock and asset sales, and other transactions with the interested stockholder resulting in a financial benefit (except proportionately as a stockholder of the corporation) to the interested stockholder. The Company may at any time amend its Articles or By-Laws to elect not to be governed by Chapter 110F by a vote of the holders of a majority of its voting stock. Such an amendment would not be effective for twelve months and would not apply to a business combination with any person who became an interested stockholder prior to the date of the amendment.

Upon the closing of the Offering, the Company will be subject to Section 50A of Chapter 156B of the Massachusetts General Laws, which requires that any publicly held Massachusetts corporation have a classified (staggered) Board of Directors unless the corporation opts out of the statute's coverage. The Company has elected not to opt out of the statute's coverage. Section 50A requires that the classified board consist of three classes as nearly equal in size as possible and provides that directors may be removed only for cause, as defined in the statute. See "Management--Executive Officers and Directors."

The By-Laws include a provision that excludes the Company from the applicability of Chapter 110D of the Massachusetts General Laws, entitled "Regulation of Control Share Acquisitions." In general, this statute provides that any stockholder who acquires 20% or more of the outstanding voting stock of a corporation subject to this statute may not vote that stock unless the disinterested stockholders of the corporation so authorize. In addition, Chapter 110D permits a corporation to provide in its articles of organization or by-laws that the corporation may redeem (for fair value) all of the shares acquired in a control share acquisition if the interested stockholder does not deliver a control share acquisition statement or if the interested stockholder delivers a control share acquisition statement but the stockholders of the corporation do not authorize voting rights for those shares. The Board of Directors may amend the By-Laws at any time to subject the Company to this statute prospectively.

Under Section 43 of Chapter 156B of the Massachusetts General Laws, any action taken by written consent of the stockholders requires the unanimous written consent of the stockholders entitled to vote on the matter.

LIMITATION OF LIABILITY

The Company's Articles provide that no director of the Company shall be personally liable to the Company or to its stockholders for monetary damages for breach of fiduciary duty as a director, except that the limitation shall not eliminate or limit liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 61 or 62 of Chapter 156B of the Massachusetts General Laws, dealing with liability for unauthorized distributions and loans to insiders, respectively, or (iv) for any transaction from which the director derived an improper personal benefit.

The Company's Articles and By-Laws further provide for the indemnification of the Company's directors and officers to the fullest extent permitted by Section 67 of Chapter 156B of the Massachusetts General Laws, including circumstances in which indemnification is otherwise discretionary.

A principal effect of these provisions is to limit or eliminate the potential liability of the Company's directors for monetary damages arising from breaches of their duty of care, unless the breach involves one of the four exceptions described in (i) through (iv) above. These provisions may also shield directors from liability under federal and state securities laws.

STOCK TRANSFER AGENT

The transfer agent and registrar for the Common Stock is Boston EquiServe, L.P.

SHARES ELIGIBLE FOR FUTURE SALE

Upon the closing of the Offering, the Company will have 8,081,740 shares of Common Stock outstanding. Of these shares, the 2,188,000 shares of Common Stock sold in the Offering will be freely tradeable in the public market without restriction under the Securities Act, unless they are purchased by an "affiliate" of the Company (as that term is defined in Rule 144 under the Securities Act ("Rule 144")), who would generally be able to sell such shares only in accordance with Rule 144. The remaining 5,893,740 shares will be "restricted securities" as defined in Rule 144 (the "Restricted Shares"). Restricted securities generally may be sold in the public market only if they are registered under the Securities Act or sold in compliance with Rule 144. The Restricted Shares are subject to lock-up agreements pursuant to which they may not be sold or transferred without the prior written consent of NationsBanc Montgomery Securities LLC for a period of 180 days after the date of this Prospectus. See "Underwriting." The Restricted Shares are also subject to the Stock Restriction Agreement, which prohibits the sale or other transfer of Restricted Shares without the consent of the Board of Directors for a period of two years after the Offering and imposes other restrictions on sale in subsequent years. See "Certain Transactions--Stock Restriction Agreement."

SALES OF RESTRICTED SHARES

All of the Restricted Shares are subject to the lock-up agreements described below and, following the expiration of the lock-up period (or earlier with the consent of the Representatives in certain cases), approximately 3,081,630 shares will be eligible for sale under Rule 144(k) and approximately an additional 2,447,880 shares will be eligible for sale subject to the restrictions of Rule 144.

In general, under Rule 144 as currently in effect, any person (or persons whose shares are aggregated), who has beneficially owned Restricted Shares for at least one year is entitled to sell, within any three-month period, a number of Restricted Shares that does not exceed the greater of (i) 1% of the then-outstanding number of shares of Common Stock (approximately 80,800 shares, based on the number of shares to be outstanding after the Offering) or (ii) the average weekly trading volume of the Common Stock in the public market during the four calendar weeks preceding the filing of the seller's Form 144, provided that certain requirements concerning the availability of public information concerning the Company, manner of sale and notice of sale are satisfied. A person who is not an affiliate of the Company, has not been an affiliate within three months prior to the sale and has beneficially owned the Restricted Shares for at least two years is entitled to sell those Restricted Shares under Rule 144(k) without regard to the limitations described above. Rule 144 also provides that affiliates of the Company who are selling shares of Common Stock that are not Restricted Shares must nonetheless comply with the same restrictions applicable to Restricted Shares with the exception of the holding-period requirement. The one-year and two-year holding periods described above do not begin to run until the full purchase price or other consideration is paid by the person acquiring the Restricted Shares from the Company or an affiliate of the Company and, in certain cases, may include the holding period of a prior owner.

Rule 144A under the Securities Act permits current holders of Restricted Shares to sell, subject to certain conditions, all or a portion of their shares to certain "qualified institutional buyers," as defined in Rule 144A.

OPTIONS

Any employee or director of or consultant to the Company who, prior to the effective date of the registration statement of which this Prospectus forms a part, was granted options to purchase shares of Common Stock pursuant to Rule 701 will be entitled to rely on the resale provision of Rule 701 with respect to shares of Common Stock acquired upon exercise of such options ("Rule 701 Shares"). This resale provision permits non-affiliates to sell Rule 701 Shares without having to comply with the public information, holding-period, volume-limitation or notice requirements of Rule 144 and permits affiliates to sell Rule 701 Shares without having to comply with the holding-period requirement of Rule 144, in each case commencing 90 days after such effective date.

As soon as practicable after the date of this Prospectus, the Company intends to file registration statements on Form S-8 under the Securities Act to register all shares of Common Stock issuable under the Option Plan and the Stock Purchase Plan. See "Management--Benefit Plans." The Company expects that those registration statements will become effective immediately upon filing. Shares covered by either registration statement will be eligible for sale in the public market after the effective date of the applicable registration statement, subject to Rule 144 limitations applicable to affiliates and to the lock-up agreements described below, if applicable.

LOCK-UP AGREEMENTS; STOCK RESTRICTION AGREEMENT

The directors and executive officers of the Company and the holders of the Restricted Shares have agreed that, subject to certain exceptions, for a period of 180 days after the date of this Prospectus, they will not, without the prior written consent of NationsBanc Montgomery Securities LLC, directly or indirectly, sell, offer, contract or grant any option to sell, pledge, transfer, establish an open put equivalent position or otherwise dispose of any shares of Common Stock, options or warrants to acquire shares of Common Stock or securities exchangeable or exercisable for or convertible into shares of Common Stock. See "Underwriting." In addition to the foregoing lock-up agreements, each existing stockholder of the Company has agreed that he or she will not sell or otherwise transfer any Restricted Shares without the consent of the Board of Directors for a period of two years after the Offering except in a public offering. In subsequent years, holders of Restricted Shares will be entitled to sell limited portions of their Restricted Shares as described in "Certain Transactions--Stock Restriction Agreement." The Board of Directors may consent to the sale or transfer of any or all of the Restricted Shares at any time, subject to the restrictions of the lock-up agreements.

EFFECT OF SALES OF SHARES

Prior to the Offering, there has been no public market for the Common Stock of the Company. No prediction can be made as to the effect, if any, that sales of shares of Common Stock in the public market, or the perception that such sales could occur, will have on the market price of the Common Stock prevailing from time to time. Sales of substantial numbers of shares of Common Stock in the public market could materially adversely affect the market price of the Common Stock and could impair the Company's ability to raise capital through a sale of its equity securities. See "Risk Factors--Shares Eligible for Future Sale; Possible Adverse Effect on Market Price."

UNDERWRITING

The Underwriters named below (the "Underwriters"), represented by NationsBanc Montgomery Securities LLC and William Blair & Company, L.L.C. (the "Representatives"), have severally agreed, subject to the terms and conditions set forth in the Underwriting Agreement, to purchase from the Company and the Selling Stockholders the aggregate number of shares of Common Stock indicated below opposite their respective names at the initial public offering price less the underwriting discount set forth on the cover page of this Prospectus. The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters are committed to purchase all of the shares of Common Stock if they purchase any.

UNDERWRITERS	NUMBER OF SHARES
NationsBanc Montgomery Securities LLC.....	
William Blair & Company, L.L.C.....	
Total.....	2,188,000

The Representatives have advised the Company and the Selling Stockholders that the Underwriters propose initially to offer the Common Stock to the public on the terms set forth on the cover page of this Prospectus. The Underwriters may allow selected dealers a concession of not more than $ per share; and the Underwriters may allow, and such dealers may reallow, a concession of not more than $ per share to certain other dealers. After the Offering, the offering price and other selling terms may be changed by the Representatives. The Common Stock is offered subject to receipt and acceptance by the Underwriters and to certain other conditions, including the right to reject orders in whole or in part.

The Company and the Selling Stockholders have granted an option to the Underwriters, exercisable during the 30-day period after the date of this Prospectus, to purchase up to a maximum of 328,200 additional shares of Common Stock in the aggregate to cover over-allotments, if any, at the same price per share as the initial shares to be purchased by the Underwriters. To the extent the Underwriters exercise this option, each of the Underwriters will be committed, subject to certain conditions, to purchase such additional shares in approximately the same proportion as set forth in the above table. The Underwriters may purchase such shares only to cover over-allotments made in connection with the Offering.

The Underwriting Agreement provides that the Company and the Selling Stockholders will indemnify the several Underwriters against certain liabilities, including civil liabilities under the Securities Act, or will contribute to payments the Underwriters may be required to make in respect thereof.

At the request of the Company, the Underwriters have reserved for sale to certain employees of the Company and certain other persons, at the initial public offering price, up to 109,400 of the shares of Common Stock offered hereby. The number of shares available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the Underwriters to the general public on the same basis as the other shares offered hereby.

All of the Company's stockholders have agreed that, subject to certain exceptions, for a period of 180 days after the date of this Prospectus, they will not, without the prior written consent of NationsBanc Montgomery Securities LLC, directly or indirectly, sell, offer, contract or grant any option to sell, pledge, transfer, establish an open put equivalent position or otherwise dispose of any shares of Common Stock, options or warrants to acquire shares of Common Stock or securities exchangeable or exercisable for or convertible into shares of Common Stock. In addition, subject to certain exceptions, the Company has agreed that, for a period of 180 days after the date of this Prospectus, it will not, without the prior written consent of NationsBanc Montgomery Securities LLC, directly or indirectly, sell, offer, contract or grant any option to sell, pledge, transfer, establish an open put equivalent position or otherwise dispose of any shares of Common Stock, options or warrants to acquire shares of Common Stock, or securities exchangeable or exercisable for or convertible into shares of Common Stock.

The Underwriters are permitted to engage in certain transactions that stabilize the price of the Common Stock. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Common Stock. If the Underwriters create a short position in the Common Stock in connection with the Offering, i.e., if they sell more shares of Common Stock than are set forth on the cover page of this Prospectus, the Underwriters may reduce that short position by purchasing Common Stock in the open market. The Underwriters may also elect to reduce any short position by exercising all or part of the over-allotment option described above. In addition, the Representatives may impose "penalty bids" under contractual arrangements with the Underwriters whereby they may reclaim from an Underwriter (or dealer participating in the Offering) for the account of the other Underwriters, the selling concession with respect to the Common Stock that is distributed in the Offering but subsequently purchased for the account of the Underwriters in the open market.

In general, purchases of Common Stock for the purpose of stabilization or to reduce a short position could cause the price of the Common Stock to be higher than it might be in the absence of such purchases. None of the Company, the Selling Stockholders and the Underwriters makes any representation or predictions as to the direction or magnitude of any effect that the transactions described above may have on the price of the Common Stock. In addition, none of the Company, the Selling Stockholders and the Underwriters makes any representation that the Representatives will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

The Representatives have informed the Company and the Selling Stockholders that the Underwriters do not expect to make sales of Common Stock offered by this Prospectus to accounts over which they exercise discretionary authority in excess of 5% of the number of shares of Common Stock offered hereby.

Prior to the Offering, there has been no public market for the Common Stock. Consequently, the initial public offering price will be determined by negotiations among the Company, the Selling Stockholders and the Representatives. Among the factors to be considered in such negotiations will be the history of, and the prospects for, the Company and the industry in which it competes, an assessment of the Company's management, its past and present earnings and the trend of such earnings, the prospects for future earnings of the Company, the present state of the Company's business, the general condition of the securities markets at the time of the Offering and the market prices of publicly traded stock of comparable companies in recent periods.

LEGAL MATTERS

The validity of the shares of Common Stock offered hereby will be passed upon for the Company and the Selling Stockholders by Foley, Hoag & Eliot LLP, Boston, Massachusetts. Certain legal matters will be passed upon for the Underwriters by Hale and Dorr LLP, Boston, Massachusetts.

EXPERTS

The consolidated financial statements of the Company at November 30, 1996 and November 29, 1997, and for each of the fiscal years in the three-year period ended November 29, 1997, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports thereon appearing herein and in the Registration Statement and are included in reliance upon such reports given upon the authority of such firm as experts in accounting and auditing.

CHANGE IN INDEPENDENT AUDITORS

On January 29, 1998, the Board of Directors, upon the recommendation of the Audit Committee, authorized the Company to retain Ernst & Young LLP as its independent auditors and dismissed the Company's former independent auditors. The consolidated financial statements of the Company at November 30, 1996 and November 29, 1997, and for each of the fiscal years in the three-year period ended November 29, 1997, appearing elsewhere in this Prospectus, were audited by Ernst & Young LLP and its

report is included herein. The report of the Company's former independent auditors on the financial statements of the Company at November 30, 1996 and for each of the fiscal years in the two-year period ended November 30, 1996 contained no adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or application of accounting principles. During the fiscal years in the three-year period ended November 29, 1997 and the subsequent interim period up to and including the date of dismissal, the Company had no disagreements with its former independent auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure related to the financial statements on which the former independent auditors reported, which, if not resolved to the satisfaction of the former independent auditors, would have caused it to make reference to the subject matter of the disagreement in connection with its report. The Company did not consult with Ernst & Young LLP during fiscal 1996, fiscal 1997 or any subsequent period prior to retaining Ernst & Young LLP regarding the application of accounting principles to any transaction or the type of audit opinion that might be rendered on the Company's financial statements.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-1 (including all amendments thereto, the "Registration Statement") under the Securities Act with respect to the Common Stock offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. For further information with respect to the Company and the Common Stock, reference is made to the Registration Statement and the exhibits and schedules filed as a part thereof. Statements contained in this Prospectus as to the contents of any contract or any other document referred to contain the information required to be disclosed in this Prospectus pursuant to the Securities Act and the rules and regulations thereunder, and, in each instance, if the contract or document is filed as an exhibit, reference is made to the copy of the contract or document filed as an exhibit to the Registration Statement. Each such statement is qualified in all respects by reference to the exhibit. The Registration Statement, including the exhibits and schedules thereto, may be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Regional Offices of the Commission at Suite 1400, 500 West Madison Street, Chicago, Illinois 60661 and 7 World Trade Center, Thirteenth Floor, New York, New York 10048. Copies may also be obtained from the Public Reference Section of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington D.C. 20549, at prescribed rates. The Commission also maintains a Web site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding registrants, such as the Company, that make electronic filings with the Commission.

The Company intends to furnish its stockholders with annual reports containing audited financial statements and a report thereon provided by independent certified public accountants, and to make available to its stockholders quarterly reports containing unaudited financial information for the first three quarters of each fiscal year.

CHARLES RIVER ASSOCIATES INCORPORATED

CONSOLIDATED FINANCIAL STATEMENTS

Fiscal years ended November 29, 1997,
November 30, 1996 and November 25, 1995

Quarters ended February 20, 1998
and February 21, 1997 (Unaudited)

CONTENTS

REPORT OF INDEPENDENT AUDITORS

Board of Directors
CHARLES RIVER ASSOCIATES INCORPORATED

We have audited the accompanying consolidated balance sheets of Charles River Associates Incorporated (the "Company") as of November 29, 1997 and November 30, 1996, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended November 29, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Charles River Associates Incorporated as of November 29, 1997 and November 30, 1996, and the consolidated results of its operations and its cash flows for each of the three years in the period ended November 29, 1997, in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

Boston, Massachusetts
February 25, 1998

CHARLES RIVER ASSOCIATES INCORPORATED

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	NOVEMBER 30, 1996	NOVEMBER 29, 1997	FEBRUARY 20, 1998	PRO FORMA FEBRUARY 20, 1998
			(UNAUDITED)	
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,434	$ 2,054	$ 6,988	$ 485
Accounts receivable, net of allowances of $578 in 1996 and $394 in 1997 and $430 in 1998 for doubtful accounts	7,361	10,140	7,653	7,653
Unbilled services	4,856	4,731	5,216	5,216
Prepaid expenses	224	280	476	476
Total current assets	13,875	17,205	20,333	13,830
Property and equipment, net	1,321	2,890	2,897	2,897
Other assets	272	340	598	598
Total assets	$15,468	$20,435	$23,828	$17,325
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 925	$ 902	$ 1,244	$ 1,244
Accrued expenses	4,265	5,729	8,495	8,495
Deferred revenue	636	225	250	250
Current portions of notes payable to former stockholders and capital lease obligations	262	325	323	323
Dividends payable	800	1,764	260	260
Deferred income taxes	433	528	203	1,422
Total current liabilities	7,321	9,473	10,775	11,994
Notes payable to former stockholders, net of current portion	428	707	707	707
Capital lease obligations, net of current portion	122	74	66	66
Deferred rent	1,395	1,302	1,467	1,467
Minority interest	--	343	291	291
Commitments and contingencies				
Stockholders' equity:				
Common Stock (voting); no par value; 25,000,000 shares authorized; 6,228,040 shares in 1996 and 6,519,240 shares in 1997 and 1998 issued	902	1,977	1,977	1,977
Retained earnings	5,989	7,770	9,645	1,923
	6,891	9,747	11,622	3,900
Notes receivable from stockholders	(660)	(1,211)	(1,100)	(1,100)
Treasury stock (15,600 shares in 1996, at cost)	(29)	--	--	--
Total stockholders' equity	6,202	8,536	10,522	2,800
Total liabilities and stockholders' equity	$15,468	$20,435	$23,328	$17,325

See accompanying notes.

CHARLES RIVER ASSOCIATES INCORPORATED

CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT SHARE DATA)

	YEARS ENDED			QUARTER ENDED	
	NOVEMBER 25, 1995	NOVEMBER 30, 1996	NOVEMBER 29, 1997	FEBRUARY 21, 1997	FEBRUARY 20, 1998
		(53 WEEKS)		(UNAUDITED)	
Revenues	$31,839	$37,367	$44,805	$ 9,648	$11,137
Costs of services	19,760	23,370	28,374	6,106	6,486
Supplemental compensation	1,212	1,200	1,233	280	--
Gross profit	10,867	12,797	15,198	3,262	4,651
General and administrative	8,397	9,060	10,509	2,134	2,754
Income from operations	2,470	3,737	4,689	1,128	1,897
Interest income, net	118	124	302	9	46
Income before provision for income taxes and minority interest	2,588	3,861	4,991	1,137	1,943
Provision for income taxes	(174)	(273)	(306)	(76)	(120)
Net income before minority interest	2,414	3,588	4,685	1,061	1,823
Minority interest	--	--	282	--	52
Net income	$ 2,414	$ 3,588	$ 4,967	$ 1,061	$ 1,875
Basic and diluted net income per share	$0.40	$0.59	$0.78	$0.17	$0.29
Weighted average number of common shares	5,987,384	6,091,384	6,355,873	6,212,440	6,519,240
Pro forma income data (unaudited):					
Net income as reported			$ 4,967		$1,875
Pro forma adjustment			(1,833)		(694)
Pro forma net income			$ 3,134		$1,181
Pro forma net income per share			$0.48		$0.18
Weighted average number of common shares			6,505,873		6,669,240

See accompanying notes.

CHARLES RIVER ASSOCIATES INCORPORATED

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT SHARE DATA)

	COMMON STOCK							
	CLASS A		CLASS B		SINGLE CLASS			
	SHARES ISSUED	AMOUNT	SHARES ISSUED	AMOUNT	SHARES ISSUED	AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS
BALANCE AT NOVEMBER 26, 1994	5,598,840	$325	490,360	$46	--	--	$ 82	$2,280
Net income								2,414
Issuance of Class A Common Stock	36,400	51						
Purchase of treasury stock								
Sale of treasury stock							(14)	
Retirement of treasury stock			(128,960)	(12)			(24)	
Conversion to single class of common stock	(5,635,240)	(376)	(361,400)	(34)	5,996,640	$ 410		
Distributions to stockholders								(778)
Collection on notes receivable								
BALANCE AT NOVEMBER 25, 1995	--	--	--	--	5,996,640	410	44	3,916
Net income (53 weeks)								3,588
Issuance of Common Stock					257,400	495		
Purchase of treasury stock							(22)	
Sale of treasury stock							87	
Adjustments to purchase price of treasury stock							(93)	(19)
Retirement of treasury stock					(26,000)	(3)	(16)	
Distributions to stockholders								(1,496)
Collection on notes receivable								
BALANCE AT NOVEMBER 30, 1996	--	--	--	--	6,228,040	902	--	5,989
Net income								4,967
Issuance of Common Stock					400,400	1,085		
Distributions to stockholders								(2,600)
Collection on notes receivable from stockholders								
Purchase of treasury stock								
Adjustment to purchase price of treasury stock								(220)
Sale of treasury stock								
Retirement of treasury stock					(109,200)	(10)		(366)
Accrued interest on notes receivable from stockholders								
BALANCE AT NOVEMBER 29, 1997	--	--	--	--	6,519,240	1,977	--	7,770
Net income								1,875
Collection on notes receivable from stockholders								
BALANCE AT FEBRUARY 20, 1998 (UNAUDITED)	--	--	--	--	6,519,240	$1,977	--	$9,645

		TREASURY STOCK						
		CLASS A		CLASS B		SINGLE CLASS		
	NOTES RECEIVABLE	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT	TOTAL STOCKHOLDERS' EQUITY
BALANCE AT NOVEMBER 26, 1994	--	--	--	(128,960)	$(36)	--	--	$ 2,697
Net income								2,414
Issuance of Class A Common Stock								51
Purchase of treasury stock		(119,600)	$(182)					(182)
Sale of treasury stock	$ (110)	119,600	182					58
Retirement of treasury stock				128,960	36			--
Conversion to single class of common stock								--
Distributions to stockholders								(778)
Collection on notes receivable	22							22
BALANCE AT NOVEMBER 25, 1995	(88)	--	--	--	--	--	--	4,282
Net income (53 weeks)								3,588
Issuance of Common Stock	(254)							241
Purchase of treasury stock						(228,800)	$(390)	(412)
Sale of treasury stock	(322)					187,200	342	107
Adjustments to purchase price of treasury stock								(112)
Retirement of treasury stock						26,000	19	--
Distributions to stockholders								(1,496)
Collection on notes receivable	4							4
BALANCE AT NOVEMBER 30, 1996	(660)	--	--	--	--	(15,600)	(29)	6,202
Net income								4,967
Issuance of Common Stock	(715)							370
Distributions to stockholders								(2,600)

Collection on notes receivable from stockholders	264							264
Purchase of treasury stock						(119,600)	(444)	(444)
Adjustment to purchase price of treasury stock								(220)
Sale of treasury stock	(58)					26,000	97	39
Retirement of treasury stock						109,200	376	--
Accrued interest on notes receivable from stockholders	(42)							(42)
BALANCE AT NOVEMBER 29, 1997	(1,211)	--	--	--	--	--	--	8,536
Net income								1,875
Collection on notes receivable from stockholders	111							111
BALANCE AT FEBRUARY 20, 1998 (UNAUDITED)	$(1,100)	--	--	--	--	--	--	$10,522

See accompanying notes.

CHARLES RIVER ASSOCIATES INCORPORATED

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	YEARS ENDED			QUARTER ENDED	
	NOVEMBER 25, 1995	NOVEMBER 30, 1996	NOVEMBER 29, 1997	FEBRUARY 21, 1997	FEBRUARY 20, 1998
		(53 WEEKS)		(UNAUDITED)	
Operating activities:					
Net income	$2,414	$3,588	$4,967	$1,061	$1,875
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	440	486	727	122	240
Deferred rent	209	7	(93)	(144)	165
Deferred income taxes	56	127	95	61	(325)
Stock bonuses	51	68	--	--	--
Minority interest	--	--	(282)	--	(52)
Changes in operating assets and liabilities:					
Accounts receivable	(485)	(1,121)	(2,779)	193	2,487
Unbilled services	(976)	(1,491)	125	903	(485)
Prepaid expenses and other	(41)	(122)	(172)	(239)	(458)
Accounts payable and accrued expenses	(229)	676	1,030	1,750	3,133
Net cash provided by operating activities	1,439	2,218	3,618	3,707	6,580
Investing activities:					
Purchases of property and equipment	(400)	(774)	(2,290)	(279)	(243)
Sale (purchase) of short-term investments	(298)	298	--	--	--
Net cash used in investing activities	(698)	(476)	(2,290)	(279)	(243)
Financing activities:					
Payments on notes payable to former shareholders and capital lease obligations	(86)	(96)	(370)	(15)	(10)
Purchase of treasury stock	--	(19)	--	--	--
Issuance of common stock	--	172	370	--	--
Sale of treasury stock	58	107	39	--	--
Collection of notes receivable from stockholders	22	4	264	54	111
Dividends paid	(245)	(1,474)	(1,636)	(588)	(1,504)
Proceeds from minority interest	--	--	625	--	--
Net cash used in financing activities	(251)	(1,306)	(708)	(549)	(1,403)
Net increase in cash and cash equivalents	490	436	620	2,879	4,934
Cash and cash equivalents at beginning of year	508	998	1,434	1,434	2,054
Cash and cash equivalents at end of year	$ 998	$1,434	$2,054	$4,313	$6,988
Supplemental cash flow information:					
Cash paid for income taxes	$29	$120	$275	--	$18
Notes receivable in exchange for common stock	$110	$576	$773	--	--
Notes payable in exchange for treasury stock	$182	$412	$444	--	--

See accompanying notes.

CHARLES RIVER ASSOCIATES INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

Charles River Associates Incorporated (the "Company") is an economic and business consulting firm that applies advanced analytical techniques and in-depth industry knowledge to complex engagements for a broad range of clients. The Company offers two types of services: legal and regulatory consulting and business consulting.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The consolidated balance sheet as of February 20, 1998 and the consolidated statements of income, stockholders' equity and cash flows for the quarters ended February 20, 1998 and February 21, 1997 are unaudited and in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the Company's consolidated financial position, results of operations and cash flows.

FISCAL YEAR

The Company's fiscal year ends on the last Saturday in November. The fiscal year ended November 30, 1996 consisted of 53 weeks; the fiscal years ended November 25, 1995 and November 29, 1997 consisted of 52 weeks.

REVENUE RECOGNITION

Revenues from most engagements are recognized as services are provided based upon hours worked and contractually agreed-upon hourly rates. The Company's revenues also include expenses billed to clients, which include travel and other out-of-pocket expenses, charges for support staff and outside contractors and other reimbursable expenses. An allowance is provided for any amounts considered uncollectible.

Unbilled services represent balances accrued by the Company for services performed but not yet billed to the client.

CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Cash equivalents consist principally of money-market funds, commercial paper, bankers' acceptances and certificates of deposit with maturities when purchased of 90 days or less. Short-term investments consist of commercial paper and certificates of deposit with maturities when purchased of more than 90 days but less than one year.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. The Company provides for depreciation of equipment using the straight-line method over its estimated useful life, generally three to five years. Amortization of

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

leasehold improvements is provided using the straight-line method over the shorter of the lease term or the estimated useful life of the leasehold improvements.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and NeuCo LLC, a limited liability company founded by the Company and an affiliate of Commonwealth Energy Systems in June 1997. The Company has a 50.1% interest in NeuCo LLC. The portion of the results of operations of NeuCo LLC allocable to its minority owners is shown as "minority interest" in the Company's statement of income for fiscal 1997 and that amount along with the capital contributions to NeuCo LLC of its minority interest owners is shown as "minority interest" on the Company's balance sheet as of November 29, 1997. All significant intercompany accounts have been eliminated.

CONCENTRATION OF CREDIT RISK

The Company's accounts receivable base consists of a broad range of clients in a variety of industries located throughout the United States and in certain other countries The Company performs a credit evaluation of each of its clients to minimize its collectibility risk. Historically, the Company has not experienced significant write-offs. In fiscal 1995, one client accounted for approximately 11% of the Company's revenues.

The Company provides an allowance for doubtful accounts to provide for potentially uncollectible amounts. Activity in the accounts is as follows (in thousands):

	YEAR ENDED			QUARTER ENDED
	NOVEMBER 25, 1995	NOVEMBER 30, 1996	NOVEMBER 29, 1997	FEBRUARY 20, 1998
		(53 WEEKS)		(UNAUDITED)
Balance at beginning of period	$370	$207	$578	$394
Charge to cost and expenses	13	412	--	36
Amounts written off	(176)	(41)	(184)	--
Balance at end of period	$207	$578	$394	$430

DEFERRED REVENUE

Deferred revenue represents amounts paid to the Company in advance of services rendered.

INCOME TAXES

Since fiscal 1988, the Company has been treated for federal and state income tax purposes as an S corporation under the Internal Revenue Code of 1986, as amended (the "Code"). As a result, the Company's stockholders, rather than the Company, have been and are required to pay federal and certain state income taxes based on the Company's taxable earnings. The Company files its returns using the cash method of accounting. Upon closing of the proposed initial public offering of common stock, the Company's status as an S corporation will terminate and thereafter, it will be subject to corporate taxation as a C corporation under the Code. Concurrently with the termination of the Company's status as an S corporation, the Company will adopt the accrual method of accounting. A pro forma provision for income taxes has been presented as if the Company had been taxed as a C corporation for the fiscal year ended November 29, 1997 and the quarter ended February 20, 1998. For that period, Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (Statement 109) was used to calculate

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

pro forma income taxes and the pro forma effect of the termination of the Company's S corporation status on deferred income taxes.

Under the asset and liability method of Statement 109, the Company must recognize deferred tax assets and liabilities to reflect the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the date on which the change in the tax rate occurs.

At the time of the termination of the Company's status as an S corporation, the Company will record a net deferred income tax liability and a one-time additional provision for income taxes. The amounts to be recorded will depend upon differences between the financial reporting and tax bases of the Company's assets and liabilities at the time. If the Company's S corporation status had been terminated as of February 20, 1998, the net deferred income tax liability would have increased by approximately $1.2 million to approximately $1.4 million. (See Note 11)

IMPAIRMENT OF LONG-LIVED ASSETS

In the first quarter of 1997, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," which establishes criteria for the recognition and measurement of impairment losses associated with long-lived assets. The adoption of this standard had no impact on the Company's consolidated financial statements.

NET INCOME PER SHARE AND PRO FORMA NET INCOME PER SHARE

In 1997, the Financial Accounting Standards Board issued Statement No. 128, Earnings per Share. Statement No. 128 replaced the calculation of primary and fully diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. Diluted earnings per share is very similar to the previously reported fully diluted earnings per share. Pursuant to the previous requirements of the Securities and Exchange Commission (SEC), common shares and common share equivalents issued by the Company during the twelve-month period prior to the initial public offering of the Company's common stock would have been included in the calculations as if they were outstanding for all periods prior to the offering whether or not they were anti-dilutive. In February 1998, the SEC issued Staff Accounting Bulletin 98 which, among other things, conformed prior SEC requirements to Statement 128 and eliminated inclusion of such shares in the computation of earnings per share.

Pro forma net income per share is computed using pro forma net income and the pro forma weighted average number of shares of common stock. The weighted average number of shares of common stock for the purpose of computing pro forma net income per share has been increased by the number of shares that would be required to pay a dividend in the amount of $2.4 million (assuming an initial public offering price of $16.00 per share) that is expected to be paid upon the completion of the initial public offering.

ACCOUNTING PRONOUNCEMENTS

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income," and SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." Both SFAS No. 130 and SFAS No. 131 are effective for fiscal years beginning after December 15, 1997. The

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Company believes that the adoption of these new accounting standards will not have a material impact on the Company's consolidated financial statements.

In December 1997, The Accounting Standards Executive Committee of the American Institute of Certified Public Accountants issued a Statement of Position (SOP), "Reporting on the Costs of Start-up Activities," which will require companies upon adoption to expense start-up costs, including organization costs, as incurred. In addition, the SOP will require companies upon adoption to write off as a cumulative change in accounting principle any previously recorded start-up or organization costs. The SOP is effective for fiscal years beginning after December 15, 1998. At February 20, 1998, the Company had deferred start-up costs of $59,000. The Company believes that the adoption of this SOP will not have a material impact on the Company's consolidated financial statements.

2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	NOVEMBER 30, 1996	NOVEMBER 29, 1997	FEBRUARY 20, 1998
	(IN THOUSANDS)		(UNAUDITED)
Furniture and equipment	$3,508	$4,731	$4,793
Leasehold improvements	316	1,311	1,193
	3,824	6,042	5,986
Accumulated depreciation and amortization	2,503	3,152	3,089
	$1,321	$2,890	$2,897

3. ACCRUED EXPENSES

Accrued expenses consist of the following:

	NOVEMBER 30, 1996	NOVEMBER 29, 1997	FEBRUARY 20, 1998
	(IN THOUSANDS)		(UNAUDITED)
Compensation and related expenses	$4,059	$5,410	$7,547
Other	206	319	948
	$4,265	$5,729	$8,495

4. NOTES PAYABLE TO FORMER STOCKHOLDERS

Notes payable to former stockholders represent amounts owed by the Company to former stockholders in connection with the Company's repurchase of shares of common stock from such stockholders upon their separation from the Company pursuant to an Exit Agreement.

Under the Exit Agreement, the Company repurchased shares of common stock from certain stockholders at a purchase price based upon a formula that uses the book value of the Company at the date the stockholder separates from the Company (the "Fixed Amount") and an amount (the "Contingent Pay-Out Amount") equal to the stockholder's pro rata portion of 25% of the Company's earnings before bonuses, supplemental compensation and amortization of goodwill, if any, for each of the five fiscal years commencing with the fiscal year in which the repurchase was made. The Fixed Amount is payable in three equal installments and the Contingent Pay-Out Amount is payable in five equal annual install-

4. NOTES PAYABLE TO FORMER STOCKHOLDERS (CONTINUED)

ments. The Fixed Amount bears interest at an average prime rate (8.5% at February 20, 1998) determined in accordance with the terms of the Exit Agreement.

For financial reporting purposes, the Company initially estimates the Contingent Pay-Out Amount owed to each former stockholder for the full five year payment period based on the actual amount of the contingent payment for the first year. In subsequent years, the Company adjusts the estimate annually based on actual amounts of the contingent payment for all preceding years. The related adjustments are made to treasury stock and additional paid in capital and to the extent additional paid in capital is not available, retained earnings. Annual principal payments to former stockholders are estimated as of November 29, 1997 to be $280,000 in fiscal 1998; $279,000 in fiscal 1999; $246,000 in fiscal 2000; $114,000 in fiscal 2001; and $68,000 in fiscal 2002. The Company believes the recorded value of the notes payable to former stockholders approximates fair market value.

5. FINANCING ARRANGEMENTS

The Company has a line of credit which permits borrowings of up to $2.0 million with interest at the bank's base rate (8.5% at November 29, 1997) and is secured by the Company's accounts receivable. The terms of the line of credit includes certain operating and financial covenants. No borrowings were outstanding as of November 29, 1997. The Company had outstanding standby letters of credit at February 20, 1998 amounting to $76,000, which expire between March and June 1998.

6. EMPLOYEE BENEFIT PLANS

The Company maintains a profit-sharing retirement plan that covers substantially all full-time employees. Contributions are made at the discretion of the Company and its subsidiary and cannot exceed the maximum amount deductible under applicable provisions of the Code. Contributions were approximately $1.1 million in each of fiscal 1995 and 1996, approximately $1.2 million in fiscal 1997 and $269,000 and $227,000 for the quarters ended February 21, 1997 and February 20, 1998, respectively.

7. SUPPLEMENTAL COMPENSATION

The Company currently has one bonus program. This program awards discretionary bonuses based on the Company's revenues and profitability and individual performance. Amounts paid under this bonus program are included in costs of services and the Company expects to continue this bonus program after the proposed initial public offering. During fiscal 1995, fiscal 1996 and fiscal 1997, the Company also had another bonus program, which consisted of discretionary payments to officers and certain Outside Experts based primarily on the Company's cash flows. These bonus payments are shown as supplemental compensation in the Company's statements of income. The Company does not intend to make additional payments under this bonus program after fiscal 1997.

8. LEASES

The Company leases its facilities under operating lease arrangements and certain equipment under capital lease agreements. Assets held under capital lease agreements amounted to $418,000 at November 30, 1996 and November 29, 1997. Accumulated amortization amounted to $259,000 at November 30, 1996 and $304,000 at November 29, 1997. At November 29, 1997, the minimum rental commitments under all noncancellable operating and capital leases with initial or recurring terms of more than one year were as follows (in thousands):

FISCAL YEAR	OPERATING LEASES	CAPITAL LEASES
1998	$ 1,687	$ 52
1999	1,907	48
2000	1,925	33
2001	1,941	
2002	1,821	
Thereafter	8,011	
	$17,292	133
Less amount representing interest		14
Present value of net minimum lease payments		119
Less current portion of obligations under capital leases		45
Long-term obligations under capital leases		$ 74

Rent expense amounted to $1.5 million for each of fiscal 1995 and 1996 and $1.8 million for fiscal 1997 and $314,000 and $487,000 for the quarters ended February 21, 1997 and February 20, 1998, respectively.

9. NOTES RECEIVABLE FROM STOCKHOLDERS

In 1995, in an effort to align each officer's interest with the overall interests of the Company, the Company adopted a policy requiring that each of its officers have an equity interest in the Company. The Company sold shares of common stock to new or existing members of the management team at the fair market value of the common stock on the date of purchase as determined by the Company's Board of Directors. A portion of the purchase price is payable at the time of purchase and the remainder is payable in installments over a period of five years. The portion of the purchase price not paid at the time of purchase bears interest at an average prime rate described in the stock purchase agreement (8.5% at February 20, 1998).

10. STOCKHOLDERS' EQUITY

In February 1995, the Company converted all outstanding shares of Class A and Class B common stock to a single class of common stock. In addition, the Company terminated its Stock Distribution and Redemption Plan, and established a new agreement with its stockholders called the Exit Agreement, which defines the rights of the Company and its stockholders if any stockholder ceases for any reason to be an employee, director, officer, consultant or independent contractor of the Company. Under the Exit Agreement, subject to certain restrictions, the Company has the right to repurchase all of the shares of an inactive stockholder and, the inactive stockholder has the right to cause the Company to purchase his or her shares of stock, at a formula price which is subject to annual adjustment (see note 4).

11. PRO FORMA FINANCIAL INFORMATION (UNAUDITED)

The following pro forma adjustments have been made to the historical consolidated balance sheet as of February 20, 1998 and to the consolidated statement of income for the year then ended:

a) The pro forma consolidated statements of income for the year ended November 29, 1997 and the quarter ended February 20, 1998 reflect the provision for income taxes that would have been recorded had the Company and NeuCo LLC been C corporations during those periods, assuming effective tax rates for the year ended November 29, 1997 and the quarter ended February 20, 1998 of 43% and 42%, respectively.

b) Prior to the consummation of the proposed initial public offering, the Company expects to declare an S corporation distribution to its existing stockholders in an amount representing all undistributed cash earnings through the termination of the Company's S corporation status but not to exceed the cash available as of that date. At February 20, 1998, the S corporation distribution is estimated to be approximately $6.5 million. The declaration and payment of this distribution is reflected on the February 20, 1998 pro forma consolidated balance sheet. The amount of this distribution will be higher or lower than the foregoing amount based upon actual cash-basis earnings between February 20, 1998 and the closing date of the initial public offering.

At the time of the termination of the Company's status as an S corporation, the Company will record a net deferred income tax liability and a one-time additional provision for income taxes. The amounts to be recorded will depend upon differences between the financial reporting and tax bases of the Company's assets and liabilities at the time. If the Company's S corporation status had been terminated as of February 20, 1998, the net deferred income tax liability would have been $1.4 million, resulting from differing methods of accounting for financial reporting and tax purposes for the following items (in thousands):

Deferred tax liabilities:	
Cash to accrual adjustment	$ 843
Profit sharing	93
Deferred rent	605
Other	111
	1,652
Deferred tax assets:	
Allowance for doubtful accounts	(176)
Excess tax over book depreciation and amortization	(54)
	(230)
	$1,422

A reconciliation of the Company's pro forma tax rate with the federal statutory rates is as follows:

	YEAR ENDED NOVEMBER 29, 1997	QUARTER ENDED FEBRUARY 20, 1998
Federal statutory rate	34.0%	34.0%
State income taxes, net of federal income tax benefit	6.2	6.2
Other	2.8	1.7
	43.0%	41.9%

12. RELATED PARTY TRANSACTIONS

The Company made payments to stockholders of the Company who performed consulting services for the Company in the amounts of $1.7 million in fiscal 1995, $1.6 million in fiscal 1996 and $1.8 million in fiscal 1997 and $506,000 and $645,000 for the quarters ended February 21, 1997 and February 20, 1998, respectively.

13. QUARTERLY FINANCIAL DATA (UNAUDITED)

	QUARTER ENDED			
	FEBRUARY 16, 1996	MAY 10, 1996	AUGUST 30, 1996	NOVEMBER 30, 1996
	(12 WEEKS)	(12 WEEKS)	(16 WEEKS)	(13 WEEKS)
	(IN THOUSANDS)			
Revenues	$6,990	$8,334	$11,356	$10,687
Gross profit	2,324	3,033	4,095	3,345
Income from operations	513	946	1,205	1,073
Income before provision for income taxes	532	980	1,226	1,123
Net income	495	911	1,140	1,042

	QUARTER ENDED			
	FEBRUARY 21, 1997	MAY 16, 1997	SEPTEMBER 5, 1997	NOVEMBER 29, 1997
	(12 WEEKS)	(12 WEEKS)	(16 WEEKS)	(12 WEEKS)
	(IN THOUSANDS)			
Revenues	$9,648	$9,171	$14,498	$11,488
Gross profit	3,262	2,979	4,990	3,967
Income from operations	1,128	817	1,629	1,115
Income before provision for income taxes and minority interest	1,137	901	1,670	1,283
Minority interest	--	--	198	84
Net income	1,061	841	1,756	1,309

14. SUBSEQUENT EVENTS

STOCK SPLIT

Subsequent to November 29, 1997, the Company's Board of Directors authorized (i) the declaration of a 52-for-1 stock split to be effected in the form of a dividend of 51 shares of Common Stock per share of Common Stock outstanding before the closing of the Offering and (ii) an increase in the number of shares of authorized Common Stock to 25,000,000. These actions are subject to approval by the Company's stockholders. The accompanying consolidated financial statements have been adjusted retroactively to give effect to these actions.

14. SUBSEQUENT EVENTS (CONTINUED)

STOCK RESTRICTION AGREEMENT

On February 20, 1998, the Company's Board of Directors authorized the Company to amend and restate the Exit Agreement (as so amended and restated, the "Stock Restriction Agreement"). The Stock Restriction Agreement is subject to approval by the Company's stockholders and, if approved, will take effect upon the closing of the Offering. The Stock Restriction Agreement will prohibit each person who is a stockholder of the Company before the closing of the Offering from selling or otherwise transferring shares of Common Stock held immediately before the Offering without the consent of the Board of Directors of the Company for two years after the Offering. In addition, the Stock Restriction Agreement will allow the Company to repurchase a portion of such stockholder's shares of Common Stock at a percentage of market value should the stockholder leave the Company (other than for death or retirement for disability).

No dealer, sales representative or any other person has been authorized to give any information or to make any representations in connection with the Offering other than those contained in this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company, any of the Selling Stockholders or any of the Underwriters. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the shares of Common Stock to which it relates or an offer to, or a solicitation of, any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or that the information contained herein is correct as of any time subsequent to the date hereof.

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Until , 1998 (25 days after the date of this Prospectus), all dealers effecting transactions in the registered securities offered hereby, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as Underwriters and with respect to their unsold allotments or subscriptions.

2,188,000 SHARES

[CHARLES RIVER LOGO]

CHARLES RIVER ASSOCIATES INCORPORATED

COMMON STOCK

PROSPECTUS

NationsBanc Montgomery Securities LLC

William Blair & Company

, 1998

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the various expenses in connection with the issuance and distribution of the securities being registered, other than the underwriting discount. All amounts shown are estimates except the Securities and Exchange Commission registration fee, the National Association of Securities Dealers, Inc. filing fee and the Nasdaq National Market listing fee.

	PAYABLE BY THE COMPANY
Securities and Exchange Commission registration fee	$ 12,619
National Association of Securities Dealers, Inc. filing fee	4,778
Nasdaq National Market listing fee	72,875
Printing and engraving expenses	75,000
Transfer agent fees	5,000
Accounting fees and expenses	225,000
Legal fees and expenses	300,000
Blue Sky fees and expenses (including related legal fees)	11,800
Indemnity insurance expense	150,000
Miscellaneous	42,928
Total	$900,000

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Article VI.C. of the Company's Amended and Restated Articles of Organization provides that a director shall not have personal liability to the Company or its stockholders for monetary damages arising out of the director's breach of fiduciary duty as a director of the Company, to the maximum extent permitted by Massachusetts law. Section 13(b)(1 1/2) of Chapter 156B of the Massachusetts General Laws provides that the articles of organization of a corporation may state a provision eliminating or limiting the personal liability of a director to a corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided, however, that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under sections 61 or 62 of Chapter 156B of the Massachusetts General Laws, which relate to liability for unauthorized distributions and loans to insiders, respectively, or (iv) for any transaction from which the director derived an improper personal benefit.

Article VI.D. of the Company's Amended and Restated Articles of Organization further provides that the Company shall, to the fullest extent authorized by Chapter 156B of the Massachusetts General Laws, indemnify each person who is, or shall have been, a director or officer of the Company or who is or was a director or employee of the Company and is serving, or shall have served, at the request of the Company, as a director or officer of another organization or in any capacity with respect to any employee benefit plan of the Company, against all liabilities and expenses (including judgments, fines, penalties, amounts paid or to be paid in settlement, and reasonable attorneys' fees) imposed upon or incurred by any such person in connection with, or arising out of, the defense or disposition of any action, suit or other proceeding, whether civil or criminal, in which they may be involved by reason of being or having been such a director or officer or as a result of service with respect to any such employee benefit plan. Section 67 of Chapter 156B of the Massachusetts General Laws authorizes a corporation to indemnify its directors, officers, employees and other agents unless such person shall have been adjudicated in any proceeding not to have acted in good faith in the reasonable belief that such action was in the best interests of the corporation or, to the extent such matter

related to service with respect to an employee benefit plan, in the best interests of the participants or beneficiaries of such employee benefit plan.

The effect of these provisions would be to permit indemnification by the Company for, among other liabilities, liabilities arising out of the Securities Act of 1933, as amended (the "Securities Act").

Section 67 of Chapter 156B of the Massachusetts General Laws also affords a Massachusetts corporation the power to obtain insurance on behalf of its directors and officers against liabilities incurred by them in those capacities. The Company has procured a directors and officers liability and company reimbursement liability insurance policy that (i) insures directors and officers of the Company against losses (above a deductible amount) arising from certain claims made against them by reason of certain acts or omissions of such directors or officers in their capacity as directors or officers and (ii) insures the Company against losses (above a deductible amount) arising from any such claims, but only if the Company is required or permitted to indemnify such directors or officers for such losses under statutory or common law or under provisions of the Company's Amended and Restated Articles of Organization or Amended and Restated By-Laws.

Reference is hereby made to Section 8 of the Underwriting Agreement among the Company, the Selling Stockholders and the Underwriters, filed as Exhibit 1.1 to this Registration Statement, for a description of indemnification arrangements among the Company, the Selling Stockholders and the Underwriters.

Reference is hereby made to the Indemnity Agreement between the Company and the Selling Stockholders, filed as Exhibit 10.11 to this Registration Statement, for a description of indemnification arrangements by the Company for the benefit of the Selling Stockholders.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

The following information is furnished with regard to all securities sold by the Company within the past three years which were not registered under the Securities Act. The share numbers set forth below have been adjusted to reflect the Stock Split.

(a) On May 1, 1995, the Company sold 119,600 shares of Common Stock to an employee of the Company at a purchase price of approximately $1.40 per share, $57,500 of which was paid at the time of purchase and the remainder of which was payable in installments as set forth in the stock purchase agreement. In September 1996, the Company repurchased all of the shares sold to the employee and in June 1997 paid the employee an amount equal to the repurchase price less the amount payable by the employee under the stock purchase agreement.

(b) On April 1, 1996, the Company sold 91,000 shares of Common Stock to employees of the Company at a purchase price of approximately $1.88 per share, $54,478 of which was paid at the time of purchase and the remainder of which was payable in installments as set forth in the stock purchase agreements. As of February 15, 1998, the Company had received $23,348 in installment payments.

(c) On April 15, 1996, the Company issued 36,400 shares of Common Stock to a consultant to the Company as bonus compensation for services rendered by the consultant.

(d) On May 28, 1996, the Company sold 88,400 shares of Common Stock to employees of the Company at a purchase price of approximately $1.88 per share, $86,276 of which was paid at the time of purchase and the remainder of which was paid on or before February 15, 1998.

(e) On May 30, 1996, the Company sold 15,600 shares of Common Stock to an employee of the Company at a purchase price of approximately $1.88 per share, $9,339 of which was paid at the time of purchase and the remainder of which was payable in installments as set forth in the stock purchase agreement. As of February 15, 1998, the Company had received $8,005 in installment payments.

(f) On July 22, 1996, the Company sold 26,000 shares of Common Stock to a consultant to the Company at a purchase price of approximately $2.29 per share, $22,475 of which was paid at the time of purchase and the remainder of which was payable in installments as set forth in the stock purchase agreement. As of February 15, 1998, the Company had received $7,435 in installment payments.

(g) On November 22, 1996, the Company sold 124,800 shares of Common Stock to employees of the Company at a purchase price of approximately $2.29 per share, $107,880 of which was paid at the time of purchase and the remainder of which was payable in installments as set forth in the stock purchase agreements. As of February 15, 1998, the Company had received $53,532 in installment payments.

(h) On November 27, 1996, the Company sold 62,400 shares of Common Stock to an employee of the Company at a purchase price of approximately $2.29 per share, $53,940 of which was paid at the time of purchase and the remainder of which was payable in installments as set forth in the stock purchase agreement. As of February 15, 1998, the Company had received $17,844 in installment payments.

(i) On June 9, 1997, the Company sold 228,800 shares of Common Stock to employees of and a consultant to the Company at a purchase price of approximately $2.71 per share, $158,400 of which was paid at the time of purchase, $52,800 of which was paid in November 1997 and the remainder of which was payable in installments after February 15, 1998 as set forth in the stock purchase agreements.

(j) On August 29, 1997, the Company sold 52,000 shares of Common Stock to employees of the Company at a purchase price of approximately $2.71 per share, $48,000 of which was paid at the time of purchase and the remainder of which was payable in installments after February 15, 1998 as set forth in the stock purchase agreements.

(k) On October 10, 1997, the Company sold 119,600 shares of Common Stock to an employee of the Company at a purchase price of approximately $2.71 per share, $50,400 of which was paid at the time of purchase, $60,000 of which was paid in November 1997 and the remainder of which was payable in installments after February 15, 1998 as set forth in the stock purchase agreement.

(l) On November 21, 1997, the Company sold 26,000 shares of Common Stock to an employee of the Company at a purchase price of approximately $3.71 per share, $38,500 of which was paid in November 1997 and the remainder of which was payable in installments after February 15, 1998 as set forth in the stock purchase agreement.

The issuances described in this Item 15 were made in reliance upon the exemption from registration set forth in Section 4(2) of the Securities Act relating to sales by an issuer not involving any public offering. None of the foregoing transactions involved a distribution or public offering. No underwriters were engaged in connection with the foregoing issuances of securities, and no underwriting discounts or commissions were paid.

ITEM 16. EXHIBITS AND FINANCIAL SCHEDULES.

(a) EXHIBITS

1.1	Underwriting Agreement
+3.1	Restated Articles of Organization of the Company
+3.2	Proposed form of Amended and Restated Articles of Organization of the Company [to become effective immediately before the Offering]
+3.3	By-Laws of the Company
3.4	Proposed form of Amended and Restated By-Laws of the Company [to become effective immediately before the Offering]
+4.1	Specimen certificate for the Common Stock of the Company
5.1	Opinion of Foley, Hoag & Eliot LLP
+10.1	1998 Incentive and Nonqualified Stock Option Plan
+10.2	1998 Employee Stock Purchase Plan
+10.3	Amended and Restated Loan Agreement dated as of November 18, 1994 between the Company and The First National Bank of Boston, as amended
+10.4	Amended and Restated Security Agreement dated as of November 18, 1994 between the Company and The First National Bank of Boston
+10.5	Revolving Credit Note of the Company dated as of November 18, 1994 in the principal amount of $2,000,000 payable to The First National Bank of Boston
+10.6	Office Lease Agreement between the Company and John Hancock Mutual Life Insurance Company dated March 1, 1978, as amended
+10.7	Office Lease Agreement between the Company and Deutsche Immobilien Fonds Aktiengesellschaft dated March 6, 1997
+10.8	Form of Consulting Agreement with Outside Experts
10.9	Stock Restriction Agreement between the Company and its pre-offering stockholders
+10.10	Form of Selling Stockholder's Irrevocable Power of Attorney (including proposed form of Custody Agreement)
10.11	Form of Indemnity Agreement between the Company and the Selling Stockholders
+16.1	Letter of Parent, McLaughlin & Nangle Certified Public Accountants, Inc.
+21.1	Subsidiaries of the Company
23.1	Consent of Ernst & Young LLP, Independent Auditors
23.2	Consent of Foley, Hoag & Eliot LLP (included in Exhibit 5.1)
+24.1	Power of Attorney (contained on the signature page of this Registration Statement)
+27.1	Financial Data Schedule

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+ Previously filed.

(b) FINANCIAL STATEMENT SCHEDULES

All schedules are omitted because they are not applicable or the required information is shown in the Company's Consolidated Financial Statements or Notes thereto.

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

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

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT HAS DULY CAUSED THIS AMENDMENT NO. 2 TO REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF BOSTON, MASSACHUSETTS, ON THE 21ST DAY OF APRIL, 1998.

CHARLES RIVER ASSOCIATES INCORPORATED

By: /s/ LAUREL E. MORRISON
Laurel E. Morrison
Chief Financial Officer, Vice President, Finance and Administration, and Treasurer

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS AMENDMENT TO REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE	TITLE	DATE
*	Chairman of the Board	April 21, 1998
Franklin M. Fisher		
*	President, Chief Executive Officer and Director (principal executive officer)	April 21, 1998
James C. Burrows		
/s/ LAUREL E. MORRISON	Chief Financial Officer, Vice President, Finance and Administration, and Treasurer (principal financial and accounting officer)	April 21, 1998
Laurel E. Morrison		
*	Vice President and Director	April 21, 1998
Firoze E. Katrak		
*	Vice President and Director	April 21, 1998
William B. Burnett		
*	Director	April 21, 1998
Carl Kaysen		
*	Director	April 21, 1998
Rowland T. Moriarty		

*By /s/ LAUREL E. MORRISON
Laurel E. Morrison,
as Attorney-in-Fact

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
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+24.1	Power of Attorney (contained on the signature page of this Registration Statement)
+27.1	Financial Data Schedule

+ Previously filed.

EXHIBIT 1.1

H&D Draft 3/30/98

2,188,000 SHARES

CHARLES RIVER ASSOCIATES INCORPORATED

COMMON STOCK

UNDERWRITING AGREEMENT

DATED APRIL __, 1998

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UNDERWRITING AGREEMENT

April __, 1998

NATIONSBANC MONTGOMERY SECURITIES LLC
WILLIAM BLAIR & COMPANY, L.L.C.
As Representatives of the several Underwriters
c/o NATIONSBANC MONTGOMERY SECURITIES LLC
600 Montgomery Street
San Francisco, California 94111

Ladies and Gentlemen:

INTRODUCTORY. Charles River Associates Incorporated, a Massachusetts corporation (the "Company"), proposes to issue and sell to the several underwriters named in Schedule A (the "Underwriters") an aggregate of 1,562,500 shares of its Common Stock, no par value (the "Common Stock"); and the stockholders of the Company named in Schedule B (collectively, the "Selling Stockholders") severally propose to sell to the Underwriters an aggregate of 625,500 shares of Common Stock. The 1,562,500 shares of Common Stock to be sold by the Company and the 625,500 shares of Common Stock to be sold by the Selling Stockholders are collectively called the "Firm Common Shares." In addition, the Company proposes to grant to the Underwriters an option to purchase up to an additional 234,375 shares of Common Stock and the Selling Stockholders propose severally to grant to the Underwriters an option to purchase up to an additional 93,825 shares of Common Stock, each Selling Stockholder selling up to the amount set forth opposite such Selling Stockholder's name in Schedule B, all as provided in Section 2. The additional 234,375 shares to be sold by the Company and the additional 93,825 shares to be sold by the Selling Stockholders pursuant to such option are collectively called the "Optional Common Shares." The Firm Common Shares and, if and to the extent such option is exercised, the Optional Common Shares are collectively called the "Common Shares." NationsBanc Montgomery Securities LLC ("NMS") and William Blair & Company L.L.C. have agreed to act as representatives of the several Underwriters (in such capacity, the "Representatives") in connection with the offering and sale of the Common Shares.

The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-1 (File No. 333-46941), which contains a form of prospectus to be used in connection with the public offering and sale of the Common Shares. Such registration statement, as amended, including the financial statements, exhibits and schedules thereto, in the form in which it was declared effective by the Commission under the Securities Act of 1933

and the rules and regulations promulgated thereunder (collectively, the "Securities Act"), including any information deemed to be a part thereof at the time of effectiveness pursuant to Rule 430A or Rule 434 under the Securities Act, is called the "Registration Statement." Any registration statement filed by the Company pursuant to Rule 462(b) under the Securities Act is called the "Rule 462(b) Registration Statement," and from and after the date and time of filing of the Rule 462(b) Registration Statement the term "Registration Statement" shall include the Rule 462(b) Registration Statement. Such prospectus, in the form first used by the Underwriters to confirm sales of the Common Shares, is called the "Prospectus"; provided, however, if the Company has, with the consent of NMS, elected to rely upon Rule 434 under the Securities Act, the term "Prospectus" shall mean the Company's prospectus subject to completion (each, a "preliminary prospectus") dated _____, 1998 (such preliminary prospectus is called the "Rule 434 preliminary prospectus"), together with the applicable term sheet (the "Term Sheet") prepared and filed by the Company with the Commission under Rules 434 and 424(b) under the Securities Act and all references in this Agreement to the date of the Prospectus shall mean the date of the Term Sheet. All references in this Agreement to the Registration Statement, the Rule 462(b) Registration Statement, a preliminary prospectus, the Prospectus or the Term Sheet, or any amendments or supplements to any of the foregoing, shall include any copy thereof filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval System ("EDGAR").

The Company and each of the Selling Stockholders hereby confirm their respective agreements with the Underwriters as follows:

SECTION 1. REPRESENTATIONS AND WARRANTIES

A. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company hereby represents, warrants and covenants to each Underwriter as follows:

(a) Compliance with Registration Requirements. The Registration Statement and any Rule 462(b) Registration Statement have been declared effective by the Commission under the Securities Act. The Company has complied to the Commission's satisfaction with all requests of the Commission for additional or supplemental information. No stop order suspending the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement is in effect and no proceedings for such purpose have been instituted or are pending or, to the best knowledge of the Company, are contemplated or threatened by the Commission.

Each preliminary prospectus and the Prospectus when filed complied in all material respects with the Securities Act and, if filed by electronic transmission pursuant to EDGAR (except as may be permitted by Regulation S-T

under the Securities Act), was identical to the copy thereof delivered to the Underwriters for use in connection with the offer and sale of the Common Shares. Each of the Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendment thereto, at the time it became effective and at all subsequent times, complied and will comply in all material respects with the Securities Act and did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus, as amended or supplemented, as of its date and at all subsequent times, did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties set forth in the two immediately preceding sentences do not apply to statements in or omissions from the Registration Statement, any Rule 462(b) Registration Statement, or any post-effective amendment thereto, or the Prospectus, or any amendments or supplements thereto, made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by the Representatives expressly for use therein. There are no contracts or other documents required to be described in the Prospectus or to be filed as exhibits to the Registration Statement which have not been described or filed as required.

(b) Offering Materials Furnished to Underwriters. The Company has delivered to each Representative one complete manually signed copy of the Registration Statement and of each consent and certificate of experts filed as a part thereof, and conformed copies of the Registration Statement (without exhibits) and preliminary prospectuses and the Prospectus, as amended or supplemented, in such quantities and at such places as the Representatives have reasonably requested for each of the Underwriters.

(c) Distribution of Offering Material By the Company. The Company has not distributed and will not distribute, prior to the later of the Second Closing Date (as defined below) and the completion of the Underwriters' distribution of the Common Shares, any offering material in connection with the offering and sale of the Common Shares other than a preliminary prospectus, the Prospectus or the Registration Statement.

(d) The Underwriting Agreement. This Agreement has been duly authorized, executed and delivered by, and is a valid and binding agreement of, the Company, enforceable in accordance with its terms, except as rights to indemnification or contribution hereunder may be limited by applicable law and except as the enforcement hereof may be limited by bankruptcy, insolvency,

reorganization, moratorium or other similar laws relating to or affecting the rights and remedies of creditors or by general equitable principles.

(e) Authorization of the Common Shares. The Common Shares to be purchased by the Underwriters from the Company have been duly authorized for issuance and sale pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement, will be validly issued, fully paid and nonassessable.

(f) No Applicable Registration or Other Similar Rights. There are no persons with registration or other similar rights to have any equity or debt securities registered for sale under the Registration Statement or included in the offering contemplated by this Agreement, except for such rights as have been duly waived.

(g) No Material Adverse Change. Except as otherwise disclosed in the Prospectus, subsequent to the respective dates as of which information is given in the Prospectus: (i) there has been no material adverse change, or any development that could reasonably be expected to result in a material adverse change, in the condition, financial or otherwise, or in the earnings, business, operations or prospects, whether or not arising from transactions in the ordinary course of business, of the Company and NeuCo LLC (the "Subsidiary"), considered as one entity (any such change is called a "Material Adverse Change"); (ii) the Company and the Subsidiary, considered as one entity, have not incurred any material liability or obligation, indirect, direct or contingent, not in the ordinary course of business nor entered into any material transaction or agreement not in the ordinary course of business; and (iii) there has been no dividend or distribution of any kind declared, paid or made by the Company or, except for dividends paid to the Company, by the Subsidiary on any class of capital stock or repurchase or redemption by the Company or the Subsidiary of any class of capital stock.

(h) Independent Accountants. Ernst & Young LLP, who have expressed their opinion with respect to the financial statements (which term as used in this Agreement includes the related notes thereto) and supporting schedules filed with the Commission as a part of the Registration Statement and included in the Prospectus, are independent public or certified public accountants as required by the Securities Act.

(i) Preparation of the Financial Statements. The financial statements filed with the Commission as a part of the Registration Statement and included in the Prospectus present fairly the consolidated financial position of the Company and

the Subsidiary as of and at the dates indicated and the results of their operations and cash flows for the periods specified. The supporting schedules, if any, included in the Registration Statement present fairly the information required to be stated therein. Such financial statements and supporting schedules have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved, except as may be expressly stated in the related notes thereto. No other financial statements or supporting schedules are required to be included in the Registration Statement. The financial data set forth in the Prospectus under the captions "Prospectus Summary--Summary Consolidated Financial Data," "Selected Consolidated Financial Data" and "Capitalization" fairly present the information set forth therein on a basis consistent with that of the audited financial statements contained in the Registration Statement.

(j) Incorporation and Good Standing of the Company and the Subsidiary. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the Commonwealth of Massachusetts and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement. The Subsidiary has been duly organized and is validly existing as a limited liability company in good standing under the laws of the Commonwealth of Massachusetts and has power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus. Each of the Company and the Subsidiary is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except for such jurisdictions where the failure to so qualify or to be in good standing would not, individually or in the aggregate, result in a Material Adverse Change. The Company is the legal and beneficial owner of its membership interest in the Subsidiary, as described in the Prospectus. The Company owns its membership interest in the Subsidiary free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim. Except as described in the Prospectus, the Company has no obligation to contribute capital to the Subsidiary pursuant to the operating agreement or certificate of formation of the Subsidiary or any contractual arrangement with any third party. The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the Subsidiary.

(k) Capitalization and Other Capital Stock Matters. The authorized, issued and outstanding capital stock of the Company as of November 29, 1997 was as set forth in the Prospectus under the caption "Capitalization." The

Common Stock (including the Common Shares) conforms in all material respects to the description thereof contained in the Prospectus. All of the issued and outstanding shares of Common Stock (including the shares of Common Stock owned by Selling Stockholders) have been duly authorized and validly issued, are (except, in the case of shares purchased by officers of the Company under agreements which provide for the purchase price to be paid in installments, to the extent of the installments which are not yet due and payable) fully paid and nonassessable and have been issued in compliance with federal and state securities laws. None of the outstanding shares of Common Stock were issued in violation of any preemptive rights, rights of first refusal or other similar rights to subscribe for or purchase securities of the Company. There are no authorized or outstanding options, warrants, preemptive rights, rights of first refusal or other rights to purchase, or equity or debt securities convertible into or exchangeable or exercisable for, any capital stock of the Company or the Subsidiary other than those accurately described in the Prospectus. The description of the Company's stock option, stock bonus and other stock plans or arrangements, and the options or other rights granted thereunder, set forth in the Prospectus is an accurate and fair description in all material respects of such plans, arrangements, options and rights.

(l) Nasdaq National Market Listing. The Common Shares have been approved for inclusion on the Nasdaq National Market, subject only to official notice of issuance.

(m) Non-Contravention of Existing Instruments; No Further Authorizations or Approvals Required. Neither the Company nor the Subsidiary is in violation of its charter or by-laws or is in default (or, with the giving of notice or lapse of time, would be in default) ("Default") under any indenture, mortgage, loan or credit agreement, note, contract, franchise, lease or other instrument to which the Company or the Subsidiary is a party or by which it or any of them may be bound or to which any of the property or assets of the Company or the Subsidiary is subject (each, an "Existing Instrument"), except for such Defaults as would not, individually or in the aggregate, result in a Material Adverse Change. The Company's execution, delivery and performance of this Agreement and consummation of the transactions contemplated hereby and by the Prospectus (i) have been duly authorized by all necessary corporate action and will not result in any violation of the provisions of the charter or by-laws of the Company or the Subsidiary, (ii) will not conflict with or constitute a breach of, or Default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or the Subsidiary pursuant to, or require the consent of any other part to, any Existing Instrument, except for such conflicts, breaches, Defaults, liens, charges or encumbrances (i) as to which the

Company has obtained prior to the date hereof a valid waiver or consent, a copy of which has been delivered to counsel for the Underwriters, or (ii) as would not, individually or in the aggregate, result in a Material Adverse Change and (iii) will not result in any violation of any law, administrative regulation or administrative or court decree applicable to the Company or the Subsidiary. No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental or regulatory authority or agency, is required for the Company's execution, delivery and performance of this Agreement and consummation of the transactions contemplated hereby and by the Prospectus, except such as have been obtained or made by the Company and are in full force and effect under the Securities Act, Section 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), applicable state securities or blue sky laws and from the National Association of Securities Dealers, Inc. (the "NASD").

(n) No Material Actions or Proceedings. There are no legal or governmental actions, suits or proceedings pending or, to the best of the Company's knowledge, threatened (i) against the Company or the Subsidiary, (ii) which has as the subject thereof any officer or director of, or property owned or leased by, the Company or the Subsidiary or (iii) relating to environmental or discrimination matters, where in any such case (A) there is a reasonable possibility that such action, suit or proceeding might be determined adversely to the Company or the Subsidiary and (B) any such action, suit or proceeding, if so determined adversely, would reasonably be expected to result in a Material Adverse Change or adversely affect the consummation of the transactions contemplated by this Agreement. No material labor dispute with the employees of the Company or the Subsidiary exists or, to the best of the Company's knowledge, is threatened or imminent.

(o) Intellectual Property Rights. The Company and the Subsidiary own or possess sufficient trademarks, trade names, patent rights, copyrights, licenses, approvals, trade secrets and other similar rights (collectively, "Intellectual Property Rights") reasonably necessary to conduct their businesses as now conducted; and the expected expiration of any of such Intellectual Property Rights would not result in a Material Adverse Change. Neither the Company nor the Subsidiary has received any notice of infringement or conflict with asserted Intellectual Property Rights of others, which infringement or conflict, if the subject of an unfavorable decision, would result in a Material Adverse Change.

(p) All Necessary Permits, etc. The Company and the Subsidiary possess such valid and current certificates, authorizations or permits issued by the appropriate state, federal or foreign regulatory agencies or bodies necessary to

conduct their respective businesses, except where any failure to possess the same, individually or in the aggregate, would not result in a Material Adverse Change, and neither the Company nor the Subsidiary has received any notice of proceedings relating to the revocation or modification of, or non-compliance with, any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, could result in a Material Adverse Change.

(q) Title to Properties. The Company and the Subsidiary have good and marketable title to all the properties and assets reflected as owned in the financial statements referred to in Section 1(A)(i) above (or elsewhere in the Prospectus), in each case free and clear of any security interests, mortgages, liens, encumbrances, equities, claims and other defects, except such as are disclosed in the Prospectus or as do not materially and adversely affect the value of such property and do not materially interfere with the use made or proposed to be made of such property by the Company or the Subsidiary. The real property, improvements, equipment and personal property held under lease by the Company or the Subsidiary are held under valid and enforceable leases, with such exceptions as are not material and do not materially interfere with the use made or proposed to be made of such real property, improvements, equipment or personal property by the Company or the Subsidiary.

(r) Tax Law Compliance. The Company and the Subsidiary have filed all necessary federal, state and foreign income and franchise tax returns and have paid all taxes due and payable by any of them and, if due and payable, any related or similar assessment, fine or penalty levied against any of them, except as may be being contested in good faith and by appropriate proceedings. The Company has made adequate charges, accruals and reserves in the applicable financial statements referred to in Section 1(A)(i) above in respect of all federal, state and foreign income and franchise taxes for all periods as to which the tax liability of the Company or the Subsidiary has not been finally determined.

(s) Company Not an "Investment Company." The Company has been advised of the rules and requirements under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The Company is not, and after receipt of payment for the Common Shares will not be, an "investment company" within the meaning of Investment Company Act and will conduct its business in a manner so that it will not become subject to the Investment Company Act.

(t) Insurance. Each of the Company and the Subsidiary are insured by recognized, financially sound and reputable institutions with policies in such

amounts and with such deductibles and covering such risks as are generally deemed adequate and customary for their businesses including, but not limited to, policies covering real and personal property owned or leased by the Company and the Subsidiary against theft, damage, destruction, acts of vandalism and earthquakes. The Company has no reason to believe that it or the Subsidiary will not be able (i) to renew its existing insurance coverage as and when such policies expire or (ii) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not result in a Material Adverse Change. Since November 29, 1992, neither of the Company nor the Subsidiary has been denied any insurance coverage which it has sought or for which it has applied.

(u) No Price Stabilization or Manipulation. The Company has not taken and will not take, directly or indirectly, any action designed to or that might be reasonably expected to cause or result in stabilization or manipulation of the price of the Common Stock to facilitate the sale or resale of the Common Shares.

(v) Related Party Transactions. There are no business relationships or related-party transactions involving the Company or the Subsidiary or any other person required to be described in the Prospectus which have not been described as required.

(w) No Unlawful Contributions or Other Payments. Neither the Company nor the Subsidiary nor, to the best of the Company's knowledge, any employee or agent of the Company or the Subsidiary, has made any contribution or other payment to any official of, or candidate for, any federal, state or foreign office in violation of any law or of the character required to be disclosed in the Prospectus.

(x) ERISA Compliance. The Company and the Subsidiary and any "employee benefit plan" (as defined under the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder (collectively, "ERISA")) established or maintained by the Company, the Subsidiary or their "ERISA Affiliates" (as defined below) are in compliance in all material respects with ERISA. "ERISA Affiliate" means, with respect to the Company or the Subsidiary, any member of any group of organizations described in Sections 414(b),(c),(m) or (o) of the Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereunder (the "Code") of which the Company or the Subsidiary is a member. No "reportable event" (as defined under ERISA) has occurred or is reasonably expected to occur with respect to any "employee benefit plan" established or

maintained by the Company, the Subsidiary or any of their ERISA Affiliates. No "employee benefit plan" established or maintained by the Company, the Subsidiary or any of their ERISA Affiliates, if such "employee benefit plan" were terminated, would have any "amount of unfunded benefit liabilities" (as defined under ERISA). Neither the Company, the Subsidiary nor any of their ERISA Affiliates has incurred or reasonably expects to incur any liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "employee benefit plan" or (ii) Sections 412, 4971, 4975 or 4980B of the Code. Each "employee benefit plan" established or maintained by the Company, the Subsidiary or any of their ERISA Affiliates that is intended to be qualified under Section 401(a) of the Code is so qualified and nothing has occurred, whether by action or failure to act, which would cause the loss of such qualification.

Any certificate signed by an officer of the Company and delivered to the Representatives or to counsel for the Underwriters on the First Closing Date or the Second Closing Date shall be deemed to be a representation and warranty by the Company to each Underwriter as to the matters set forth therein.

B. REPRESENTATIONS AND WARRANTIES OF THE SELLING STOCKHOLDERS. Each Selling Stockholder, severally and not jointly, hereby represents, warrants and covenants to each Underwriter as follows:

(a) The Underwriting Agreement. This Agreement has been duly executed and delivered by or on behalf of such Selling Stockholder and is a valid and binding agreement of such Selling Stockholder, enforceable in accordance with its terms, except as rights to indemnification or contribution hereunder may be limited by applicable law and except as the enforcement hereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights and remedies of creditors or by general equitable principles.

(b) The Custody Agreement and Power of Attorney. Each of the (i) Custody Agreement signed by such Selling Stockholder and Boston EquiServe, L.P., as custodian (the "Custodian"), relating to the deposit of the Common Shares to be sold by such Selling Stockholder (the "Custody Agreement") and (ii) Power of Attorney appointing certain individuals named therein as such Selling Stockholder's attorneys-in-fact (each, an "Attorney-in-Fact") to the extent set forth therein relating to the transactions contemplated hereby and by the Prospectus (the "Power of Attorney"), of such Selling Stockholder has been duly executed and delivered by such Selling Stockholder and is a valid and binding agreement of such Selling Stockholder, enforceable in accordance with its terms, except as rights to indemnification or contribution

thereunder may be limited by applicable law and except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights and remedies of creditors or by general equitable principles.

(c) Title to Common Shares to be Sold; All Authorizations Obtained. Such Selling Stockholder has, and on the First Closing Date and the Second Closing Date (as defined below) will have, good and valid title to all of the Common Shares which may be sold by such Selling Stockholder pursuant to this Agreement on such date and the legal right and power, and all authorizations and approvals required by law to enter into this Agreement and its Custody Agreement and Power of Attorney, to sell, transfer and deliver all of the Common Shares which may be sold by such Selling Stockholder pursuant to this Agreement and to comply with its other obligations hereunder and thereunder.

(d) Delivery of the Common Shares to be Sold. Delivery of the Common Shares which are sold by such Selling Stockholder pursuant to this Agreement will pass good and valid title to such Common Shares, free and clear of any security interest, mortgage, pledge, lien, encumbrance or other claim (other than any arising out of an action taken by an Underwriter).

(e) Non-Contravention; No Further Authorizations or Approvals Required. The execution and delivery by such Selling Stockholder of, and the performance by such Selling Stockholder of its obligations under, this Agreement, the Custody Agreement and the Power of Attorney will not contravene or conflict with, result in a breach of, or constitute a Default under, or require the consent of any other party to, any agreement or instrument to which such Selling Stockholder is a party or by which it is bound or under which it is entitled to any right or benefit, any provision of applicable law or any judgment, order, decree or regulation applicable to such Selling Stockholder of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over such Selling Stockholder, except for any such contravention, conflict, breach or Default as to which the Company has obtained prior to the date hereof a valid waiver (a copy of which has been delivered to counsel for the Underwriters) and any such consent as has been obtained by the Company prior to the date hereof (a copy of which has been delivered to counsel for the Underwriters). No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental authority or agency, is required for the consummation by such Selling Stockholder of the transactions contemplated in this Agreement, except such as have been obtained or made and are in full force and effect under the Securities Act, Section 12(g) of the Exchange Act, applicable state securities or blue sky laws and from the NASD.

(f) No Registration or Other Similar Rights. Such Selling Stockholder does not have any registration or other similar rights to have any equity or debt securities registered for sale by the Company under the Registration Statement or included in the offering contemplated by this Agreement.

(g) No Further Consents, etc. No consent, approval or waiver is required under any instrument or agreement to which such Selling Stockholder is a party or by which it is bound or under which it is entitled to any right or benefit, in connection with the offering, sale or purchase by the Underwriters of any of the Common Shares which may be sold by such Selling Stockholder under this Agreement or the consummation by such Selling Stockholder of any of the other transactions contemplated hereby, except any such consent, approval or waiver as has been obtained by such Selling Stockholder prior to the date hereof, a copy of which has been delivered to counsel for the Underwriters.

(h) Disclosure Made by Such Selling Stockholder in the Prospectus. All information furnished by or on behalf of such Selling Stockholder in writing expressly for use in the Registration Statement and Prospectus is, and on the First Closing Date and the Second Closing Date will be, true, correct, and complete in all material respects, and does not, and on the First Closing Date and the Second Closing Date will not, contain any untrue statement of a material fact or omit to state any material fact necessary to make such information not misleading. Such Selling Stockholder confirms as accurate the number of shares of Common Stock set forth opposite such Selling Stockholder's name in the Prospectus under the caption "Principal and Selling Stockholders" (both prior to and after giving effect to the sale of the Common Shares).

(i) No Price Stabilization or Manipulation. Such Selling Stockholder has not taken and will not take, directly or indirectly, any action designed to or that might be reasonably expected to cause or result in stabilization or manipulation of the price of the Common Stock to facilitate the sale or resale of the Common Shares.

(j) Registration Statement and Prospectus. Such Selling Stockholder has reviewed the Registration Statement and the Prospectus and, to the knowledge of such Selling Stockholder, neither the Registration Statement nor the Prospectus contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading. Such Selling Stockholder has no knowledge of any material fact, condition or information not disclosed in the Registration Statement or the Prospectus which has had or may have a Material Adverse

Effect and is not prompted to sell shares of Common Stock by any information concerning the Company which is not set forth in the Registration Statement and the Prospectus.

Any certificate signed by or on behalf of any Selling Stockholder and delivered to the Representatives or to counsel for the Underwriters on the First Closing Date or the Second Closing Date shall be deemed to be a representation and warranty by such Selling Stockholder to each Underwriter as to the matters covered thereby.

SECTION 2. PURCHASE, SALE AND DELIVERY OF THE COMMON SHARES.

The Firm Common Shares. Upon the terms herein set forth, (i) the Company agrees to issue and sell to the several Underwriters an aggregate of 1,562,500 Firm Common Shares and (ii) the Selling Stockholders agree, severally and not jointly, to sell to the several Underwriters an aggregate of 625,500 Firm Common Shares, each Selling Stockholder selling the number of Firm Common Shares set forth opposite such Selling Stockholder's name on Schedule B. On the basis of the representations, warranties and agreements herein contained, and upon the terms but subject to the conditions herein set forth, the Underwriters agree, severally and not jointly, to purchase from the Company and the Selling Stockholders the respective number of Firm Common Shares set forth opposite their names on Schedule A. The purchase price per Firm Common Share to be paid by the several Underwriters to the Company and the Selling Stockholders shall be $___ per share.

The First Closing Date. Delivery of certificates for the Firm Common Shares to be purchased by the Underwriters and payment therefor shall be made at the offices of NMS, 600 Montgomery Street, San Francisco, California (or such other place as may be agreed to by the Company and the Representatives) at 6:00 a.m. San Francisco time, on _____, 1998 [the fourth full business day after the date of this Agreement, unless the pricing occurs at a time earlier than 4:30 p.m., East Coast time, in which case insert the third full business day after the date of this Agreement], or such other time and date not later than 10:30 a.m. San Francisco time, on _____, 1998 [ten business days following the original contemplated First Closing Date] as the Representatives shall designate by notice to the Company (the time and date of such closing are called the "First Closing Date"). The Company and the Selling Stockholders hereby acknowledge that circumstances under which the Representatives may provide notice to postpone the First Closing Date as originally scheduled include, but are in no way limited to, any determination by the Company or the Representatives to recirculate to the public copies of an amended or supplemented Prospectus or a delay as contemplated by the provisions of Section 10.

The Optional Common Shares; the Second Closing Date. In addition, on the basis of the representations, warranties and agreements herein contained, and upon the terms

but subject to the conditions herein set forth, the Company and the Selling Stockholders hereby grant, severally and not jointly, an option to the several Underwriters to purchase, severally and not jointly, up to an aggregate of 328,200 Optional Common Shares from the Company and the Selling Stockholders at the purchase price per share to be paid by the Underwriters for the Firm Common Shares. The option granted hereunder is for use by the Underwriters solely in covering any over-allotments in connection with the sale and distribution of the Firm Common Shares. The option granted hereunder may be exercised at any time (but not more than once) upon notice by the Representatives to the Company and the Selling Stockholders, which notice may be given at any time within 30 days from the date of this Agreement. Such notice shall set forth (i) the aggregate number of Optional Common Shares as to which the Underwriters are exercising the option, (ii) the names and denominations in which the certificates for the Optional Common Shares are to be registered and (iii) the time, date and place at which such certificates are to be delivered (which time and date may be simultaneous with, but not earlier than, the First Closing Date; and in such case the term "First Closing Date" shall refer to the time and date of delivery of certificates for the Firm Common Shares and the Optional Common Shares). Such time and date of delivery, if subsequent to the First Closing Date, is called the "Second Closing Date" and shall be determined by the Representatives and shall not be earlier than three nor later than five full business days after delivery of such notice of exercise. If any Optional Common Shares are to be purchased, (a) each Underwriter agrees, severally and not jointly, to purchase the number of Optional Common Shares (subject to such adjustments to eliminate fractional shares as the Representatives may determine) that bears the same proportion to the total number of Optional Common Shares to be purchased as the number of Firm Common Shares set forth on Schedule A opposite the name of such Underwriter bears to the total number of Firm Common Shares and (b) the Company and each Selling Stockholder agree, severally and not jointly, to sell the number of Optional Common Shares (subject to such adjustments to eliminate fractional shares as the Representatives may determine) that bears the same proportion to the total number of Optional Common Shares to be sold as the number of Optional Common Shares set forth in Schedule B opposite the name of such Selling Stockholder (or, in the case of the Company, as the number of Optional Common Shares to be sold by the Company as set forth in the paragraph "Introductory" of this Agreement) bears to the total number of Optional Common Shares. The Representatives may cancel the option at any time prior to its expiration by giving written notice of such cancellation to the Company and the Selling Stockholders.

Public Offering of the Common Shares. The Representatives hereby advise the Company and the Selling Stockholders that the Underwriters intend to offer for sale to the public, as described in the Prospectus, their respective portions of the Common Shares as soon after this Agreement has been executed and the Registration Statement

has been declared effective as the Representatives, in their sole judgment, have determined is advisable and practicable.

Payment for the Common Shares. Payment for the Common Shares to be sold by the Company shall be made at the First Closing Date (and, if applicable, at the Second Closing Date) by wire transfer of immediately available funds to the order of the Company. Payment for the Common Shares to be sold by the Selling Stockholders shall be made at the First Closing Date (and, if applicable, at the Second Closing Date) by wire transfer of immediately available funds to the order of the Custodian.

It is understood that the Representatives have been authorized, for their own account and the accounts of the several Underwriters, to accept delivery of and receipt for, and make payment of the purchase price for, the Firm Common Shares and any Optional Common Shares the Underwriters have agreed to purchase. NMS, individually and not as a Representative of the Underwriters, may (but shall not be obligated to) make payment for any Common Shares to be purchased by any Underwriter whose funds shall not have been received by the Representatives by the First Closing Date or the Second Closing Date, as the case may be, for the account of such Underwriter, but any such payment shall not relieve such Underwriter from any of its obligations under this Agreement.

Each Selling Stockholder hereby agrees that (i) it will pay all stock transfer taxes, stamp duties and other similar taxes, if any, payable upon the sale or delivery of the Common Shares to be sold by such Selling Stockholder to the several Underwriters, or otherwise in connection with the performance of such Selling Stockholder's obligations hereunder and (ii) the Custodian is authorized to deduct for such payment any such amounts from the proceeds to such Selling Stockholder hereunder and to hold such amounts for the account of such Selling Stockholder with the Custodian under the Custody Agreement.

Delivery of the Common Shares. The Company and the Selling Stockholders shall, severally and not jointly deliver, or cause to be delivered, to the Representatives for the accounts of the several Underwriters certificates for the Firm Common Shares to be sold by them at the First Closing Date, against the irrevocable release of a wire transfer of immediately available funds for the amount of the purchase price therefor. The Company and the Selling Stockholders shall, severally and not jointly, also deliver, or cause to be delivered, to the Representatives for the accounts of the several Underwriters, certificates for the Optional Common Shares the Underwriters have agreed to purchase from them at the First Closing Date or the Second Closing Date, as the case may be, against the irrevocable release of a wire transfer of immediately available funds for the amount of the purchase price therefor. The certificates for the Common Shares shall be in definitive form and registered in such names and

denominations as the Representatives shall have requested at least two full business days prior to the First Closing Date (or the Second Closing Date, as the case may be) and shall be made available for inspection on the business day preceding the First Closing Date (or the Second Closing Date, as the case may be) at a location in New York City as the Representatives may designate. Time shall be of the essence, and delivery at the time and place specified in this Agreement is a further condition to the obligations of the Underwriters.

Delivery of Prospectus to the Underwriters. Not later than 12:00 p.m. San Francisco time on the second business day following the date the Common Shares are released by the Underwriters for sale to the public, the Company shall deliver or cause to be delivered copies of the Prospectus in such quantities and at such places as the Representatives shall request.

SECTION 3. ADDITIONAL COVENANTS.

A. COVENANTS OF THE COMPANY. The Company further covenants and agrees with each Underwriter as follows:

(a) Representatives' Review of Proposed Amendments and Supplements. During such period beginning on the date hereof and ending on the later of the First Closing Date or such date, as in the opinion of counsel for the Underwriters, the Prospectus is no longer required by law to be delivered in connection with sales by an Underwriter or dealer (the "Prospectus Delivery Period"), prior to amending or supplementing the Registration Statement (including any registration statement filed under Rule 462(b) under the Securities Act) or the Prospectus, the Company shall furnish to the Representatives for review a copy of each such proposed amendment or supplement, and the Company shall not file any such proposed amendment or supplement to which a Representative reasonably objects.

(b) Securities Act Compliance. After the date of this Agreement, the Company shall promptly advise the Representatives in writing (i) of the receipt of any comments of, or requests for additional or supplemental information from, the Commission relating to the Registration Statement, (ii) of the time and date of any filing of any post-effective amendment to the Registration Statement or any amendment or supplement to any preliminary prospectus or the Prospectus, (iii) of the time and date that any post-effective amendment to the Registration Statement becomes effective and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto or of any order preventing or suspending the use of any preliminary prospectus or the Prospectus, or of any

proceedings to remove, suspend or terminate from listing or quotation the Common Stock from any securities exchange upon which it is listed for trading or included or designated for quotation, or of the threatening or initiation of any proceedings for any of such purposes. If the Commission shall enter any such stop order at any time, the Company will use its best efforts to obtain the lifting of such order at the earliest possible moment. Additionally, the Company agrees that it shall comply with the provisions of Rules 424(b), 430A and 434, as applicable, under the Securities Act and will use its reasonable efforts to confirm that any filings made by the Company under such Rule 424(b) were received in a timely manner by the Commission.

(c) Amendments and Supplements to the Prospectus and Other Securities Act Matters. If, during the Prospectus Delivery Period, any event shall occur or condition shall exist as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if in the reasonable opinion of the Representatives or counsel for the Underwriters it is otherwise necessary to amend or supplement the Prospectus to comply with law, the Company agrees to promptly prepare (subject to Section 3(A)(a) hereof), file with the Commission and furnish at its own expense to the Underwriters and to dealers, amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus, as amended or supplemented, will comply with law.

(d) Copies of any Amendments and Supplements to the Prospectus. The Company agrees to furnish the Representatives, without charge, during the Prospectus Delivery Period, as many copies of the Prospectus and any amendments and supplements thereto as the Representatives may reasonably request.

(e) Blue Sky Compliance. The Company shall cooperate with the Representatives and counsel for the Underwriters to qualify or register the Common Shares for sale under (or obtain exemptions from the application of) the Blue Sky or state securities laws or Canadian provincial securities laws of those jurisdictions designated by the Representatives, shall comply with such laws and shall continue such qualifications, registrations and exemptions in effect so long as required for the distribution of the Common Shares. The Company shall not be required to qualify as a foreign corporation or to take any action that would subject it to general service of process in any such jurisdiction where it is not presently qualified or where it would be subject to taxation as a

foreign corporation. The Company will advise the Representatives promptly of the suspension of the qualification or registration of (or any such exemption relating to) the Common Shares for offering, sale or trading in any jurisdiction or any initiation or threat of any proceeding for any such purpose, and in the event of the issuance of any order suspending such qualification, registration or exemption, the Company shall use its best efforts to obtain the withdrawal thereof at the earliest possible moment.

(f) Use of Proceeds. The Company shall apply the net proceeds from the sale of the Common Shares sold by it in the manner described under the caption "Use of Proceeds" in the Prospectus.

(g) Transfer Agent. The Company shall engage and maintain, at its expense, a registrar and transfer agent for the Common Stock.

(h) Earnings Statement. As soon as practicable, the Company will make generally available to its security holders and to the Representatives an earnings statement (which need not be audited) covering the twelve-month period ending May __, 1999 [the end of the Company's first quarter ending after one year following the effective date of the Registration Statement] that satisfies the provisions of Section 11(a) of the Securities Act.

(i) Periodic Reporting Obligations. During the Prospectus Delivery Period the Company shall file, on a timely basis, with the Commission and the Nasdaq National Market all reports and documents required to be filed under the Exchange Act.

(j) Agreement Not To Offer or Sell Additional Securities. During the period of 180 days following the date of the Prospectus, the Company will not, without the prior written consent of NMS (which consent may be withheld at the sole discretion of NMS), directly or indirectly, sell, offer, contract or grant any option to sell, pledge, transfer or establish an open "put equivalent position" within the meaning of Rule 16a-1(h) under the Exchange Act, or otherwise dispose of or transfer, or announce the offering of, or file any registration statement under the Securities Act in respect of, any shares of Common Stock, options or warrants to acquire shares of the Common Stock or securities exchangeable or exercisable for or convertible into shares of Common Stock (other than as contemplated by this Agreement with respect to the Common Shares); provided, however, that the Company may: (i) issue shares of its Common Stock or options to purchase its Common Stock, or Common Stock upon exercise of options, pursuant to any stock option, stock bonus or other stock plan or arrangement described in the Prospectus, but only if the holders of such shares,

options, or shares issued upon exercise of such options, agree in writing with NMS not to sell, offer, dispose of or otherwise transfer any such shares or options during such 180 day period without the prior written consent of NMS (which consent may be withheld at the sole discretion of NMS) or, in the case of stock options, such options may not be exercised during such 180 day period; (ii) file one or more registration statements on Form S-8 covering shares of Common Stock issuable pursuant to any stock option or stock purchase plan described in the Prospectus; (iii) issues shares of Common Stock to officers of the Company, provided such officers agree in writing with NMS not to sell, offer, dispose of or otherwise transfer any such shares during such 180 day period without the prior written consent of NMS (which consent may be withheld at the sole discretion of NMS); or (iv) issue shares of Common Stock, or securities exchangeable or exercisable for or convertible into shares of Common Stock, as payment for all or part of the purchase price of an acquisition by the Company of another company or business, provided the total number of shares of Common Stock issuable in connection with such acquisition (including shares issuable upon exchange, exercise or conversion of any other securities of the Company issued in connection with such acquisition) does not exceed 5% of the number of shares of Common Stock outstanding immediately prior to such acquisition, and provided further that each person or entity receiving any such shares or securities in connection with such acquisition agrees in writing with NMS not to sell, offer, dispose of or otherwise transfer any such shares or securities during such 180 day period without the prior written consent of NMS (which consent may be withheld at the sole discretion of NMS).

(k) Future Reports to the Representatives. During the period of five years hereafter the Company will furnish to each Representative (with the copy to NMS to be sent to 600 Montgomery Street, San Francisco, CA 94111 Attention: Lisa M. Westley): (i) as soon as practicable after the end of each fiscal year, copies of the Annual Report of the Company containing the balance sheet of the Company as of the close of such fiscal year and statements of income, stockholders' equity and cash flows for the year then ended and the opinion thereon of the Company's independent public or certified public accountants; (ii) as soon as practicable after the filing thereof, copies of each proxy statement, Annual Report on Form 10-K, Quarterly Report on Form 10- Q, Current Report on Form 8-K or other report filed by the Company with the Commission, the NASD or any securities exchange; and (iii) as soon as available, copies of any report or communication of the Company mailed generally to holders of its capital stock.

B. COVENANTS OF THE SELLING STOCKHOLDERS. Each Selling Stockholder further covenants and agrees, severally and not jointly, with each Underwriter:

(a) Agreement Not to Offer or Sell Additional Securities. Such Selling Stockholder will not, without the prior written consent of NMS (which consent may be withheld in its sole discretion), directly or indirectly, sell, offer, contract or grant any option to sell (including without limitation any short sale), pledge, transfer, establish an open "put equivalent position" within the meaning of Rule 16a-1(h) under the Exchange Act, or otherwise dispose of any shares of Common Stock, options or warrants to acquire shares of Common Stock, or securities exchangeable or exercisable for or convertible into shares of Common Stock currently or hereafter owned either of record or beneficially (as defined in Rule 13d-3 under the Exchange, except that a 180-day period shall be used rather than the 60-day period set forth therein by the undersigned, or publicly announce the undersigned's intention to do any of the foregoing, for a period commencing on the date hereof and continuing through the close of trading on the date 180 days after the date of the Prospectus; provided, however, that such Selling Stockholder may sell or otherwise transfer any such shares or securities (i) to the Company and (ii) to an officer of the Company, provided such officer agrees in writing with NMS not to sell, offer, dispose of or otherwise transfer any such shares or securities during such 180-day period without the prior written consent of NMS (which consent may be withheld at the sole discretion of NMS).

(b) Delivery of Forms W-8 and W-9. Such Selling Stockholder will deliver to the Representatives prior to the First Closing Date a properly completed and executed United States Treasury Department Form W-8 (if the Selling Stockholder is a non-United States person) or Form W-9 (if the Selling Stockholder is a United States Person).

NMS, on behalf of the several Underwriters, may, in its sole discretion, waive in writing the performance by the Company or any Selling Stockholder of any one or more of the foregoing covenants or extend the time for their performance.

SECTION 4. PAYMENT OF EXPENSES. The Company agrees to pay all costs, fees and expenses incurred in connection with the performance of its obligations hereunder and in connection with the transactions contemplated hereby, including without limitation (i) all expenses incident to the issuance and delivery of the Common Shares sold by it (including all printing and engraving costs), (ii) all fees and expenses of the registrar and transfer agent of the Common Stock, (iii) all necessary issue, transfer and other stamp taxes in connection with the issuance and sale of the Common Shares to the Underwriters, (iv) all fees and expenses of the Company's counsel, independent public or certified public accountants and other advisors, (v) all costs and expenses incurred in connection with the preparation, printing, filing, shipping and distribution of the Registration Statement (including financial statements, exhibits, schedules, consents and

certificates of experts), each preliminary prospectus and the Prospectus, and all amendments and supplements thereto, and this Agreement, (vi) all filing fees, attorneys' fees and expenses incurred by the Company or the Underwriters in connection with qualifying or registering (or obtaining exemptions from the qualification or registration of) all or any part of the Common Shares for offer and sale under the Blue Sky laws and the Canadian provincial securities laws, and, if requested by the Representatives, preparing and printing a "Blue Sky Survey" or memorandum, and any supplements thereto, advising the Underwriters of such qualifications, registrations and exemptions, (vii) the filing fees incident to, and the reasonable fees and expenses of counsel for the Underwriters in connection with, the NASD's review and approval of the Underwriters' participation in the offering and distribution of the Common Shares, (viii) the fees and expenses associated with listing the Common Shares on the Nasdaq National Market, and (ix) all other fees, costs and expenses referred to in Item 13 of Part II of the Registration Statement. Except as provided in this Section 4, Section 6, Section 8 and Section 9 hereof, the Underwriters shall pay their own expenses, including the fees and disbursements of their counsel.

The Selling Stockholders further agree, severally and not jointly, with each Underwriter to pay (directly or by reimbursement) all fees and expenses incident to the performance of their respective obligations under this Agreement which are not otherwise specifically provided for herein, including but not limited to (i) fees and expenses of counsel and other advisors for such Selling Stockholders, (ii) fees and expenses of the Custodian and (iii) expenses and taxes incident to the sale and delivery of the Common Shares to be sold by such Selling Stockholders to the Underwriters hereunder (which taxes, if any, may be deducted by the Custodian under the provisions of Section 2 of this Agreement). This Section 4 shall not affect or modify any separate, valid agreement relating to the allocation of payment of expenses between the Company, on the one hand, and the Selling Stockholders, on the other hand.

SECTION 5. CONDITIONS OF THE OBLIGATIONS OF THE UNDERWRITERS. The obligations of the several Underwriters to purchase and pay for the Common Shares as provided herein on the First Closing Date and, with respect to the Optional Common Shares (if not purchased on the First Closing Date), the Second Closing Date, shall be subject to the accuracy of the representations and warranties on the part of the Company and the Selling Stockholders set forth in Sections 1(A) and 1(B) hereof as of the date hereof and as of the First Closing Date as though then made and, with respect to the Optional Common Shares (if not purchased on the First Closing Date), as of the Second Closing Date as though then made, to the timely performance by the Company and the Selling Stockholders of their respective covenants and other obligations hereunder, and to each of the following additional conditions:

(a) Accountants' Comfort Letter. On the date hereof, the Representatives shall have received from Ernst & Young LLP, independent public or certified public accountants for the Company, a letter dated the date hereof addressed to the Underwriters, in form and substance satisfactory to the Representatives, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters, delivered according to Statement of Auditing Standards No. 72 (or any successor bulletin), with respect to the audited and unaudited financial statements and certain financial information contained in the Registration Statement and the Prospectus (and each Representative shall have received an additional conformed copy of such accountants' letter).

(b) Compliance with Registration Requirements; No Stop Order; No Objection from NASD. For the period from and after effectiveness of this Agreement and prior to the First Closing Date and, with respect to the Optional Common Shares (if not purchased on the First Closing Date), the Second Closing Date:

(i) the Company shall have filed the Prospectus with the Commission (including the information required by Rule 430A under the Securities Act) in the manner and within the time period required by Rule 424(b) under the Securities Act; or the Company shall have filed a post-effective amendment to the Registration Statement containing the information required by such Rule 430A, and such post-effective amendment shall have become effective; or, if the Company elected to rely upon Rule 434 under the Securities Act and obtained the Representatives' consent thereto, the Company shall have filed a Term Sheet with the Commission in the manner and within the time period required by such Rule 424(b);

(ii) no stop order suspending the effectiveness of the Registration Statement, any Rule 462(b) Registration Statement, or any post-effective amendment to the Registration Statement, shall be in effect and no proceedings for such purpose shall have been instituted or threatened by the Commission; and

(iii) the NASD shall have raised no objection to the fairness and reasonableness of the underwriting terms and arrangements.

(c) No Material Adverse Change. For the period from and after the date of this Agreement and prior to the First Closing Date and, with respect to the Optional Common Shares (if not purchased on the First Closing Date), the

Second Closing Date, in the judgment of the Representatives there shall not have occurred any Material Adverse Change.

(d) Opinion of Counsel for the Company. On each of the First Closing Date and, with respect to the Optional Common Shares (if not purchased on the First Closing Date), the Second Closing Date the Representatives shall have received the opinion of Foley, Hoag & Eliot LLP, counsel for the Company, dated as of such Closing Date, the form of which is attached as Exhibit A (and each Representative shall have received an additional conformed copy of such counsel's legal opinion).

(e) Opinion of Counsel for the Underwriters. On each of the First Closing Date and, with respect to the Optional Common Shares (if not purchased on the First Closing Date), the Second Closing Date the Representatives shall have received the opinion of Hale and Dorr LLP, counsel for the Underwriters, dated as of such Closing Date, with respect to such matters as may be reasonably requested by the Representatives (and each Representative shall have received an additional conformed copy of such counsel's legal opinion).

(f) Officers' Certificate. On each of the First Closing Date and, with respect to the Optional Common Shares (if not purchased on the First Closing Date), the Second Closing Date the Representatives shall have received a written certificate executed by the Chairman of the Board, Chief Executive Officer or President of the Company and the Chief Financial Officer or Chief Accounting Officer of the Company, dated as of such Closing Date, to the effect set forth in subsection (b)(ii) of this Section 5, and further to the effect that:

(i) for the period from and after the date of this Agreement and prior to such Closing Date, there has not occurred any Material Adverse Change;

(ii) the representations, warranties and covenants of the Company set forth in Section 1(A) of this Agreement are true and correct with the same force and effect as though expressly made on and as of such Closing Date; and

(iii) the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to such Closing Date.

(g) Bring-down Comfort Letter. On each of the First Closing Date and, with respect to the Optional Common Shares (if not purchased on the First

Closing Date), the Second Closing Date the Representatives shall have received from Ernst & Young LLP, independent public or certified public accountants for the Company, a letter dated such date, in form and substance satisfactory to the Representatives, to the effect that they reaffirm the statements made in the letter furnished by them pursuant to subsection (a) of this Section 5, except that the specified date referred to therein for the carrying out of procedures shall be no more than three business days prior to the First Closing Date or Second Closing Date, as the case may be (and each Representative shall have received an additional conformed copy of such accountants' letter).

(h) Opinion of Counsel for the Selling Stockholders. On each of the First Closing Date and, with respect to the Optional Common Shares (if not purchased on the First Closing Date), the Second Closing Date the Representatives shall have received the opinion of Foley, Hoag & Eliot LLP, special counsel for the Selling Stockholders, dated as of such Closing Date, the form of which is attached as Exhibit B (and each Representative shall have received an additional conformed copy of such counsel's legal opinion).

(i) Selling Stockholders' Certificate. On each of the First Closing Date and, with respect to the Optional Common Shares (if not purchased on the First Closing Date), the Second Closing Date the Representatives shall have received a written certificate executed by an Attorney-in-Fact of each Selling Stockholder, dated as of such Closing Date, to the effect that:

(i) the representations, warranties and covenants of such Selling Stockholder set forth in Section 1(B) of this Agreement are true and correct with the same force and effect as though expressly made by such Selling Stockholder on and as of such Closing Date; and

(ii) such Selling Stockholder has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to such Closing Date.

(j) Selling Stockholders' Documents. On the date hereof, the Company and the Selling Stockholders shall have furnished for review by the Representatives copies of the Powers of Attorney and Custody Agreements executed by each of the Selling Stockholders and such further information, certificates and documents as the Representatives may reasonably request.

(k) Lock-Up Agreement from Certain Stockholders of the Company Other Than Selling Stockholders. On the date hereof, the Company shall have furnished to the Representatives an agreement in the form of Exhibit C hereto from each

director, officer and each beneficial owner of Common Stock (as defined and determined according to Rule 13d-3 under the Exchange Act, except that a 180-day period shall be used rather than the 60-day period set forth therein), other than the Selling Stockholders, and such agreement shall be in full force and effect on each of the First Closing Date and the Second Closing Date.

(l) Additional Documents. On or before each of the First Closing Date and, with respect to the Optional Common Shares (if not purchased on the First Closing Date), the Second Closing Date, the Representatives and counsel for the Underwriters shall have received such other information and documents as they may reasonably require for the purposes of enabling them to pass upon the issuance and sale of the Common Shares as contemplated herein, or in order to evidence the accuracy of any of the representations and warranties, or the satisfaction of any of the conditions or agreements, herein contained.

If any condition specified in this Section 5 is not satisfied when and as required to be satisfied, this Agreement may be terminated by the Representatives by notice to the Company and an Attorney-in-Fact at any time on or prior to the First Closing Date and, with respect to the Optional Common Shares (if not purchased on the First Closing Date), at any time prior to the Second Closing Date, which termination shall be without liability on the part of any party to any other party, except that this paragraph, Section 4, Section 6, Section 8 and Section 9 shall at all times be effective and shall survive such termination.

SECTION 6. REIMBURSEMENT OF UNDERWRITERS' EXPENSES. If this Agreement is terminated by the Representatives pursuant to Section 5, clauses (i), (v) or (vi) of Section 11 or Section 17, or if the sale to the Underwriters of the Common Shares on the First Closing Date is not consummated because of any refusal, inability or failure on the part of the Company or a Selling Stockholder to perform any agreement herein or to comply with any provision hereof, the Company agrees to reimburse the Representatives and the other Underwriters severally, upon demand for all out-of-pocket expenses that shall have been reasonably incurred by the Representatives and the other Underwriters in connection with the proposed purchase and the offering and sale of the Common Shares, including but not limited to fees and disbursements of counsel, printing expenses, travel expenses, postage, facsimile and telephone charges.

SECTION 7. EFFECTIVENESS OF THIS AGREEMENT.

This Agreement shall not become effective until the later of (i) the execution of this Agreement by the parties hereto and (ii) notification by the Commission to the Company of the effectiveness of the Registration Statement under

the Securities Act, and the notification by the Company to the Representatives of the receipt of such notification by the Commission.

Prior to such effectiveness, this Agreement may be terminated by any party by notice to each of the other parties hereto, and any such termination shall be without liability on the part of (a) the Company or the Selling Stockholders to any Underwriter, except that the Company shall be obligated to reimburse the expenses of the Representatives and the Underwriters pursuant to Section 4 hereof, (b) of any Underwriter to the Company or any Selling Stockholder, or (c) of any party hereto to any other party, except that the provisions of this paragraph, Section 8 and Section 9 shall at all times be effective and shall survive such termination.

SECTION 8. INDEMNIFICATION.

(a) Indemnification of the Underwriters. The Company and each of the Selling Stockholders, jointly and severally, agree to indemnify and hold harmless each Underwriter, its officers and employees, and each person, if any, who controls any Underwriter within the meaning of the Securities Act and the Exchange Act against any loss, claim, damage, liability or expense, as incurred, to which such Underwriter or such controlling person may become subject, under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of the Company), insofar as such loss, claim, damage, liability or expense (or actions in respect thereof as contemplated below) arises out of or is based (i) upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, or any amendment thereto, including any information deemed to be a part thereof pursuant to Rule 430A or Rule 434 under the Securities Act, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading; or (ii) upon any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; or (iii) in whole or in part upon any inaccuracy in the representations and warranties of the Company or the Selling Stockholders contained herein; or (iv) in whole or in part upon any failure of the Company or the Selling Stockholders to perform their respective obligations hereunder or under law; or (v) any act or failure to act or any alleged act or failure to act by any Underwriter in connection with, or relating in any manner to, the offering contemplated hereby, and which is included as part of or referred to in any loss, claim, damage,

liability or action arising out of or based upon any matter covered by clause (i) or (ii) above; and to reimburse each Underwriter and each such controlling person for any and all expenses (including the reasonable fees and disbursements of counsel chosen by NMS) as such expenses are reasonably incurred by such Underwriter or such controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action. Notwithstanding the foregoing: (A) neither the Company nor any Selling Stockholder shall be liable under clause (v) of the preceding sentence to the extent that a court of competent jurisdiction shall have determined by a final judgment that such loss, claim, damage, liability or action resulted directly from any such acts or failures to act undertaken or omitted to be taken by such Underwriter through its bad faith, negligence or willful misconduct; (B) the indemnity and reimbursement agreements in the preceding sentence shall not apply to any loss, claim, damage, liability or expense to the extent, but only to the extent, arising out of or based upon any untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with written information furnished to the Company by the Representatives expressly for use in the Registration Statement, any preliminary prospectus or the Prospectus (or any amendment or supplement thereto); (C) with respect to any preliminary prospectus, the indemnity and reimbursement agreements in the preceding sentence shall not inure to the benefit of any Underwriter from whom the person asserting any loss, claim, damage, liability or expense purchased Common Shares, or any person controlling such Underwriter, if copies of the Prospectus were timely delivered to the Underwriter pursuant to Section 2 and a copy of the Prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such Underwriter to such person, if required by law so to have been delivered, at or prior to the written confirmation of the sale of the Common Shares to such person, and if the Prospectus (as so amended or supplemented) would have cured the defect giving rise to such loss, claim, damage, liability or expense; (D) the indemnity and reimbursement agreements of a Selling Stockholder set forth in clauses (iii) and (iv) of the preceding sentence shall not apply to any inaccuracy in the representations and warranties of the Company or any other Selling Stockholder or to any failure of the Company or any other Selling Stockholder to perform their respective obligations hereunder or under law; (E) the liability of each Selling Stockholder under the indemnity and reimbursement agreements in the preceding sentence, or otherwise for a breach of such Selling Stockholder's representations or warranties set forth in this Agreement, shall be limited to an amount equal to the initial public offering price of the Common Shares sold by such Selling Stockholder, less the underwriting discount, as set forth on the front cover page of the Prospectus; and (F) the

Company and the Selling Stockholders may agree, as among themselves and without limiting the rights of the Underwriters under this Agreement, as to the respective amounts of such liability for which they each shall be responsible. The indemnity and reimbursement agreements set forth in this Section 8(a) shall be in addition to any liabilities that the Company and the Selling Stockholders may otherwise have.

(b) Indemnification of the Company, its Directors and Officers. Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, each of its directors, each of its officers who signed the Registration Statement, the Selling Stockholders and each person, if any, who controls the Company or any Selling Stockholder within the meaning of the Securities Act or the Exchange Act, against any loss, claim, damage, liability or expense, as incurred, to which the Company, or any such director, officer, Selling Stockholder or controlling person may become subject, under the Securities Act, the Exchange Act, or other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of such Underwriter), insofar as such loss, claim, damage, liability or expense (or actions in respect thereof as contemplated below) arises out of or is based upon (i) upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, or any amendment thereto, including any information deemed to be a part thereof pursuant to Rule 430A or Rule 434 under the Securities Act, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading; or (ii) upon any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case under clause (i) above and this clause (ii) to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any preliminary prospectus, the Prospectus (or any amendment or supplement thereto), in reliance upon and in conformity with written information furnished to the Company by a Representative expressly for use therein; or (iii) in whole or in part upon any failure of the Company or the Selling Stockholders to perform their respective obligations hereunder or under law; and to reimburse the Company, and each such director, officer, Selling Stockholder and controlling person for any legal and other expense reasonably incurred by the Company, or any such director, officer, Selling Stockholder or controlling person in connection with investigating, defending, settling, compromising or paying any such loss,

claim, damage, liability, expense or action. The Company and each of the Selling Stockholders hereby acknowledge that the only information that the Underwriters have furnished to the Company expressly for use in the Registration Statement, any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) are the statements set forth (A) as the paragraph on the inside front cover page of each preliminary prospectus the Prospectus concerning stabilization by the Underwriters and (B) in the table in the first paragraph and as the second, seventh, eighth and ninth paragraphs under the caption "Underwriting" in the Prospectus; and the Underwriters confirm that such statements are correct. The indemnity and reimbursement agreements set forth in this Section 8(b) shall be in addition to any liabilities that each Underwriter may otherwise have.

(c) Notifications and Other Indemnification Procedures. Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof, but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party for contribution or otherwise than under the indemnity agreement contained in this Section 8 or to the extent it is not prejudiced as a proximate result of such failure. In case any such action is brought against any indemnified party and such indemnified party seeks or intends to seek indemnity from an indemnifying party, the indemnifying party will be entitled to participate in, and, to the extent that it shall elect, jointly with all other indemnifying parties similarly notified, by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that a conflict may arise between the positions of the indemnifying party and the indemnified party in conducting the defense of any such action or that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of such indemnifying party's election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section 8 for any legal or other expenses subsequently incurred by

such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the next preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the fees and expenses of more than one separate counsel (together with local counsel), approved by the indemnifying party (NMS in the case of Section 8(b) and Section 9), representing the indemnified parties who are parties to such action) or (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action, in each of which cases the reasonable fees and expenses of counsel shall be at the expense of the indemnifying party.

(d) Settlements. The indemnifying party under this Section 8 shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party against any loss, claim, damage, liability or expense by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by Section 8(c) hereof, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the specific terms of such settlement at least 15 days prior to such settlement being effected, and (iii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement, compromise or consent to the entry of judgment in any pending or threatened action, suit or proceeding in respect of which any indemnified party is or could have been a party and indemnity was or could have been sought hereunder by such indemnified party, unless such settlement, compromise or consent includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such action, suit or proceeding.

SECTION 9. CONTRIBUTION. If the indemnification provided for in Section 8 is for any reason held to be unavailable to or otherwise insufficient to hold harmless an indemnified party in respect of any losses, claims, damages, liabilities or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount paid or payable by such indemnified party, as incurred, as a result of any losses, claims, damages, liabilities or expenses referred to therein (i) in such proportion

as is appropriate to reflect the relative benefits received by the Company and the Selling Stockholders, on the one hand, and the Underwriters, on the other hand, from the offering of the Common Shares pursuant to this Agreement or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Selling Stockholders, on the one hand, and the Underwriters, on the other hand, in connection with the statements in or omissions from any preliminary prospectus, the Prospectus or the Registration Statement (or any amendment or supplement to any of the foregoing) or inaccuracies in the representations and warranties herein which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Selling Stockholders, on the one hand, and the Underwriters, on the other hand, in connection with the offering of the Common Shares pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Common Shares pursuant to this Agreement (before deducting expenses) received by the Company and the Selling Stockholders, and the total underwriting discount received by the Underwriters, in each case as set forth on the front cover page of the Prospectus (or, if Rule 434 under the Securities Act is used, the corresponding location on the Term Sheet) bear to the aggregate initial public offering price of the Common Shares as set forth on such cover. The relative fault of the Company and the Selling Stockholders, on the one hand, and the Underwriters, on the other hand, shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact or any such inaccurate or alleged inaccurate representation or warranty relates to information supplied by the Company or the Selling Stockholders, on the one hand, or the Underwriters, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in Section 8(c), any legal or other fees or expenses reasonably incurred by such party in connection with investigating, defending, settling or compromising any action or claim. The provisions set forth in Section 8(c) with respect to notice of commencement of any action shall apply if a claim for contribution is to be made under this Section 9; provided, however, that no additional notice shall be required with respect to any action for which notice has been given under Section 8(c) for purposes of indemnification.

The Company, the Selling Stockholders and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 9 were determined by pro rata allocation (even if the Underwriters were treated as one entity

for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 9.

Notwithstanding the provisions of this Section 9, no Underwriter shall be required to contribute any amount in excess of the underwriting commissions received by such Underwriter in connection with the Common Shares underwritten by it and distributed to the public nor shall any Selling Stockholder be required to contribute any amount in excess of the initial public offering price of the Common Shares sold by such Selling Stockholder, less the underwriting discount, as set forth on the front cover page of the Prospectus. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 9 are several, and not joint, in proportion to their respective underwriting commitments as set forth opposite their names in Schedule A. For purposes of this Section 9, each officer and employee of an Underwriter and each person, if any, who controls an Underwriter within the meaning of the Securities Act and the Exchange Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of the Securities Act and the Exchange Act shall have the same rights to contribution as the Company, and each person, if any, who controls a Selling Stockholder within the meaning of the Securities Act and the Exchange Act shall have the same rights to contribution as such Selling Stockholder.

SECTION 10. DEFAULT OF ONE OR MORE OF THE SEVERAL UNDERWRITERS. If, on the First Closing Date or the Second Closing Date, as the case may be, any one or more of the several Underwriters shall fail or refuse to purchase Common Shares that it or they have agreed to purchase hereunder on such date, and the aggregate number of Common Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase does not exceed 10% of the aggregate number of the Common Shares to be purchased on such date, the other Underwriters shall be obligated, severally, in the proportions that the number of Firm Common Shares set forth opposite their respective names on Schedule A bears to the aggregate number of Firm Common Shares set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as may be specified by the Representatives with the consent of the non-defaulting Underwriters, to purchase the Common Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date. If, on the First Closing Date or the Second Closing Date, as the case may be, any one or more of the Underwriters shall fail or refuse to purchase Common Shares and the aggregate number of Common Shares with respect to which such default occurs exceeds 10% of the aggregate number of Common Shares to be purchased on such date, and arrangements satisfactory to the Representatives and the Company for the

purchase of such Common Shares are not made within 48 hours after such default, this Agreement shall terminate without liability of any non-defaulting party to any other party except that the provisions of this sentence, Section 4, Section 8 and Section 9 shall at all times be effective and shall survive such termination. In any such case either the Representatives or the Company shall have the right to postpone the First Closing Date or the Second Closing Date, as the case may be, but in no event for longer than seven days in order that the required changes, if any, to the Registration Statement and the Prospectus or any other documents or arrangements may be effected.

As used in this Agreement, the term "Underwriter" shall be deemed to include any person substituted for a defaulting Underwriter under this Section 10. Any action taken under this Section 10 shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

SECTION 11. TERMINATION OF THIS AGREEMENT. Prior to the First Closing Date this Agreement may be terminated by the Representatives by notice given to the Company and the Custodian if at any time (i) trading or quotation in any of the Company's securities shall have been suspended or limited by the Commission or by the Nasdaq Stock Market; (ii) trading in securities generally on either the Nasdaq Stock Market or the New York Stock Exchange shall have been suspended or limited, or minimum or maximum prices shall have been generally established on any of such stock exchanges by the Commission or the NASD; (iii) a general banking moratorium shall have been declared by any of federal, New York or California authorities; (iv) there shall have occurred any outbreak or escalation of national or international hostilities or any crisis or calamity, or any change in the United States or international financial markets, or any substantial change or development involving a prospective substantial change in United States' or international political, financial or economic conditions, as in the judgment of the Representatives is material and adverse and makes it impracticable to market the Common Shares in the manner and on the terms described in the Prospectus or to enforce contracts for the sale of securities; (v) in the judgment of the Representatives there shall have occurred any Material Adverse Change; or (vi) the Company shall have sustained a loss by strike, fire, flood, earthquake, accident or other calamity of such character as in the judgment of the Representatives may interfere materially with the conduct of the business and operations of the Company regardless of whether or not such loss shall have been insured. Any termination pursuant to this Section 11 shall be without liability on the part of (a) the Company or the Selling Stockholders to any Underwriter, except that the Company and the Selling Stockholders shall be obligated to reimburse the expenses of the Representatives and the other Underwriters pursuant to Sections 4 and 6 hereof, (b) any Underwriter to the Company or any Selling Stockholder, or (c) of any party hereto to any other party except that the provisions of this sentence, Section 8 and Section 9 shall at all times be effective and shall survive such termination.

SECTION 12. REPRESENTATIONS AND INDEMNITIES TO SURVIVE DELIVERY. The respective indemnities, agreements, representations, warranties and other statements of the Company, of its officers, of the Selling Stockholders and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or the Company or any of its or their partners, officers or directors or any controlling person, or the Selling Stockholders, as the case may be, and will survive delivery of and payment for the Common Shares sold hereunder and any termination of this Agreement.

SECTION 13. NOTICES. All communications hereunder shall be in writing and shall be mailed, hand delivered or telecopied and confirmed to the parties hereto as follows:

If to the Representatives:

NationsBanc Montgomery Securities LLC
600 Montgomery Street
San Francisco, California 94111
Facsimile: 415-249-5558
Attention: Richard A. Smith

with a copy to:

NationsBanc Montgomery Securities LLC
600 Montgomery Street
San Francisco, California 94111
Facsimile: (415) 249-5553
Attention: David A. Baylor, Esq.

If to the Company:

Charles River Associates Incorporated
200 Clarendon Street
Boston, Massachusetts 02116
Facsimile: (617) 425-3132
Attention: President

With a copy to:

Foley, Hoag & Eliot LLP
One Post Office Square
Boston, Massachusetts 02109
Facsimile: (617) 832-7000
Attention: Peter M. Rosenblum, Esq.

If to the Selling Stockholders:

Boston EquiServe, L.P.
150 Royall Street
Canton, MA 02021
Facsimile: (781) 575-2549
Attention: Carole McHugh

With a copy to:

Foley, Hoag & Eliot LLP
One Post Office Square
Boston, Massachusetts 02109
Facsimile: (617) 832-7000
Attention: Peter M. Rosenblum, Esq.

Any party hereto may change the address for receipt of communications by giving written notice to the others.

SECTION 14. SUCCESSORS. This Agreement will inure to the benefit of and be binding upon the parties hereto, including any substitute Underwriters pursuant to Section 10 hereof, and to the benefit of the employees, officers and directors and controlling persons referred to in Section 8 and Section 9, and in each case their respective successors, and personal representatives, and no other person will have any right or obligation hereunder. No assignment shall relieve any party of its obligations hereunder. The term "successors" shall not include any purchaser of the Common Shares as such from any of the Underwriters merely by reason of such purchase.

SECTION 15. PARTIAL UNENFORCEABILITY. The invalidity or unenforceability of any Section, paragraph or provision of this Agreement shall not affect the validity or enforceability of any other Section, paragraph or provision hereof. If any Section, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

SECTION 16. GOVERNING LAW PROVISIONS. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SUCH STATE.

SECTION 17. FAILURE OF ONE OR MORE OF THE SELLING STOCKHOLDERS TO SELL AND DELIVER COMMON SHARES. If one or more of the Selling Stockholders shall fail to sell and deliver to the Underwriters the Common Shares to be sold and delivered by such Selling Stockholders at the First Closing Date pursuant to this Agreement, then the Underwriters may at their option, by written notice from the Representatives to the Company and the Custodian, either (i) terminate this Agreement without any liability on the part of any Underwriter or, except as provided in Sections 4, 6, 8 and 9 hereof, the Company or the Selling Stockholders (other than such defaulting Selling Stockholders), or (ii) purchase the shares which the Company and the other Selling Stockholders have agreed to sell and deliver in accordance with the terms hereof. If one or more of the Selling Stockholders shall fail to sell and deliver to the Underwriters the Common Shares to be sold and delivered by such Selling Stockholders pursuant to this Agreement at the First Closing Date or the Second Closing Date, then the Underwriters shall have the right, by written notice from the Representatives to the Company and the Custodian, to postpone the First Closing Date or the Second Closing Date, as the case may be, but in no event for longer than seven days in order that the required changes, if any, to the Registration Statement and the Prospectus or any other documents or arrangements may be effected.

SECTION 18. GENERAL PROVISIONS. This Agreement constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. This Agreement may be executed in two or more counterparts, each one of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. The Table of Contents and the Section and paragraph headings herein are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

Each of the parties hereto acknowledges that it is a sophisticated business person who was adequately represented by counsel during negotiations regarding the provisions hereof, including, without limitation, the indemnification provisions of Section 8 and the contribution provisions of Section 9, and is fully informed regarding said provisions. Each of the parties hereto further acknowledges that the provisions of

Sections 8 and 9 hereto fairly allocate the risks in light of the ability of the parties to investigate the Company, its affairs and its business in order to assure that adequate disclosure has been made in the Registration Statement, any preliminary prospectus and the Prospectus (and any amendments and supplements thereto), as required by the Securities Act and the Exchange Act.

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to the Company and the Custodian the enclosed copies hereof, whereupon this instrument, along with all counterparts hereof, shall become a binding agreement in accordance with its terms.

Very truly yours,

CHARLES RIVER ASSOCIATES INCORPORATED

By: _____
President

EACH OF THE SELLING STOCKHOLDERS

By: _____
(Attorney-in-fact)

The foregoing Underwriting Agreement is hereby confirmed and accepted by the Representatives in San Francisco, California as of the date first above written.

NATIONSBANC MONTGOMERY SECURITIES LLC

WILLIAM BLAIR & COMPANY, L.L.C.

Acting as Representatives of the several Underwriters named in the attached Schedule A.

By NATIONSBANC MONTGOMERY SECURITIES LLC

By:_____

SCHEDULE A

UNDERWRITERS	NUMBER OF FIRM COMMON SHARES TO BE PURCHASED
NationsBanc Montgomery Securities LLC.....	
William Blair & Company, L.L.C.....	
.....	
.....	
.....	

Total.....	==========

SCHEDULE B

SELLING STOCKHOLDER	NUMBER OF FIRM COMMON SHARES TO BE SOLD	MAXIMUM NUMBER OF OPTIONAL COMMON SHARES TO BE SOLD
Franklin M. Fisher	72,248	10,838
Steven C. Salop	52,000	7,800
Firoze E. Katrak	34,057	5,110
Rowland T. Moriarty	41,080	6,162
William B. Burnett	34,488	5,174
Carl Kaysen	7,473	1,121
Richard S. Ruback	31,200	4,680
Jagdish C. Agarwal	22,993	3,449
Thomas R. Overstreet	22,993	3,449
Alan R. Willens	20,803	3,120
Stanley M. Besen	20,119	3,018
Michael A. Kemp	20,119	3,018
Bridger M. Mitchell	20,119	3,018
Deloris R. Wright	20,119	3,018
Raju Patel	14,370	2,156
Daniel Brand	13,221	1,983
Steven R. Brenner	13,221	1,983
George C. Eads	13,221	1,983
W. David Montgomery	13,221	1,983
Gary L. Roberts	13,221	1,983
Louis L. Wilde	13,221	1,983
Stephen H. Kalos	11,496	1,724
Arnold J. Lowenstein	11,496	1,724
C. Christopher Maxwell	11,496	1,724
Robert M. Spann	11,496	1,724

John R. Woodbury	11,496	1,724
Monica G. Noether	10,921	1,638
Robert J. Larner and Anne M. Larner	9,916	1,487
Joen E. Greenwood	9,795	1,469
William R. Hughes	8,622	1,293
Gregory K. Bell	7,185	1,078
Paul R. Milgrom	5,200	780
Douglas R. Bohi	2,874	431
Total:	625,500	93,825

EXHIBIT A

[The final opinion in draft form should be attached as Exhibit A at the time this Agreement is executed.]

Opinion of Counsel for the Company

References to the Prospectus in this Exhibit A include any supplements thereto at the Closing Date. References to the Registration Statement include any Rule 462(b) Registration Statement.

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of The Commonwealth of Massachusetts.

(ii) The Company has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under the Underwriting Agreement.

(iii) The Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except for such jurisdictions where the failure to so qualify or to be in good standing would not, individually or in the aggregate, result in a Material Adverse Change.

(iv) The Subsidiary has been duly organized and is validly existing as a limited liability company in good standing under the laws of the Commonwealth of Massachusetts, has the power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and, to the best knowledge of such counsel, is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except for such jurisdictions where the failure to so qualify or to be in good standing would not, individually or in the aggregate, result in a Material Adverse Change.

(v) The Company is the legal and beneficial owner of its membership interest in the Subsidiary, as described in the Prospectus.

(vi) Immediately prior to the issue and sale of Common Shares pursuant to the Agreement on the date hereof, the authorized capital stock of the Company was comprised of 25,000,000 shares of Common Stock, without par value, _____ of which were outstanding of record, and 1,000,000 shares of Preferred Stock,

without par value, none of which were outstanding of record. The capital stock of the Company (including the Common Stock) conforms to the descriptions thereof set forth in the Prospectus under the heading "Description of Capital Stock". All of the outstanding shares of Common Stock (including the shares of Common Stock owned by Selling Stockholders) have been duly authorized and validly issued, are (except, in the case of shares purchased by officers of the Company under agreements which provide for the purchase price to be paid in installments, to the extent of the installments which are not yet due and payable) fully paid and nonassessable and, to the best of such counsel's knowledge, have been issued in compliance with the registration and qualification requirements of federal and state securities laws. The form of certificate used to evidence the Common Stock is in due and proper form and complies with all applicable requirements of the charter and by-laws of the Company and the Business Corporation Law of The Commonwealth of Massachusetts. The description of the Company's stock option and stock purchase plans, and the options or other rights granted and exercised thereunder, set forth in the Prospectus is an accurate and fair description in all material respects of such plans, arrangements, options and rights.

(vii) No stockholder of the Company or any other person has any preemptive right, right of first refusal or other similar right to subscribe for or purchase securities of the Company arising (i) by operation of the charter or by-laws of the Company or the Business Corporation Law of The Commonwealth of Massachusetts or (ii) to the best knowledge of such counsel, otherwise.

(viii) The Underwriting Agreement has been duly authorized, executed and delivered by the Company.

(ix) The Common Shares to be purchased by the Underwriters from the Company have been duly authorized for issuance and sale pursuant to the Underwriting Agreement and, when issued and delivered by the Company pursuant to the Underwriting Agreement against payment of the consideration set forth therein, will be validly issued, fully paid and nonassessable.

(x) Based solely on the oral advice of the staff of the Commission, the Registration Statement has been declared effective by the Commission under the Securities Act. To the best knowledge of such counsel, no stop order suspending the effectiveness of either of the Registration Statement or the Rule 462(b) Registration Statement, if any, has been issued under the Securities Act and, to the best knowledge of such counsel, no proceedings for such purpose have been instituted or are pending or are contemplated or threatened by the Commission. Any required filing of the Prospectus under Rule 424(b) under the Securities Act has been made in the manner and within the time period required by such Rule 424(b).

(xi) The Registration Statement, the Prospectus and each amendment or supplement to the Registration Statement and the Prospectus, as of their respective effective or issue dates (other than the financial statements and supporting schedules

included therein, as to which no opinion need be rendered), comply as to form in all material respects with the applicable requirements of the Securities Act. Such counsel may state that it is rendering no opinion as to the accuracy of any financial or accounting data contained therein.

(xii) Based solely on a letter dated _____, 1998 from, and subsequent conversations with members of the staff of, the Nasdaq Stock Market, the Common Shares have been approved for listing on the Nasdaq National Market.

(xiii) The statements (i) in the Prospectus under the captions "Description of Capital Stock," "Management's Discussion and Analysis and Results of Operations--Liquidity and Capital Resources," "Business--Legal Proceedings," "Certain Transactions,"and "Shares Eligible for Future Sale," and (ii) in Item 14 and Item 15 of the Registration Statement, insofar as such statements constitute matters of law, summaries of legal matters, the Company's charter or by-law provisions, documents or legal proceedings, or legal conclusions, has been reviewed by such counsel and fairly present and summarize, in all material respects, the matters referred to therein.

(xiv) To the best knowledge of such counsel, there are no legal or governmental actions, suits or proceedings pending or threatened which are required to be disclosed in the Registration Statement, other than those disclosed therein.

(xv) To the best knowledge of such counsel, there are no Existing Instruments required to be described or referred to in the Registration Statement or to be filed as exhibits thereto other than those described or referred to therein or filed or incorporated by reference as exhibits thereto; and the descriptions thereof and references thereto are correct in all material respects.

(xvi) No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental authority or agency, is required for the execution, delivery and performance of the Underwriting Agreement by the Company and consummation by the Company of the transactions contemplated thereby and by the Prospectus, except as required under the Securities Act, Section 12(g) of the Exchange Act, applicable state securities or blue sky laws and from the NASD.

(xvii) The execution and delivery of the Underwriting Agreement by the Company and the performance by the Company of its obligations thereunder (other than performance by the Company of its obligations under the indemnification and contribution sections of the Underwriting Agreement, as to which no opinion need be rendered) (i) have been duly authorized by all necessary corporate action on the part of the Company; (ii) will not result in any violation of the provisions of the charter, by-laws or other organizational documents of the Company or the Subsidiary; (iii) will not

constitute a breach of, or Default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or the Subsidiary pursuant to, (A) the Company's revolving line of credit with BankBoston Corporation, or (B) to the best knowledge of such counsel, any other material Existing Instrument; or (iv) to the best knowledge of such counsel, will not result in any violation of any law, administrative regulation or administrative or court decree applicable to the Company or the Subsidiary.

(xviii) The Company is not, and after receipt of payment for the Common Shares sold by it will not be, an "investment company" within the meaning of the Investment Company Act.

(xix) To the best knowledge of such counsel, there are no persons with registration or other similar rights to have any equity or debt securities registered for sale under the Registration Statement or included in the offering contemplated by the Underwriting Agreement, except for such rights as have been duly waived.

In addition, such counsel shall state that they have participated in conferences with officers and other representatives of the Company, representatives of the independent public or certified public accountants for the Company and with representatives of the Underwriters at which the contents of the Registration Statement and the Prospectus, and any supplements or amendments thereto, and related matters were discussed and, although such counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus (other than as specified above), and any supplements or amendments thereto, and (except as specifically set forth in this opinion) have not made any independent confirmation or verification thereof, on the basis of the foregoing (and relying, as to materiality, upon the statements of officers and other representatives of the Company), nothing has come to their attention which would lead them to believe either that the Registration Statement or any amendments thereto, at the time the Registration Statement or such amendments became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus, as of its date or at the First Closing Date or the Second Closing Date, as the case may be, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (it being understood that such counsel need express no belief as to the financial statements or schedules or other financial or statistical data derived therefrom, included in the Registration Statement or the Prospectus or any amendments or supplements thereto).

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than those of The Commonwealth of Massachusetts, the General Corporation Law of the State of Delaware and the federal law of the United States, to the extent they deem proper and specified in such opinion, upon the opinion (which shall be dated the First Closing Date or the Second Closing Date, as the case may be, shall be satisfactory in form and substance to the Underwriters, shall expressly state that the Underwriters may rely on such opinion as if it were addressed to them and shall be furnished to the Representatives) of other counsel of good standing whom they believe to be reliable and who are satisfactory to counsel for the Underwriters; provided, however, that such counsel shall further state that they believe that they and the Underwriters are justified in relying upon such opinion of other counsel, and (B) as to matters of fact, to the extent they deem proper, on certificates of responsible officers of the Company and public officials.

EXHIBIT B

[The final opinion in draft form should be attached as Exhibit B at the time this Agreement is executed.]

Opinion of Counsel for the Selling Stockholders

[FH&E to add introductory language]

The opinion shall be rendered to the Representatives at the request of the Company and shall so state therein. References to the Prospectus in this Exhibit B include any supplements thereto at the Closing Date.

(i) The Underwriting Agreement has been duly executed and delivered by or on behalf of, and is a valid and binding agreement of, each Selling Stockholder, enforceable in accordance with its terms, except as rights to indemnification thereunder may be limited by applicable law and except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally or by general equitable principles.

(ii) The execution and delivery by each Selling Stockholder of, and the performance by such Selling Stockholder of his or her obligations under, the Underwriting Agreement and his or her Custody Agreement and his or her Power of Attorney will not, to the best of such counsel's knowledge, violate or contravene any provision of applicable law or regulation, or violate, result in a breach of or constitute a default under the terms of any agreement or instrument to which such Selling Stockholder is a party or by which he or she is bound, or any judgment, order or decree applicable to such Selling Stockholder of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over such Selling Stockholder.

(iii) Each Selling Stockholder is the sole record owner of all of the Common Shares which may be sold by such Selling Stockholder under the Underwriting Agreement and has the legal right and power to enter into the Underwriting Agreement and his or her Custody Agreement and his or her Power of Attorney, to sell, transfer and deliver all of the Common Shares which may sold by such Selling Stockholder under the Underwriting Agreement and to comply with his or her other obligations under the Underwriting Agreement, his or her Custody Agreement and his or her Power of Attorney.

(iv) Each of the Custody Agreement and Power of Attorney of each Selling Stockholder has been duly executed and delivered by such Selling Stockholder and is a valid and binding agreement of such Selling Stockholder, enforceable in

accordance with its terms, except as rights to indemnification thereunder may be limited by applicable law and except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally or by general equitable principles.

(v) Assuming that the Underwriters purchase the Common Shares which are sold by such Selling Stockholder pursuant to the Underwriting Agreement for value and without notice of any adverse claim (within the meaning of Section 8-303 of Chapter 106 of the Massachusetts General Laws) to the Common Shares, the delivery of such Common Shares pursuant to the Underwriting Agreement will pass good and valid title to such Common Shares, free and clear of any such adverse claim.

(vi) To the best of such counsel's knowledge, no consent, approval, authorization or other order of, or registration or filing with, any court or governmental authority or agency, is required for the consummation by such Selling Stockholder of the transactions contemplated in the Underwriting Agreement, except as required under the Securities Act, Section 12(g) of the Exchange Act, applicable state securities or blue sky laws, and from the NASD.

EXHIBIT C

Exhibit 3.4

AMENDED AND RESTATED BY-LAWS
of
CHARLES RIVER ASSOCIATES INCORPORATED

ARTICLE I
Articles of Organization

The name and purposes of the Corporation shall be as set forth in the Articles of Organization. These By-Laws, the powers of the Corporation and its Directors and Stockholders, and all matters concerning the conduct and regulation of the business of the Corporation, shall be subject to such provisions in regard thereto, if any, as are set forth in the Articles of Organization. All references in these By-Laws to the Articles of Organization shall be construed to mean the Articles of Organization of the Corporation as from time to time amended or restated.

ARTICLE II
Fiscal Year

Except as from time to time otherwise determined by the Directors, the fiscal year of the Corporation shall end on the last Saturday of November in each year.

ARTICLE III
Meetings of Stockholders

SECTION 3.1. ANNUAL MEETINGS.

The annual meeting of Stockholders shall be held on the third Friday in April of each year (or if that be a legal holiday in the place where the meeting is to be held, on the next succeeding full business day) at 10:00 a.m. unless a different hour is fixed by the Board of Directors or the President. The purposes for which the annual meeting is to be held, in addition to those prescribed by law, by the Articles of Organization or by these By-Laws, may be specified by the Board of Directors or the President. If no annual meeting has been held on the date fixed above, or by adjournment therefrom, a special meeting in lieu thereof may be held and any action taken at such special meeting shall have the same force and effect as if taken at the annual meeting.

Notwithstanding any other provision in these By-Laws, the Board of Directors may change the date, time and place of any annual or special meeting of the Stockholders (other than a special meeting called upon the written application of Stockholders (a "Meeting Requested by Stockholders")) prior to the time for such meeting, including, without limitation, by postponing or deferring the date of any such annual or special meeting (other than a Meeting Requested by Stockholders) previously called or by canceling any special meeting previously called (other than a Meeting Requested by Stockholders).

SECTION 3.2. SPECIAL MEETINGS.

(a) Subject to the rights of the holders of any class or series of preferred stock of the Corporation, special meetings of the Stockholders entitled to vote may be called by the Board of Directors, the Chairman of the Board of Directors or the President.

(b) If the Corporation shall not have a class of voting stock registered under the Securities Exchange Act of 1934, as amended (including any successor statute, the "Exchange Act"), special meetings of the Stockholders entitled to vote shall be called by the Clerk, or in case of the death, absence, incapacity or refusal of the Clerk, by any other officer, upon written application of one or more Stockholders who are entitled to vote and who hold at least ten percent (10%) in interest of the capital stock entitled to vote at the meeting.

(c) If the Corporation shall have a class of voting stock registered under the Exchange Act, special meetings of the Stockholders entitled to vote shall be called by the Clerk, or in case of the death, absence, incapacity or refusal of the Clerk, by any other officer, upon written application of one or more Stockholders who are entitled to vote and who hold at least forty percent (40%) in interest of the capital stock entitled to vote at the meeting.

SECTION 3.3. PLACE OF MEETINGS.

All meetings of the Stockholders shall be held at the principal office of the Corporation in Massachusetts, unless a different place within Massachusetts or, to the extent permitted by the Articles of Organization, elsewhere within the United States is designated by the President or by the Board of Directors. Any adjourned session of any meeting of the Stockholders shall be held at such place within Massachusetts or, if permitted by the Articles of Organization, elsewhere within the United States as is designated in the vote of adjournment.

SECTION 3.4. NOTICE OF MEETINGS.

A written notice of the place, date and hour of all meetings of Stockholders stating the purposes of the meeting shall be given at least ten (10) days before the meeting to each Stockholder entitled to vote thereat and to each Stockholder who is otherwise entitled by law, by the Articles of Organization or by these By-Laws to such notice, by leaving such notice with him or at his residence or usual place of business, or by mailing it, postage prepaid, and addressed to such Stockholder at his address as it appears in the records of the Corporation. Such notice shall be given by the Clerk, or in case of the death, absence, incapacity, or refusal of the Clerk, by any other officer or by a person designated either by the Clerk, by the person or persons calling the meeting or by the Board of Directors. If notice is given by mail, such notice shall be deemed given when dispatched. If notice is not given by mail and is given by leaving such notice at the Stockholder's residence or usual place of business, it shall be deemed given when so left. Whenever notice of a meeting is required to be given to a Stockholder under any provision of law, of the Articles of Organization or of these By-laws, a written waiver thereof, executed before or after the meeting by such Stockholder or his attorney thereunto authorized, and filed with the records of the meeting, shall be deemed equivalent to such notice. Every Stockholder who is present at a meeting (whether in person or by proxy) shall

be deemed to have waived notice thereof. A waiver of notice of any meeting need not specify the purposes of such meeting.

SECTION 3.5. NOTICE OF STOCKHOLDER BUSINESS AT A MEETING OF THE STOCKHOLDERS.

The following provisions of this Section 3.5 shall apply to the conduct of business at any meeting of the Stockholders. As used in this Section 3.5, the term annual meeting shall include a special meeting in lieu of an annual meeting.

(a) At any meeting of the Stockholders, only such business shall be conducted as shall have been brought before the meeting (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any Stockholder of the Corporation who is a Stockholder of record at the time of giving of the notice provided for in paragraph (b) of this Section 3.5, who is entitled to vote at such meeting and who complies with the notice procedures set forth in paragraph (b) of this Section 3.5.

(b) For business to be properly brought before any meeting of the Stockholders by a Stockholder pursuant to clause (iii) of paragraph (a) of this Section 3.5, the Stockholder must have given timely notice thereof in writing to the Clerk of the Corporation. To be timely, a Stockholder's notice must be delivered to or mailed to and received at the principal executive offices of the Corporation (i) in the case of an annual meeting, not less than sixty (60) days nor more than ninety (90) days prior to the date specified in Section 3.1 above for such annual meeting, regardless of any postponements, deferrals or adjournments of that meeting to a later date; provided, however, that if a special meeting in lieu of an annual meeting of Stockholders is to be held on a date prior to the date specified in Section 3.1 above, and if less than seventy (70) days' notice or prior public disclosure of the date of such special meeting in lieu of an annual meeting is given or made, notice by the Stockholder to be timely must be so delivered or received not later than the close of business on the tenth (10th) day following the earlier of the day on which notice of the date of such special meeting in lieu of an annual meeting was mailed or the day on which public disclosure was made of the date of such special meeting in lieu of an annual meeting; and (ii) in the case of a special meeting (other than a special meeting in lieu of an annual meeting), not later than the tenth (10th) day following the earlier of the day on which notice of the date of the scheduled meeting was mailed or the day on which public disclosure was made of the date of the scheduled meeting. A Stockholder's notice to the Clerk shall set forth as to each matter the Stockholder proposes to bring before the meeting (w) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, (x) the name and address, as they appear on the Corporation's books, of the Stockholder proposing such business, the name and address of the beneficial owner, if any, on whose behalf the proposal is made, and the name and address of any other Stockholders or beneficial owners known by such Stockholder to be supporting such proposal, (y) the class and number of shares of the capital stock of the Corporation which are owned beneficially and of record by such Stockholder of record, by the beneficial owner, if any, on whose behalf the proposal is made and by any other Stockholders or beneficial owners known by such Stockholder to be supporting such proposal, and (z) any material interest of such Stockholder of record and/or of the beneficial owner, if any, on whose behalf the proposal is made, in such proposed business and any material interest of any other Stockholders or beneficial owners known by such

Stockholder to be supporting such proposal in such proposed business, to the extent known by such Stockholder.

(c) Notwithstanding anything in these By-Laws to the contrary, no business shall be conducted at a meeting except in accordance with the procedures set forth in this Section 3.5. The person presiding at the meeting shall, if the facts warrant, determine that business was not properly brought before the meeting and in accordance with the procedures prescribed by these By-Laws, and if he should so determine, he shall so declare at the meeting and any such business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing provisions of this Section 3.5, a Stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 3.5.

(d) This Section 3.5 shall not prevent the consideration and approval or disapproval at the meeting of reports of officers, Directors and committees of the Board of Directors, but, in connection with such reports, no new business shall be acted upon at such meeting unless properly brought before the meeting as provided in these By-Laws.

SECTION 3.6. QUORUM.

At any meeting of the Stockholders, a quorum shall consist of a majority in interest of all stock issued, outstanding and entitled to vote at the meeting; except that if two or more classes or series of stock are outstanding and entitled to vote on any matter as separate classes or series, then in the case of each such class or series a quorum for that matter shall consist of a majority in interest of all stock of that class or series issued, outstanding and entitled to vote, except when a larger quorum is required by law, by the Articles of Organization or by these By-Laws. Any meeting of the Stockholders may be adjourned from time to time to any other time and to any other place by a majority of the votes properly cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice. Any business which could have been transacted at any meeting of the Stockholders as originally called may be transacted at any adjournment thereof.

SECTION 3.7. ACTION BY VOTE.

When a quorum is present at any meeting, a plurality of the votes properly cast for election to any office shall elect to such office, and a majority of the votes properly cast (or if there are two or more classes or series of stock entitled to vote as separate classes or series, then in the case of each such class or series, a majority of the stock of that class or series present or represented and entitled to vote and voting) upon any question other than an election to an office shall decide the question, except when a larger vote is required by law, by the Articles of Organization or by these By-Laws. No ballot shall be required for any election unless requested by a Stockholder present or represented at the meeting and entitled to vote in the election.

SECTION 3.8. VOTING.

Stockholders entitled to vote shall have one vote for each share of stock entitled to vote held by them of record according to the records of the Corporation and a proportionate vote for a fractional share, unless otherwise provided or required by law, by the Articles of Organization or by these By-Laws. The vote for each share of stock held in the name of two or more persons shall be cast in accordance with the decision of any one of them unless at or prior to the time the vote is cast the Corporation receives a specific written notice to the contrary from any one of them (which notice to the contrary need not be in writing if given in person at the meeting at which the vote is to be cast), in which case the vote for each share of stock held in the name of such persons shall be cast in accordance with the decision of a majority of such persons. The Corporation shall not, directly or indirectly, vote any share of its own stock. Nothing in these By-Laws shall be construed to limit the right of the Corporation to vote any shares of stock held directly or indirectly by it in a fiduciary capacity.

SECTION 3.9. ACTION BY WRITTEN CONSENT OF STOCKHOLDERS.

Any action required or permitted to be taken at any meeting of the Stockholders may be taken without a meeting if all Stockholders entitled to vote on the matter consent to the action in writing and the written consents are filed with the records of the meetings of Stockholders. Such consents shall be treated for all purposes as a vote at a meeting.

SECTION 3.10. PROXIES.

Any Stockholder entitled to vote may vote either in person or by a written proxy dated not more than six (6) months before the meeting named therein, which proxy shall be filed with the Clerk or other person responsible to record the proceedings of the meeting before being voted. Unless otherwise specifically limited by their terms, such proxies shall entitle the holders thereof to vote at any adjournment of such meeting but shall not be valid after the final adjournment of such meeting. Proxies need not be sealed or attested. Notwithstanding the foregoing, a proxy coupled with an interest sufficient in law to support an irrevocable power, including, without limitation, an interest in the stock or in the Corporation generally, may be made irrevocable if it so provides, need not specify the meeting to which it relates, and shall be valid and enforceable until the interest terminates, or for such shorter period as may be specified in the proxy. A proxy with respect to stock held in the name of two or more persons shall be valid if executed by any one of them unless at or prior to exercise of the proxy the Corporation receives a specific written notice to the contrary from any one of them. A proxy purporting to be executed by or on behalf of a Stockholder shall be deemed valid unless challenged at or prior to its exercise and the burden of proving invalidity shall rest on the challenger.

SECTION 3.11. CONDUCT OF BUSINESS.

The President or his designee, or, if the office of President shall be vacant, then a person appointed by the Board of Directors, shall preside at any meeting of Stockholders as the chairman of the meeting. In addition to his powers pursuant to Section 3.5(c), the person presiding at any

meeting of Stockholders shall determine the order of business and the procedures at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him in order.

ARTICLE IV
Directors

SECTION 4.1. POWERS.

The business of the Corporation shall be managed by a Board of Directors who shall have and may exercise all the powers of the Corporation except as otherwise reserved to the Stockholders by law, by the Articles of Organization or by these By-Laws. In the event of a vacancy in the Board of Directors, the remaining Directors, except as otherwise provided by law, may exercise the powers of the full Board until the vacancy is filled. Without limiting the generality of the foregoing, the Board of Directors shall have the power, unless otherwise provided by law, to purchase and to lease, pledge, mortgage and sell all property of the Corporation (including to issue or sell the stock of the Corporation) and to make such contracts and agreements as they deem advantageous, to fix the price to be paid for or in connection with any property or rights purchased, sold, or otherwise dealt with by the Corporation, to borrow money, issue bonds, notes and other obligations of the Corporation, and to secure payment thereof by mortgage or pledge of all or any part of the property of the Corporation. The Board of Directors may determine the compensation to be paid to Directors for their service as Directors. The Board of Directors, or such officer or committee as the Board of Directors may designate, may determine the compensation and duties, in addition to those prescribed by these By-Laws, of all officers, agents and employees of the Corporation.

SECTION 4.2. ENUMERATION, ELECTION, AND TERM OF OFFICE.

The Board of Directors, which shall be not less than three Directors, shall be composed of such number as shall be fixed from time to time by a vote of a majority of the entire Board of Directors; provided, however, that no decrease in the number comprising the entire Board of Directors made pursuant to this Section 4.2 shall shorten the term of any incumbent Director. The Board of Directors shall be divided into three classes, as nearly equal in number as possible. The Directors need not be Stockholders. At each annual meeting of Stockholders, the successors to the class of Directors whose term expires at that meeting shall be elected to hold office for a term continuing until the annual meeting held in the third year following the year of their election and until their successors are duly elected and qualified or until their earlier resignation, death or removal; provided, that in the event of failure to hold such an annual meeting or to hold such election at such meeting, the election of Directors may be held at any special meeting of the Stockholders called for that purpose. Directors, except those appointed by the Board of Directors to fill vacancies, shall be elected by a plurality vote of the Stockholders, voting by ballot either in person or by proxy. As used in these By-Laws, the expression "entire Board of Directors" means the number of Directors in office at a particular time.

SECTION 4.3. NOMINATION OF DIRECTORS.

The following provisions of this Section 4.3 shall apply to the nomination of persons for election to the Board of Directors.

(a) Nominations of persons for election to the Board of Directors of the Corporation may be made (i) by or at the direction of the Board of Directors or (ii) by any Stockholder of the Corporation who is a Stockholder of record at the time of giving of the notice provided for in paragraph (b) of this Section 4.3, who is entitled to vote for the election of Directors at the meeting and who complies with the notice procedures set forth in paragraph (b) of this Section 4.3.

(b) Nominations by Stockholders shall be made pursuant to timely notice in writing to the Clerk of the Corporation. To be timely, a Stockholder's notice shall be delivered to or mailed to and received at the principal executive offices of the Corporation, not less than sixty (60) days nor more than ninety (90) days prior to the date specified in Section 3.1 above for the annual meeting, regardless of any postponements, deferrals or adjournments of that meeting to a later date; provided, however, that if a special meeting in lieu of an annual meeting of Stockholders is to be held on a date prior to the date specified in Section 3.1 above, and if less than seventy (70) days' notice or prior public disclosure of the date of such special meeting in lieu of an annual meeting is given or made, notice by the Stockholder to be timely must be so delivered or received not later than the close of business on the tenth (10th) day following the earlier of the day on which notice of the date of such special meeting in lieu of an annual meeting was mailed or the day on which public disclosure was made of the date of such special meeting in lieu of an annual meeting. A Stockholder's notice to the Clerk shall set forth (x) as to each person whom the Stockholder proposes to nominate for election or reelection as a Director all information relating to such person that is required to be disclosed in solicitations of proxies for the election of directors, or is otherwise required, pursuant to Regulation 14A under the Exchange Act or pursuant to any other then existing statute, rule or regulation applicable thereto (including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected); (y) as to the Stockholder giving the notice (1) the name and address, as they appear on the Corporation's books, of such Stockholder and (2) the class and number of shares of the capital stock of the Corporation which are beneficially owned by such Stockholder and also which are owned of record by such Stockholder; and (z) as to the beneficial owner, if any, on whose behalf the nomination is made, (1) the name and address of such person and (2) the class and number of shares of the capital stock of the Corporation which are beneficially owned by such person. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee as a Director. At the request of the Board of Directors, any person nominated by the Board of Directors for election as a Director shall furnish to the Clerk of the Corporation that information required to be set forth in a Stockholder's notice of nomination which pertains to the nominee.

(c) No person shall be eligible to serve as a Director of the Corporation unless nominated in accordance with the procedures set forth in this Section 4.3. The person presiding at the meeting shall, if the facts warrant, determine that a nomination was not made in accordance with the procedures prescribed by these By-Laws, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 4.3, a Stockholder shall also comply with all applicable requirements of

the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 4.3.

SECTION 4.4. CHAIRMAN AND VICE CHAIRMAN OF THE BOARD.

The Board of Directors shall annually elect a Chairman and may annually elect a Vice Chairman of the Board, each of whom shall have such powers as the directors may from time to time designate. Unless the Board of Directors otherwise provides, the Chairman of the Board shall preside, when present, at all meetings of the Board of Directors and of any committee of the Board of Directors to which he shall have been elected.

SECTION 4.5. REGULAR MEETINGS.

Regular meetings of the Board of Directors may be held at such times and places within or without The Commonwealth of Massachusetts as the Board of Directors may fix from time to time and, when so fixed, no notice thereof need by given, provided that any Director who is absent when such times and places are fixed shall be given notice of the fixing of such times and places. The first meeting of the Board of Directors following the annual meeting of the Stockholders, or special meeting in lieu thereof, may be held without notice immediately after and at the same place as the annual meeting of the Stockholders or the special meeting in lieu thereof, as the case may be. If in any year a meeting of the Board of Directors is not held at such time and place, any action to be taken may be taken at any later meeting of the Board of Directors with the same force and effect as if held or transacted at such meeting.

SECTION 4.6. SPECIAL MEETINGS.

Special meetings of the Directors may be held at any time and at any place designated in the call of the meeting and may be called by the President, the Treasurer or one or more Directors. Reasonable notice thereof shall be given to each Director by the Clerk or an Assistant Clerk, or by the officer or one of the Directors calling the meeting.

SECTION 4.7. NOTICE.

It shall be reasonable and sufficient notice to a Director to send notice by mail at least forty-eight (48) hours or by telegram, facsimile transmission or electronic mail at least twenty-four (24) hours before the meeting addressed to him at his usual or last known business or residence address or to give notice to him in person or by telephone at least twenty-four (24) hours before the meeting. Notice of a meeting need not be given to any Director if a written waiver of notice, executed by him before or after the meeting, is filed with the records of the meeting, or to any Director who attends the meeting without protesting prior thereto or at its commencement the lack of notice to him. Neither notice of a meeting nor a waiver of a notice need specify the purposes of the meeting.

SECTION 4.8. QUORUM; ACTION AT A MEETING.

At any meeting of the Directors, a quorum for any election or for the consideration of any question shall consist of a majority of the Directors then in office. Whether or not a quorum is present, any meeting may be adjourned from time to time by a majority of the votes properly cast upon the question, and the meeting may be held as adjourned without further notice. When a quorum is present at any meeting, the votes of a majority of the Directors present shall be requisite and sufficient for election to any office and shall decide any question brought before such meeting, except in any case where a larger vote is required by law, by the Articles of Organization or by these By-Laws.

SECTION 4.9. ACTION BY CONSENT.

Any action required or permitted to be taken at any meeting of the Directors may be taken without a meeting if all the Directors consent to the action in writing and the written consents are filed with the records of the meetings of the Directors. Such consent shall be treated for all purposes as a vote of the Directors at a meeting.

SECTION 4.10. COMMITTEES.

The Board of Directors, by vote of a majority of the Directors then in office, may elect from its number an Executive Committee or other committees, composed of such number of its members as it may from time to time determine (but in any event not less than two), and may delegate thereto some or all of its powers except those which by law, by the Articles of Organization, or by these By-Laws may not be delegated. Except as the Board of Directors may otherwise determine, any such committee may make rules for the conduct of its business, but unless otherwise provided by the Board of Directors or in such rules, its business shall be conducted so far as possible in the same manner as is provided by these By-Laws for the Board of Directors. All members of such committees shall hold such offices at the pleasure of the Board of Directors. The Board of Directors may abolish any such committee at any time. Any committee to which the Board of Directors delegates any of its powers or duties shall keep records of its meetings and shall upon request report its action to the Board of Directors.

SECTION 4.11. TELEPHONE CONFERENCE MEETINGS.

Any member of the Board of Directors or any committee thereof may participate in a meeting of such Board of Directors or committee thereof by means of a conference telephone (or similar communications equipment) by means of which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at a meeting.

ARTICLE V
Officers and Agents

SECTION 5.1. ENUMERATION; QUALIFICATION.

The officers of the Corporation shall be a Chief Executive Officer, a President, a Treasurer, a Clerk and such other officers, if any, as the incorporators at their initial meeting, or the Directors from time to time, may in their discretion elect or appoint. The Corporation may also have such agents, if any, as the incorporators at their initial meeting, or the Directors from time to time, may in their discretion appoint. None of the officers of the Corporation need be a resident of Massachusetts if the Corporation has a resident agent appointed for the purpose of service of process. Any two or more offices may be held by the same person. Any officer may be required by the Directors to give bond for the faithful performance of his duties to the Corporation in such amount and with such sureties as the Directors may determine. The premiums for such bonds may be paid by the Corporation.

SECTION 5.2. POWERS.

Subject to law, to the Articles of Organization and to the other provisions of these By-Laws, each officer shall have, in addition to the duties and powers herein set forth, such duties and powers as are commonly incident to his office and such duties and powers as the Directors may from time to time designate.

SECTION 5.3. ELECTION.

The President, the Treasurer and the Clerk shall be elected annually by the Directors at their first meeting following the annual meeting of the Stockholders or special meeting in lieu thereof. Other officers, if any, may be elected or appointed by the Board of Directors at such meeting or at any other time.

SECTION 5.4. TENURE.

Except as otherwise provided by law, by the Articles of Organization or by these By-Laws, the President, the Treasurer and the Clerk shall hold office until the first meeting of the Directors following the next annual meeting of the Stockholders or special meeting in lieu thereof and until their respective successors are chosen and qualified, and each other officer shall hold office until the first meeting of the Directors following the next annual meeting of the Stockholders and until their respective successors are chosen and qualified, unless a different period shall have been specified by the terms of his election or appointment, or in each case until he sooner dies, resigns, is removed, or becomes disqualified. Each agent shall retain his authority at the pleasure of the Directors.

SECTION 5.5. CHIEF EXECUTIVE OFFICER.

The Chief Executive Officer shall, subject to the direction of the Board of Directors, have general supervision and control of the Corporation's business.

SECTION 5.6. PRESIDENT AND VICE PRESIDENT.

The President shall serve as the Chief Executive Officer of the Corporation and shall have such powers and shall perform such other duties as the Board of Directors may from time to time

designate. Unless otherwise provided by the Board of Directors, when present, the President shall preside at all meetings of the Stockholders. In addition, unless otherwise provided by the Board of Directors, when present, the President shall preside at meetings of the Board of Directors if a Chairman and Vice Chairman of the Board have not been elected or if the Chairman and Vice Chairman of the Board do not attend such meetings and have not designated any person to preside at such meetings.

Any Vice President shall have such powers and shall perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 5.7. TREASURER AND ASSISTANT TREASURER.

The Treasurer shall, subject to the direction of the Board of Directors, have general charge of the financial affairs of the Corporation and shall cause to be kept accurate books of account. He shall have custody of all funds, securities and valuable documents of the Corporation, except as the Board of Directors may otherwise provide.

Any Assistant Treasurer shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 5.8. CLERK AND ASSISTANT CLERKS.

The Clerk shall keep a record of the meetings of Stockholders. In the event there is no Secretary or he is absent, the Clerk or an Assistant Clerk shall keep a record of the meetings of the Board of Directors. In the absence of the Clerk from any meeting of Stockholders, an Assistant Clerk if one be elected or appointed, otherwise a temporary Clerk designated by the person presiding at the meeting, shall perform the duties of the Clerk.

SECTION 5.9. SECRETARY.

The Secretary, if one be elected or appointed, shall keep a record of the meetings of the Board of Directors. In the absence of the Secretary, the Clerk and any Assistant Clerk, a temporary Secretary shall be designated by the person presiding at such meeting to perform the duties of the Secretary.

ARTICLE VI
Resignations, Removals and Vacancies

SECTION 6.1. RESIGNATIONS.

Any Director or officer may resign at any time by delivering his resignation in writing to the President or the Clerk or to a meeting of the Directors. Such resignation shall take effect at such time as is specified therein, or if no such time is so specified then upon delivery thereof.

SECTION 6.2. REMOVALS.

(a) Except as otherwise provided by law, any Director may be removed from office (i) with or without cause at any meeting of the Stockholders called for the purpose by the vote of a majority of the shares issued, outstanding and entitled to vote in the election of Directors or (ii) for cause at any meeting of the Board of Directors by vote of a majority of the Directors then in office. A Director may be removed for cause only after a reasonable notice and opportunity to be heard before the body proposing to remove him.

(b) The Directors may remove any officer from office with or without assignment of cause by vote of a majority of the Directors then in office. If cause is assigned for removal of any officer, such officer may be removed only after a reasonable notice and opportunity to be heard before the body proposing to remove him. The Directors may terminate or modify the authority of any agent or employee.

(c) Except as the Directors may otherwise determine, no Director or officer who resigns or is removed shall have any right to any compensation as such Director or officer for any period following his resignation or removal, or any right to damages on account of such removal whether his compensation be by the month or by the year or otherwise; provided, however, that the foregoing provision shall not prevent such Director or officer from obtaining damages from breach of any contract of employment legally binding upon the Corporation.

SECTION 6.3. VACANCIES.

Subject to law and to the Articles of Organization, any vacancy in the Board of Directors, including a vacancy resulting from an enlargement of the Board, may be filled by vote of a majority of the Directors then in office or, in the absence of such election by the Directors, by the Stockholders at a meeting called for the purpose; provided, however, that any vacancy resulting from action by the Stockholders may be filled by the Stockholders at the same meeting at which such action was taken by them.

If the office of any officer becomes vacant, the Directors may elect or appoint a successor by vote of a majority of the Directors present at the meeting at which such election or appointment is made.

Each such successor shall hold office for the unexpired term of his predecessor and until his successor shall be elected or appointed and qualified, or until he sooner dies, resigns, is removed or becomes disqualified.

ARTICLE VII
Stock

SECTION 7.1. ISSUE OF AUTHORIZED AND UNISSUED CAPITAL STOCK.

Any unissued capital stock from time to time authorized under the Articles of Organization may be issued by vote of the Directors. No such stock shall be issued unless the cash, so far as due, or the property, services or expenses for which it was authorized to be issued, has been actually received or incurred by, or conveyed or rendered to, the Corporation, or is in its possession as surplus.

SECTION 7.2. CERTIFICATES OF STOCK.

Each Stockholder shall be entitled to a certificate in a form selected by the Board of Directors stating the number and the class and the designation of the series, if any, of the shares held by him, except that the Board of Directors may provide by resolution that some or all of any or all classes and series of shares of the capital stock of the Corporation shall be uncertificated shares, to the extent permitted by law. Such certificate shall be signed by the President or a Vice President and by the Treasurer or an Assistant Treasurer. Such signatures may be facsimiles if the certificate is signed by a transfer agent, or by a registrar, other than a Director, officer or employee of the Corporation. In case any officer who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the time of its issue.

Every certificate for shares of stock subject to any restriction on transfer pursuant to the Articles of Organization, these By-Laws, or any agreement to which the Corporation is a party shall have the restriction noted conspicuously on the certificate and shall also set forth on the face or back either the full text of the restriction or a statement of the existence of such restriction and a statement that the Corporation will furnish a copy thereof to the holder of such certificate upon written request and without charge. Every certificate issued when the Corporation is authorized to issue more than one class or series of stock shall set forth on its face or back either the full text of the preferences, voting powers, qualifications and special and relative rights of the shares of each class and series, if any, authorized to be issued as set forth in the Articles of Organization or a statement of the existence of such preferences, powers, qualifications and rights and a statement that the Corporation will furnish a copy thereof to the holder of such certificate upon written request and without charge.

SECTION 7.3. TRANSFERS.

Subject to the restrictions, if any, imposed by the Articles of Organization, these By-Laws or any agreement to which the Corporation is a party, shares of stock shall be transferred on the books of the Corporation only by the surrender to the Corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment of such shares or by a written power of attorney to sell, assign or transfer such shares, properly executed, with necessary transfer stamps affixed, and with such proof that the endorsement, assignment or power of attorney is genuine and effective as the Corporation or its transfer agent may

reasonably require. Except as may be otherwise required by law, the Corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect thereto, regardless of any transfer, pledge or other disposition of such stock, until the shares have been transferred on the books of the Corporation in accordance with the requirements of these By-Laws. It shall be the duty of each Stockholder to notify the Corporation of his post office address.

SECTION 7.4. LOST, MUTILATED OR DESTROYED CERTIFICATES.

Except as otherwise provided by law, the Directors may determine the conditions upon which a new certificate of stock may be issued in place of any certificate alleged to have been lost, mutilated, or destroyed. They may, in their discretion, require the owner of a lost, mutilated or destroyed certificate, or his legal representative, to give a bond, sufficient in their opinion, with or without surety, to indemnify the Corporation against any loss or claim which may arise by reason of the issue of a certificate in place of such lost, mutilated, or destroyed stock certificate.

SECTION 7.5. TRANSFER AGENT AND REGISTRAR.

The Board of Directors may appoint a transfer agent or a registrar or both for its capital stock of any class or series thereof and require all certificates for such stock to bear the signature or facsimile thereof of any such transfer agent or registrar.

SECTION 7.6. SETTING RECORD DATE AND CLOSING TRANSFER RECORDS.

The Board of Directors may fix in advance a time not more than sixty (60) days before: (i) the date of any meeting of the Stockholders; or (ii) the date for the payment of any dividend or the making of any distribution to Stockholders; or (iii) the last day on which the consent or dissent of Stockholders may be effectively expressed for any purpose, as the record date for determining the Stockholders having the right to notice and to vote at such meeting or any adjournment thereof, or the right to receive such dividend or distribution, or the right to give such consent or dissent. If a record date is set, only Stockholders of record on the record date shall have such right, notwithstanding any transfer of stock on the books of the Corporation after the record date. Without fixing such record date, the Board of Directors may close the transfer records of the Corporation for all or any part of such sixty (60) day period.

If no record date is fixed and the transfer books are not closed, then the record date for determining Stockholders having the right to notice of or to vote at a meeting of Stockholders shall be at the close of business on the day next preceding the day on which notice is given, and the record date for determining Stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors acts with respect thereto.

ARTICLE XIII
Miscellaneous Provisions

SECTION 8.1. EXECUTION OF PAPERS.

All deeds, leases, transfers, contracts, bonds, notes, releases, checks, drafts and other obligations authorized to be executed on behalf of the Corporation shall be signed by the Chief Executive Officer, President or the Treasurer except as the Directors may generally or in particular cases otherwise determine.

SECTION 8.2. VOTING OF SECURITIES.

Except as the Directors may generally or in particular cases otherwise specify, the Chief Executive Officer, President or the Treasurer may on behalf of the Corporation vote or take any other action with respect to shares of stock or beneficial interest of any other corporation, or of any association, trust or firm, of which any securities are held by this Corporation, and may appoint any person or persons to act as proxy or attorney-in-fact for the Corporation, with or without power of substitution, at any meeting thereof.

SECTION 8.3. CORPORATE SEAL.

The seal of the Corporation shall be a circular die with the name of the Corporation, the word "Massachusetts" and the year of its incorporation cut or engraved thereon, or shall be in such other form as the Board of Directors may from time to time determine.

SECTION 8.4. CORPORATE RECORDS.

The original, or attested copies, of the Articles of Organization, By-Laws and records of all meetings of the incorporators and Stockholders, and the stock and transfer records, which shall contain the names of all Stockholders and the record address and the amount of stock held by each, shall be kept in Massachusetts at the principal office of the Corporation, or at an office of its transfer agent or of its Clerk or of its Resident Agent. Such copies and records need not all be kept in the same office. They shall be available at all reasonable times to the inspection of any Stockholder for any proper purpose but not to secure a list of Stockholders or other information for the purpose of selling such list or information or copies thereof or of using the same for a purpose other than in the interest of the applicant, as a Stockholder, relative to the affairs of the Corporation.

SECTION 8.5. EVIDENCE OF AUTHORITY.

A certificate by the Clerk, the Secretary, or any Assistant or temporary Clerk or Secretary as to any matter relative to the Articles of Organization, By-Laws, records of the proceedings of the

incorporators, Stockholders, Board of Directors, or any committee of the Board of Directors, or stock and transfer records or as to any action taken by any person or persons as an officer or agent of the Corporation, shall as to all persons who rely thereon in good faith be conclusive evidence of the matters so certified.

SECTION 8.6. RIGHT TO REPURCHASE.

Except as otherwise provided by law, by the Articles of Organization or by these By-Laws (including any amendments thereto), the Corporation, through its Board of Directors, shall have the right and power to repurchase any of its outstanding shares at such price and upon such terms as may be agreed upon between the Corporation and the selling Stockholder(s), or the predecessor(s) in interest thereof.

SECTION 8.7. DIVIDENDS.

Except as otherwise provided by law or by the Articles of Organization, the Board of Directors may declare and pay dividends upon the shares of capital stock of the Corporation, which dividends may be paid either in cash, securities of the Corporation or other property.

SECTION 8.8. RATIFICATION.

Any action taken on behalf of the Corporation by the Directors or any officer or representative of the Corporation which requires authorization by the Stockholders or the Directors of the Corporation shall be deemed to have been authorized if subsequently ratified by the Stockholders entitled to vote or by the Directors, as the case may be, at a meeting held in accordance with these By-Laws.

SECTION 8.9. RELIANCE UPON BOOKS, RECORDS AND REPORTS.

Each Director or officer of the Corporation shall be entitled to rely on information, opinions, reports or records, including financial statements, books of account and other financial records, in each case presented by or prepared by or under the supervision of (i) one or more officers or employees of the Corporation whom the Director or officer reasonably believes to be reliable and competent in the matters presented, (ii) counsel, public accountants or other persons as to matters which the Director or officer reasonably believes to be within such person's professional or expert competence, or (iii) in the case of a Director, a duly constituted committee of the Board of Directors upon which he does not serve, as to matters within its delegated authority, which committee the Director reasonably believes to merit confidence, but he shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause such reliance to be unwarranted. The fact that a Director or officer so performed his duties shall be a complete defense to any claim asserted against him by reason of his being or having been a Director or officer of the Corporation, except as expressly provided by statute.

SECTION 8.10. CONTROL SHARE ACQUISITION.

Until such time as this section shall be repealed or these By-Laws shall be amended to provide otherwise, including, without limitation, during any time that the Corporation shall be an "issuing public corporation" as defined in Chapter 110D of the Massachusetts General Laws, the provisions of Chapter 110D of the Massachusetts General Laws shall not apply to "control share acquisitions" of the Corporation within the meaning of such Chapter 110D.

ARTICLE IX
Amendments

Except as otherwise provided in the Articles of Organization, these By-Laws may be amended or repealed in whole or in part by the affirmative vote of the holders of a majority of the shares of each class of the capital stock at the time outstanding and entitled to vote at any annual or special meeting of Stockholders, provided that notice of the substance of the proposed amendment is stated in the notice of such meeting. If authorized by the Articles of Organization, the Directors may make, amend or repeal the By-Laws, in whole or in part, except with respect to any provision hereof which by law, by the Articles of Organization or by the By-Laws requires action by the Stockholders. Not later than the time of giving notice of the meeting of Stockholders next following the making, amending or repealing by the Directors of any By-Law, notice thereof stating the substance of such change shall be given to all Stockholders entitled to vote on amending the By-Laws. Any By-Law adopted, amended or repealed by the Directors may be repealed, amended or reinstated by the Stockholders entitled to vote on amending the By-Laws.

EXHIBIT 5.1

FOLEY, HOAG & ELIOT LLP
ONE POST OFFICE SQUARE
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April 21, 1998

Charles River Associates Incorporated
200 Clarendon Street
Boston, Massachusetts 02116

Ladies and Gentlemen:

We are familiar with the Registration Statement on Form S-1 (Registration No. 333-46941), as amended by Amendment Nos. 1 and 2 (as amended, the "Registration Statement"), filed by Charles River Associates Incorporated, a Massachusetts corporation (the "Company"), with the Securities and Exchange Commission under the Securities Act of 1933, as amended. The Registration Statement relates to the proposed public offering by the Company of 1,796,875 shares (the "Company Shares") of its Common Stock, without par value (the "Common Stock"), to be issued by the Company and to the proposed public offering by certain stockholders of the Company (the "Selling Stockholders") of an aggregate of 719,325 additional shares (the "Stockholder Shares") of such Common Stock. (The foregoing numbers of Company Shares and Stockholder Shares assume the exercise in full of the over-allotment option described in the Registration Statement.)

We are familiar with the Company's Articles of Organization and all amendments thereto and restatements thereof, its By-Laws and all amendments thereto and restatements thereof, the records of meetings and consents of its Board of Directors and of its stockholders provided to us by the Company, and its stock records. In addition, we have examined and relied on the originals or copies certified or otherwise identified to our satisfaction of all such corporate records of the Company and such other instruments and other certificates of public officials, officers and representatives of the Company and such other persons, and we have made such investigations of law, as we have deemed appropriate as a basis for the opinions expressed below.

Based on the foregoing, it is our opinion that:

1. The Company has corporate power adequate for the issuance of the Company Shares in accordance with the Registration Statement. The Company has taken all necessary corporate action required to authorize the issuance and sale of the Company Shares. When certificates for the Company Shares have been duly executed and countersigned, and delivered against due receipt of

consideration therefor as described in the Registration Statement, the Company Shares will be legally issued, fully paid and non-assessable.

2. Upon the due execution, countersignature and delivery of certificates for the Stockholder Shares, the Stockholder Shares will be legally issued, fully paid and non-assessable.

We consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to us under the heading "Legal Matters" in the prospectus forming part of the Registration Statement.

Very truly yours,

Foley, Hoag & Eliot LLP

By: /s/ William R. Kolb

A Partner

EXHIBIT 10.9

CHARLES RIVER ASSOCIATES INCORPORATED

STOCK RESTRICTION AGREEMENT

This Stock Restriction Agreement (the "Agreement") is made as of the 17th day of April, 1998, by and among Charles River Associates Incorporated, a Massachusetts corporation (the "Company"), and the persons whose names and addresses appear on SCHEDULE A hereto (each, a "Stockholder" and collectively, the "Stockholders").

WITNESSETH:

WHEREAS, each Stockholder is the record and beneficial owner of the number of shares of the Company's Common Stock, without par value (the "Common Stock"), as set forth on SCHEDULE A hereto;

WHEREAS, the Company and the Stockholders are parties to, or are otherwise bound by, the Exit Agreement dated as of March 2, 1995 (as amended to date, the "Exit Agreement"), which contains certain restrictions on the ability of the Stockholders to sell, assign, transfer or otherwise dispose of their respective shares of Common Stock;

WHEREAS, the Company has filed a registration statement on Form S-1 with the Securities and Exchange Commission with respect to a proposed initial public offering of shares of Common Stock;

WHEREAS, in light of the proposed initial public offering and the fact that the original purpose of certain restrictions and other provisions of the Exit Agreement will no longer exist from and after the Effective Date (as defined below), the Company and the Stockholders desire to amend and restate the Exit Agreement to modify, among other things, the restrictions on the ability of the Stockholders to sell, assign, transfer and dispose of their respective shares of Common Stock;

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Stockholders hereby agree, and agree to amend and restate the Exit Agreement so that it shall read in its entirety, as follows:

1. Definitions.

Capitalized terms used but not defined elsewhere in this Agreement shall have the meanings set forth below:

"Associate" shall mean any director, officer, employee, consultant or independent contractor of the Company.

"Average EBBA" shall mean the average of EBBA for the two full fiscal years immediately prior to the fiscal year in which (i) a Sale Event or Liquidation occurs or (ii) a Former Stockholder shall die.

"Average Rate" shall mean, with respect to any period, a rate equal to the average of the prime rates of interest published in The Wall Street Journal on the first business day of such period and the day which is twenty (20) business days prior to the last business day of such period.

"Book Value" shall mean, as of any date, the Company's book value as shown on its relevant balance sheet prepared in accordance with GAAP minus any goodwill carried as an asset on such balance sheet minus any principal amounts owed by new stockholders of the Company to the Company for the purchase of Common Stock from the Company.

"Closing Date" shall have the meaning set forth in Section 11(a).

"Commission" shall mean the Securities and Exchange Commission.

"Common Stock" shall have the meaning set forth in the first Whereas clause hereof.

"Competition" and "Compete" shall mean engaging in or being associated with any Competitive Business, as determined in the sole discretion of the Board of Directors of the Company. The Board of Directors, in its sole discretion, may determine, on a case by case basis, whether a Stockholder's personal consulting activity or other employment elsewhere is Competition for purposes of this Agreement; provided, however, employment in a line of business that the Company affirmatively discontinues shall not be Competition for purposes of this Agreement. A Pre-Offering Stockholder shall be deemed to be associated with a Competitive Business if such Pre-Offering Stockholder shall serve as a director, officer, employee, consultant or independent contractor of, or shall advise or otherwise perform services for, that business, regardless of whether the Pre-Offering Stockholder shall receive any compensation for such service. Notwithstanding the foregoing, a Stockholder may own, directly or indirectly, solely as an investment, up to one percent (1%) of any class of "publicly traded securities" of any person or entity that owns a Competitive Business. For the purposes of this paragraph, the term "publicly traded securities" shall mean securities that are traded on a national securities exchange or listed on the Nasdaq National Market or the Nasdaq SmallCap Market.

"Competition Date" shall mean the date upon which a Stockholder Competes with the Company, as determined in good faith by the Board of Directors.

"Competitive Business" shall have the meaning set forth in Section 8.

"Contingent Installment Payment" shall have the meaning set forth in Section 4(b).

"Contingent Pay-Out" shall have the meaning set forth in Section 4(b).

"Defaulting Stockholder" shall have the meaning set forth in Section 9(f).

"Donee" shall have the meaning set forth in Section 14(a).

"Donee's Pro Rata Portion" shall have the meaning set forth in Section 14(d).

"Donor" shall have the meaning set forth in Section 14(a).

"Donor's Pro Rata Portion" shall have the meaning set forth in Section 14(c).

"EBBA" shall mean, with respect to any period, earnings before bonuses, variable compensation and amortization of goodwill, if any, determined in accordance with GAAP, for such period, but excluding any proceeds the Company might receive under any key man insurance policy the Company may carry on the life of any Associate.

"Effective Date" shall mean the effective date of the Registration Statement.

"Effective Time" shall have the meaning set forth in Section 23(a).

"Fair Market Value" shall mean, with respect to the Common Stock, the closing price per share of Common Stock on the principal United States national securities exchange on which the Common Stock is listed, or, if the Common Stock is not listed on any national securities exchange, the closing price per share of Common Stock on any automated quotation system maintained by the Nasdaq Stock Market, Inc. (including the Nasdaq National Market and the Nasdaq SmallCap Market), or, if the Common Stock is not traded on any such automated quotation system, the average of the last bid and asked prices of the Common Stock on any over-the-counter market on which the Common Stock is traded, or, if the Common Stock is not traded on any such over-the-counter market, the value as determined in good faith by the Board of Directors of the Company.

"Family" shall mean, with respect to any natural person, any other natural person related by blood, adoption and/or marriage to such natural person. The Family of any Pre-Offering Stockholder that is a trust shall be the Family of such Pre-Offering Stockholder's grantor and shall include such grantor. A trust shall be considered to be for the benefit of members of a person's Family if all present and future beneficiaries thereof (excluding any remote contingent future beneficiaries and any permissible appointee under a testamentary power of appointment) are members of such person's Family.

"Final Fiscal Year" shall have the meaning set forth in Section 4(a).

"First Unrestricted Stock Limit" shall mean, with respect to any Pre-Offering Stockholder, the number of shares of Pre-Offering Stock that is equal to fifty percent (50%) of the Pre-Offering Stock held by the Pre-Offering Stockholder immediately before the Effective Date.

"Fixed Amount" shall have the meaning set forth in Section 4(a).

"Former Purchase Price" shall have the meaning set forth in Section 4.

"Former Stockholder" shall mean a stockholder who sold Repurchased Shares to the Company before the Effective Time in accordance with the Exit Agreement.

"Former Stockholder's Death Amount" shall mean, with respect to any Former Stockholder, (i) any Fixed Amount still due to such Former Stockholder, together with all interest accrued on such Fixed Amount through the date of such Former Stockholder's death, plus (ii) 25% of the Average EBBA multiplied by such Former Stockholder's Percentage Interest multiplied by the number of Contingent Installment Payments that would have been remaining in such Former Stockholder's Contingent Pay-Out had such Former Stockholder's death not occurred.

"GAAP" shall mean United States generally accepted accounting principles consistently applied.

"Gift Stock" shall have the meaning set forth in Section 14(a).

"Gift Transfer" shall have the meaning set forth in Section 14(a).

"Initial Restriction Period" shall mean the two-year period commencing on the Effective Date and ending on the second anniversary thereof.

"Liquidation" shall mean the dissolution or winding up of the Company in accordance with the laws of The Commonwealth of Massachusetts.

"Option Shares" shall have the meaning set forth in Section 11(a).

"Pay-Out Period" shall have the meaning set forth in Section 4(b).

"Percentage Interest" shall mean, with respect to any Former Stockholder and any Prior Repurchase Date, a fraction, the numerator of which shall be the number of Repurchased Shares repurchased from such Former Stockholder on such Prior Repurchase Date and the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to such Prior Repurchase Date.

"Pre-Offering Stock" shall mean all shares of Common Stock issued and outstanding and held of record as set forth on SCHEDULE A hereto. In the event that any Pre-Offering Stockholder shall, after the execution of this Agreement but prior to the Effective Time, transfer any shares of Pre-Offering Stock with the consent of the Board of Directors, SCHEDULE A shall be automatically amended to reflect such transfer and each transferee of such shares of Pre-Offering Stock shall be deemed a Pre-Offering Stockholder hereunder for all purposes.

"Pre-Offering Stockholder" shall mean any holder of record of Pre-Offering Stock.

"Price Adjustment Amount" shall have the meaning set forth in Section 4(c).

"Prior Repurchase Date" shall mean, with respect to any Former Stockholder, the date on which the Company shall have repurchased Repurchased Shares from such Former Stockholder.

"Prohibited Transfer" shall have the meaning set forth in Section 9(f).

"Purchase Amount" shall have the meaning set forth in Section 10(c).

"Purchase Price" shall have the meaning set forth in Section 10(d).

"Registration Statement" shall mean the Registration Statement on Form S-1 (File Number 333-46941) filed by the Company with the Commission under the Securities Act.

"Relevant Party" shall have the meaning set forth in Section 19(a).

"Repurchased Excess Shares" shall mean, with respect to any Former Stockholder, the number of shares of Common Stock repurchased by the Company from such Former Stockholder and set forth under the heading "Repurchased Excess Shares" on SCHEDULE B.

"Repurchased Shares" shall mean, with respect to any Former Stockholder, the number of shares of Common Stock repurchased by the Company from such Former Stockholder (including Repurchased Excess Shares) pursuant to the Exit Agreement prior to the Effective Time, as set forth under the heading "Total Repurchased Shares" on SCHEDULE B. In the event that the Company shall repurchase shares of Common Stock pursuant to the Exit Agreement after the execution of this Agreement but prior to the Effective Time or pursuant to Section 10(f), SCHEDULE B shall be automatically amended to reflect such repurchase and the seller of such Common Stock shall be deemed a Former Stockholder hereunder for all purposes.

"Repurchase Notice" shall have the meaning set forth in Section 11(a).

"Sale Event" shall mean the sale or other disposition of all or substantially all of the assets or business of the Company, whether by asset transfer, stock transfer, merger, combination or otherwise.

"Sale/Liquidation Amount" shall mean, with respect to any Former Stockholder, (i) any Fixed Amount still due to such Former Stockholder, together with all interest accrued on such Fixed Amount through the closing date of such Sale Event or Liquidation, plus (ii) the product of 25% of the Average EBBA, multiplied by such Former Stockholder's Percentage Interest, multiplied by the number of Contingent Installment Payments that would have been remaining in such Former Stockholder's Contingent Pay-Out if such Sale Event or Liquidation had not occurred.

"Second Unrestricted Stock Limit" shall mean, with respect to any Pre-Offering Stockholder, the number of shares of Pre-Offering Stock that is equal to thirty percent (30%) of the Pre-Offering Stock held by the Pre-Offering Stockholder immediately before the Effective Date.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Separation Date" shall mean, with respect to any Former Stockholder or Pre-Offering Stockholder, the date on which such Former Stockholder or Pre-Offering Stockholder ceased or shall cease to be an Associate for any reason, as determined in good faith by the Company's Board of Directors, or in the case of the death of a Former Stockholder, the date of death of such Former Stockholder.

"Separation Notice" shall mean a written notice from the Company to a Former Stockholder or Pre-Offering Stockholder specifying the date as of which such Former Stockholder or Pre-Offering Stockholder ceased to be an Associate for any reason as determined in good faith by the Board of Directors.

"Separation Period" shall mean, with respect to any Pre-Offering Stockholder, the period commencing on such Pre-Offering Stockholder's Separation Date and ending 90 days after such Separation Date.

"Separation Year" shall have the meaning set forth in Section 4(a).

"Stock Plan" shall mean that certain Stock Distribution and Redemption Plan of the Company, dated December 12, 1986, as amended on February 16, 1987, April 12, 1988, November 4, 1988 and September 22, 1992.

"Transfer" shall mean directly or indirectly sell, assign, contract or grant any option to sell (including without limitation any short sale), pledge, transfer or otherwise dispose of, whether by act of such Pre-Offering Stockholder (or such Pre-Offering Stockholder's legal representative) or by operation of law.

2. Change of Name of Agreement. The Exit Agreement, as amended and restated hereby, shall hereafter be referred to as the "Stock Restriction Agreement."

3. Termination of Stock Plan. By execution of this Agreement, the Company hereby terminates the Stock Plan. Each Stockholder understands and agrees that by executing this Agreement, such Stockholder waives any and all rights such Stockholder may have had under the Stock Plan.

4. Payments to Former Stockholders. After the Effective Time, the Company shall pay the Former Stockholders their respective remaining portions of the Former Purchase Price for the Repurchased Shares. The "Former Purchase Price" shall equal:

(a) an amount (the "Fixed Amount") equal to (i) the Book Value as of the last day of the Company's fiscal year (the "Final Fiscal Year") ended immediately prior to the year in which the applicable Former Stockholder's Separation Date occurred multiplied by such Former Stockholder's Percentage Interest plus (ii) such Former Stockholder's Percentage Interest multiplied by the Company's net income or loss recorded in accordance with GAAP for the fiscal year in which such Former Stockholder's Separation Date occurred (the "Separation Year") multiplied by a fraction, the numerator of which shall be the number of days from the first day of the Separation

Year through such Stockholder's Separation Date and the denominator of which shall be 365, minus any dividends paid to such Former Stockholder (including, without limitation, dividends for the payment of such Former Stockholder's taxes on such Former Stockholder's proportionate share of such net income or loss) after the close of the Final Fiscal Year and not reflected in the Company's Book Value as of the end of such Final Fiscal Year. Except as otherwise provided in this Agreement, the Fixed Amount will be paid by the Company in three equal annual installments with interest on the balance compounded annually at the Average Rate with the first such installment due on the later of (x) April 1 of the year following the Separation Year and (y) the first anniversary of the Prior Repurchase Date, and the remaining installments due on the second and third anniversaries of the Prior Repurchase Date; and

(b) an amount (the "Contingent Pay-Out") equal to the applicable Former Stockholder's Percentage Interest multiplied by 25% of the Company's EBBA for each of five fiscal years (the "Pay-Out Period") commencing with the fiscal year in which the repurchase is made. Except as otherwise provided in this Agreement, the Contingent Pay-Out shall be paid by the Company in five annual installments (each a "Contingent Installment Payment") commencing on April 1 of the fiscal year following the fiscal year in which the repurchase is made; and

(c) an amount (the "Price Adjustment Amount") equal to (i) the amount per share of any cash dividend such Former Stockholder would have received from the Company for the payment of such Former Stockholder's income taxes on such Former Stockholder's proportional share of the Company's income with respect to such Former Stockholder's Separation Year had such Former Stockholder continued to be a stockholder of the Company on the date such dividend was declared by the Company, multiplied by (ii) the number of such Former Stockholder's Repurchased Shares, multiplied by (iii) a fraction, the numerator of which shall be the number of days from the first day of such Separation Year through such Former Stockholder's Separation Date and the denominator of which shall be 365; such Price Adjustment Amount to be paid on April 1 of the year following the Separation Year.

5. Cap on Payments. Notwithstanding Section 4 hereof, unless this limitation is waived by the Company, the aggregate of all payments made in any fiscal year to Former Stockholders for the repurchase of Repurchased Shares (other than payments made under Section 6 and payments made under Section 7) shall not exceed (i) 15 percent of EBBA in the immediately preceding fiscal year plus (ii) any amounts contributed to the capital of the Company by new stockholders or by existing Stockholders expanding their equity interest in the Company in the immediately preceding fiscal year. If by reason of this limitation, funds available to make payments to Former Stockholders for Repurchased Shares are less than the aggregate amount of all such payments due with respect to any fiscal year, payments shall first be made to cover interest on the Fixed Amounts due with respect to Repurchased Excess Shares, then to cover the Fixed Amounts due with respect to Repurchased Excess Shares, then to cover Contingent Installment Payments due with respect to Repurchased Excess Shares, then to cover interest on the Fixed Amounts due on Repurchased Shares other than Repurchased Excess Shares, then to cover Fixed Amounts due with respect to Repurchased Shares other than Repurchased Excess Shares and the remainder to cover Contingent Installment Payments due with respect to Repurchased Shares other than Repurchased Excess Shares. Payments made in the order of priority described in the preceding sentence shall be made

in direct chronological order with the oldest deferred amounts in any priority category being paid first. Interest will accrue at the Average Rate on any portion of any payment not paid when due, and shall be payable to each Former Stockholder on the next anniversary of such Former Stockholder's Prior Repurchase Date on which funds are available to make such payments in accordance with this Agreement (including, without limitation, this Section 5).

6. Payments to Former Stockholders following a Sale Event or Liquidation.

(a) Notwithstanding Section 4 of this Agreement, upon the occurrence of a Sale Event or Liquidation, in lieu of the payments that would otherwise have been due to each Former Stockholder with respect to his or her Repurchased Shares, the Company shall pay each such Former Stockholder on the closing date of such Sale Event or Liquidation such Former Stockholder's Sale/Liquidation Amount.

(b) Pre-Offering Stockholders who hold Pre-Offering Stock at the time of a Sale Event or Liquidation shall receive any distributions to which they may be entitled in the ordinary course as a stockholder of the Company on account of such Sale Event or Liquidation.

(c) Upon payment by the Company of the Sale/Liquidation Amount or the distribution under Section 6(b), or both, as the case may be, the Company's obligations under this Agreement shall cease and the applicable Former Stockholder or Pre-Offering Stockholder shall have no further recourse against the Company hereunder.

7. Payments to Former Stockholders Upon Death.

(a) Notwithstanding Section 4 of this Agreement, if a Former Stockholder shall die, in lieu of any remaining payments such Former Stockholder would have received for the repurchase of such Former Stockholder's Repurchased Shares, such Former Stockholder's legal representative shall receive such Former Stockholder's Death Amount.

(b) Upon payment of the Former Stockholder's Death Amount, the Company's obligations under this Agreement shall cease and the Former Stockholder's legal representative shall have no further recourse against the Company hereunder.

8. Competition by Former Stockholder. Unless this limitation is waived by the Company, notwithstanding any other provision of this Agreement, any Former Stockholder who (i) is not an Associate as determined in good faith by the Company's Board of Directors, and (ii) is still entitled to all or any portion of such Former Stockholder's Contingent Pay-Out, and (iii) engages in a business competitive directly or indirectly, in whole or in part, with the Company's business (a "Competitive Business"), shall after the "Competition Date" (as hereinafter defined) lose all right to receive the following with respect to all Repurchased Shares repurchased by the Company from such Former Stockholder other than Repurchased Excess Shares: (i) such Former Stockholder's remaining Contingent Installment Payments and (ii) the portion of such Former Stockholder's Sale/Liquidation Amount and Former Stockholder Death Amount based upon a percentage of Average EBBA.

9. Restrictions on Transfer. During the term of this Agreement, no Pre-Offering Stockholder may Transfer any Pre-Offering Stock except as follows:

(a) During the Initial Restriction Period, no Pre-Offering Stockholder shall Transfer any shares of Pre-Offering Stock, except that any Pre-Offering Stockholder may Transfer up to 15% of such Pre-Offering Stockholder's Pre-Offering Stock pursuant to one or more registration statements declared effective by the Commission under the Securities Act. Nothing in this Agreement shall be construed to entitle any Pre-Offering Stockholder to include any shares of Common Stock in any such registration statement.

(b) After the Initial Restriction Period, each Pre-Offering Stockholder shall be entitled to Transfer shares of such Pre-Offering Stockholder's Pre-Offering Stock until such Pre-Offering Stockholder's remaining holdings of Pre-Offering Stock shall equal the First Unrestricted Stock Limit.

(c) In the period commencing immediately after the fifth anniversary of the Effective Date and ending on the seventh anniversary of the Effective Date, each Pre-Offering Stockholder shall be entitled to Transfer shares of such Pre-Offering Stockholder's Pre-Offering Stock until such Pre-Offering Stockholder's remaining holdings of Pre-Offering Stock shall equal the Second Unrestricted Stock Limit.

(d) After the seventh anniversary of the Effective Date, each Pre-Offering Stockholder shall be entitled, in any 12-month period, to Transfer an amount of Pre-Offering Stock equal to the greater of (i) one-third of the Pre-Offering Stock held by such Pre-Offering Stockholder immediately after the seventh anniversary of the Effective Date and (ii) ten percent (10%) of the Pre-Offering Stock held by such Pre-Offering Stockholder immediately before the Effective Date.

(e) Notwithstanding any other provision of this Section 9, a Pre-Offering Stockholder shall not be entitled to Transfer any shares of such Pre-Offering Stockholder's Pre-Offering Stock during such Pre-Offering Stockholder's Separation Period and for 30 days thereafter if such Transfer would cause such Pre-Offering Stockholder's remaining holdings of Pre-Offering Stock to be less than the relevant Purchase Amount (as defined below).

(f) In the event of a purported Transfer of shares of Pre-Offering Stock by a Pre-Offering Stockholder (or Pre-Offering Stockholder's legal representative) (a "Defaulting Stockholder") in violation of this Section 9 (a "Prohibited Transfer"), such Prohibited Transfer shall be null and void, such Prohibited Transfer shall not be recognized on the books and records of the Company, and the Defaulting Stockholder shall retain the right to vote and receive distributions.

(g) In the event of a Prohibited Transfer, the Company may, in its sole discretion, repurchase all of the Pre-Offering Stock held by the Defaulting Stockholder by delivering to such Defaulting Stockholder a Repurchase Notice and paying the Purchase Price (as hereinafter defined) in accordance with Sections 10 and 11 hereof.

10. Repurchase Rights upon Separation from the Company.

(a) If any Pre-Offering Stockholder shall cease for any reason (other than the reasons set forth in Section 16) to be an Associate, as determined in good faith by the Board of Directors of the Company, the Company shall deliver a Separation Notice to such Pre-Offering Stockholder not later than 30 days after such determination; provided, however, that the failure to deliver a Separation Notice shall not affect the Company's rights under this Section 10. The Separation Notice shall specify such Pre-Offering Stockholder's Separation Date. A Pre-Offering Stockholder may be deemed to have ceased to be an Associate if the Pre-Offering Stockholder shall fail to work for the Company or devote time to the Company's business in accordance with the Company's expectations for persons similarly situated.

(b) At any time during a Pre-Offering Stockholder's Separation Period, the Company shall have the option to repurchase up to the Purchase Amount (as hereinafter defined) of such Pre-Offering Stockholder's Pre-Offering Stock at a price per share equal to the applicable Purchase Price (as hereinafter defined).

(c) With respect to any Pre-Offering Stockholder, the Purchase Amount of Pre-Offering Stock shall equal:

(i) if such Pre-Offering Stockholder's Separation Date shall occur on or before the Effective Date, all of such Pre-Offering Stockholder's Pre-Offering Stock;

(ii) if such Pre-Offering Stockholder's Separation Date shall occur in the period commencing immediately after the Effective Date and ending on or before the second anniversary of the Effective Date, 85% of such Pre-Offering Stockholder's Pre-Offering Stock;

(iii) if such Pre-Offering Stockholder's Separation Date shall occur in the period commencing immediately after the second anniversary of the Effective Date and ending on or before the fifth anniversary of the Effective Date, such Pre-Offering Stockholder's First Unrestricted Stock Limit;

(iv) if such Pre-Offering Stockholder's Separation Date shall occur in the period commencing immediately after the fifth anniversary of the Effective Date and ending on the seventh anniversary of the Effective Date, such Pre-Offering Stockholder's Second Unrestricted Stock Limit;

(v) if such Pre-Offering Stockholder's Separation Date shall occur after the seventh anniversary of the Effective Date, all Pre-Offering Stock held by the Pre-Offering Stockholder on such Pre-Offering Stockholder's Separation Date, up to the maximum amount which the Pre-Offering Stockholder shall not have been not permitted to sell on such Pre-Offering Stockholder's Separation Date pursuant to Section 9(d) hereof.

(d) With respect to any Pre-Offering Stockholder, the Purchase Price shall equal:

(i) in the case of a Pre-Offering Stockholder who shall retire (other than retirement for disability in accordance with Section 16) after the fifth anniversary of the Effective Date, ninety-five (95%) of the Fair Market Value of the Common Stock on the Pre-Offering Stockholder's Separation Date;

(ii) except as provided in Section 10(d)(i), in the case of a Pre-Offering Stockholder who shall not Compete with the Company, seventy percent (70%) of the Fair Market Value of the Common Stock on the Pre-Offering Stockholder's Separation Date; and

(iii) in the case of a Pre-Offering Stockholder who shall Compete with the Company at any time prior to the third anniversary of such Pre-Offering Stockholder's Separation Date, forty percent (40%) of the lower of (A) the Fair Market Value of the Common Stock on the Pre-Offering Stockholder's Separation Date and (B) the lowest Fair Market Value of the Common Stock in the period commencing on the Separation Date and ending on the fourteenth day following the date on which the Pre-Offering Stockholder shall first Compete with the Company.

(e) The Purchase Price shall be payable in three equal annual installments, the first of which shall be paid on the first anniversary of the Pre-Offering Stockholder's Separation Date, and shall bear interest at the Average Rate. If the Pre-Offering Stockholder shall Compete with the Company at any time prior to the third anniversary of the Pre-Offering Stockholder's Separation Date, the Purchase Price will be reduced to that set forth in Section 10(d)(iii) hereof, the remaining installments shall be adjusted accordingly, and the Pre-Offering Stockholder shall repay to the Company any amounts received in excess of the installments that the Pre-Offering Stockholder would have received if Section 10(d)(iii) hereof had applied and Section 10(d)(i) or Section 10(d)(ii), as the case may be, had not applied, together with interest compounded annually at the Average Rate (accrued from the respective date or dates on which such excess amounts were received by the Pre-Offering Stockholder). To the extent that the Pre-Offering Stockholder shall owe the Company any portion of the purchase price of any shares of Common Stock or any other amount, the Company shall have the right to offset such amount (whether or not such amount shall then be due and payable to the Company) against any installment of the Purchase Price.

(f) Notwithstanding anything to the contrary in Section 10(d) or Section 10(e), if a Pre-Offering Stockholder's Separation Date shall occur on or before the Effective Date, (i) the Purchase Price shall be the Former Purchase Price, (ii) such Former Purchase Price shall be payable in accordance with Section 4, and (iii) for purposes of this Agreement, unless the context otherwise requires, such Pre-Offering Stockholder shall be deemed a Former Stockholder and the shares of Common Stock repurchased by the Company pursuant to this Section 10 shall be deemed Repurchased Shares.

(g) Notwithstanding anything to the contrary in this Section 10, if a Pre-Offering Stockholder shall retire (other than retirement for disability in accordance with Section 16) after the fifth anniversary of the Effective Date, at any time during a Pre-Offering Stockholder's Separation Period, the Company and such Pre-Offering Stockholder may agree, subject to the provisions of

Section 9(e), to extend such Pre-Offering Stockholder's Separation Period until 90 days after such Pre-Offering Stockholder shall notify the Company in writing that such Pre-Offering Stockholder desires to terminate such Pre-Offering Stockholder's Separation Period.

11. Repurchase Procedures.

(a) To exercise the repurchase option set forth in Section 10 with respect to any Pre-Offering Stockholder, the Company shall deliver to such Pre-Offering Stockholder (or in the case of death such Pre-Offering Stockholder's legal representative), at any time during the Separation Period, a written notice (the "Repurchase Notice") stating that the Company shall exercise its repurchase option. The Repurchase Notice shall specify (i) the number of shares to be repurchased (the "Option Shares"), (ii) the Purchase Price at the time of the Repurchase Notice and (iii) a closing date for the repurchase (the "Closing Date"), which shall not be later than 30 days after the date of the Repurchase Notice.

(b) A closing with respect to the repurchase of any shares of Pre-Offering Stock shall take place at the Company's principal executive offices at 10:00 a.m. on the Closing Date. On the Closing Date, the Pre-Offering Stockholder (or in the case of death such Pre-Offering Stockholder's legal representative) shall sell, and the Company shall purchase, the Option Shares in accordance with the terms of this Agreement. At the closing, the Pre-Offering Stockholder (or in the case of death such Pre-Offering Stockholder's legal representative) shall deliver to the Company certificates representing the Option Shares duly endorsed in blank or with blank stock powers sufficient to permit transfer attached. All of the Option Shares shall be conveyed to the Company free and clear of all security interests, liens, claims, pledges and encumbrances of any kind, and the Pre-Offering Stockholder shall provide to the Company a written certificate to that effect, which certificate shall be in such form as the Company shall reasonably request.

(c) Except as otherwise provided in this Agreement, the Option Shares and all voting rights, rights to receive cash dividends, including without limitation cash liquidating dividends, and other rights incident to the ownership of the Option Shares shall be deemed transferred to the Company on the Closing Date.

12. Subordination. The Company's obligations to make all payments hereunder shall be subordinate to the Company's debt obligations to any lender. Interest will accrue at the Average Rate on any portion of any payment not paid when due by reason of this limitation, and such payment shall be payable thereafter as soon as funds are available to make such payment. Upon request, each Former Stockholder and each Pre-Offering Stockholder shall confirm this relationship to any lender of the Company in a form reasonably required by such lender.

13. No Insolvency. Notwithstanding any other provision of this Agreement, no payment shall be made hereunder if making such payment would render the Company insolvent, would be unlawful or could reasonably be expected to give rise to personal liability for any director, any Former Stockholder or any Pre-Offering Stockholder. Interest will accrue at the Average Rate on any portion of any payment not paid when due by reason of this limitation, and such payment shall be payable thereafter as soon as funds are available to make such payment.

14. Transfer by Gift of Pre-Offering Stock.

(a) Notwithstanding the provisions of Section 9 hereof, a Pre-Offering Stockholder (a "Donor") may, with the written consent of the Board of Directors (which consent may be withheld for any reason and which may be subject to such conditions as the Board of Directors shall impose), Transfer at any time after the Effective Date any amount of Pre-Offering Stock (the "Gift Stock") by gift (a "Gift Transfer") to any member of the Pre-Offering Stockholder's Family or to a trust for the benefit of the Pre-Offering Stockholder and/or such Family members (each, a "Donee"), provided that such Gift Transfer shall comply with all of the terms of this Section 14. A distribution or other Transfer by a Pre-Offering Stockholder that is a trust to any trust or other person eligible to be a Donee under this section shall constitute a Gift Transfer. As a condition precedent to any such Gift Transfer, each Donee shall agree to be bound by the terms of this Agreement as if such Donee were a Pre-Offering Stockholder and shall execute and deliver to the Company a written agreement to that effect in such form as the Company shall require. Upon the receipt by the Company of such written agreement executed by the Donee, SCHEDULE A shall be automatically amended to reflect the Gift Transfer, listing the name and address of the Donee and the number of shares of Gift Stock held by the Donee, and such Donee shall thereafter be deemed a Pre-Offering Stockholder hereunder for all purposes.

(b) Immediately after any Gift Transfer, (i) the Donor shall be deemed to have held, immediately before the Effective Date, the Donor's Pro Rata Portion (as defined hereinafter) of the number of shares of Pre-Offering Stock held (or deemed held) by the Donor immediately before the Effective Date, and (ii) the Donee shall be deemed to have held, immediately before the Effective Date, in addition to any shares of Pre-Offering Stock held (or deemed held) by the Donee immediately before the Effective Date, the Donee's Pro Rata Portion (as defined hereinafter) of the number of shares of Pre-Offering Stock held (or deemed held) by the Donor immediately before the Effective Date. If the Gift Transfer shall occur after the seventh anniversary of the Effective Date, (i) the Donor shall be deemed to have held, immediately after the seventh anniversary of the Effective Date, the Donor's Pro Rata Portion of the number of shares of Pre-Offering Stock held (or deemed held) by the Donor immediately after the seventh anniversary of the Effective Date, and (ii) the Donee shall be deemed to have held, immediately after the seventh anniversary of the Effective Date, in addition to any shares of Pre-Offering Stock held (or deemed held) by the Donee immediately after the seventh anniversary of the Effective Date, the Donee's Pro Rata Portion of the number of shares of Pre-Offering Stock held (or deemed held) by the Donor immediately after the seventh anniversary of the Effective Date.

(c) With respect to any Gift Transfer, a "Donor's Pro Rata Portion" of a number shall equal the product of that number and a fraction, the numerator of which is the number of shares of Pre-Offering Stock held by the Donor immediately after the Gift Transfer, and the denominator of which is the total number of shares of Pre-Offering Stock held by the Donor immediately before the Gift Transfer.

(d) With respect to any Gift Transfer, a "Donee's Pro Rata Portion" of a number shall equal the product of that number and a fraction, the numerator of which is the number of shares

of Gift Stock received by the Donee from the Donor, and the denominator of which is the total number of shares of Pre-Offering Stock held by the Donor immediately before the Gift Transfer.

15. Additional Restrictions on Transfer.

(a) All transfer restrictions and rights of the Company set forth in this Agreement, the Company's Articles of Organization in effect from time to time, or otherwise applicable to shares of capital stock of the Company, shall be cumulative. No provision of this Agreement shall be deemed to terminate, amend or limit in any manner whatsoever any transfer restriction, right of first refusal or other provision of the Company's Articles of Organization in effect from time to time, or any other agreement or applicable law to which the Company or its capital stock may be subject from time to time. To the extent any provision of this Agreement is or becomes inconsistent with any provision of the Company's Articles of Organization in effect from time to time, the Articles of Organization shall govern.

(b) The provisions of this Agreement are in addition to any restrictions imposed by any lock-up agreements that may be required by the underwriters of any public offering registered by the Company under the Securities Act. Each Pre-Offering Stockholder hereby agrees to be bound by any such lock-up agreement and, upon the request of the Company or such underwriters, to execute and deliver a separate lock-up agreement in such form as the Company or such underwriters shall request, provided that the restrictions imposed by any such lock-up agreement shall terminate not later than 180 days after the closing date of the related public offering.

16. Termination of Restrictions. All restrictions on the Transfer of Pre-Offering Stock imposed by this Agreement shall terminate with respect to a Pre-Offering Stockholder upon the earlier to occur of (a) the death of the Pre-Offering Stockholder and (b) the retirement for disability of the Pre-Offering Stockholder in accordance with Company's retirement policies in effect at the time of such retirement, as determined in good faith by the Board of Directors of the Company.

17. Waiver of Restrictions. The Company's Board of Directors may waive any provision of this Agreement for the Company's benefit for any reason and may impose such conditions on the grant of any waiver as the Board of Directors shall deem necessary or appropriate. No waiver granted to a Pre-Offering Stockholder shall entitle any other Pre-Offering Stockholder (or the same Pre-Offering Stockholder) to the same or a similar waiver.

18. Delegation of Authority. The Board of Directors of the Company may delegate any of its power or authority under this Agreement to the Compensation Committee of the Board of Directors or to any other duly authorized committee of the Board of Directors.

19. Non-Associate Pre-Offering Stockholders.

(a) The Pre-Offering Stockholders listed on SCHEDULE C hereto are not Associates of the Company on the Effective Date. However, the parties acknowledge and agree that each such non-Associate Pre-Offering Stockholder shall be treated as though such non-Associate Pre-Offering Stockholder were an Associate hereunder for so long as the person whose name is listed next to such

non-Associate Pre-Offering Stockholder's name on SCHEDULE C (such non-Associate Pre-Offering Stockholder's "Relevant Party") is an Associate.

(b) In the event that any Donor with respect to whom the restrictions imposed by this Agreement shall not have terminated pursuant to Section 16 or lapsed upon expiration of such Donor's Separation Period (or the Separation Period of another predecessor in title) shall make any Gift Transfer pursuant to Section 14, SCHEDULE C shall be revised to include such Donor's Donee and shall list such Donor as the Donee's Relevant Party (or, if such Donor shall have become a Pre-Offering Stockholder by means of one or more Gift Transfers, the Donee's Relevant Party shall be the Donee's closest predecessor in title who shall be an Associate or whose Separation Period shall not have lapsed).

(c) For purposes of this Agreement, (i) a non-Associate Pre-Offering Stockholder shall be deemed to have ceased to be an Associate when such non-Associate Pre-Offering Stockholder's Relevant Party shall have ceased to be an Associate, (ii) a non-Associate Pre-Offering Stockholder shall be deemed to Compete with the Company when such non-Associate Pre-Offering Stockholder's Relevant Party shall Compete with the Company, (iii) such non-Associate Pre-Offering Stockholder's retirement for disability shall be deemed to occur on the retirement for disability of such non-Associate Pre-Offering Stockholder's Relevant Party, and (iv) such non-Associate Pre-Offering Stockholder's death shall be deemed to occur on the earlier of the death of such non-Associate Pre-Offering Stockholder or such non-Associate Pre-Offering Stockholder's Relevant Party.

20. Jointly Held Pre-Offering Stock. If Pre-Offering Stock shall be held jointly by two or more persons, such persons shall be jointly referred to herein as a "Pre-Offering Stockholder." Such Pre-Offering Stockholder shall be deemed an Associate for so long as any one of the persons jointly holding the Pre-Offering Stock shall be an Associate. The death or retirement for disability of such Pre-Offering Stockholder shall be deemed to occur only on the death or retirement for disability of the one of the persons jointly holding the Pre-Offering Stock who was an Associate.

21. Stock Options. Shares of Common Stock acquired by a Pre-Offering Stockholder upon the exercise of stock options shall not be subject to the restrictions on Pre-Offering Stock imposed by this Agreement unless the Board of Directors shall in its sole discretion determine otherwise. The Board of Directors shall not be required to make uniform or consistent determinations regarding the imposition of restrictions on any shares of Common Stock so acquired.

22. Application of Dividend Payments. Each Pre-Offering Stockholder understands and agrees that the Company shall apply the entire amount of any dividends declared after December 31, 1997 that are payable to such Pre-Offering Stockholder toward the satisfaction of any amounts payable now or hereafter by such Pre-Offering Stockholder (i) to the Company pursuant to one or more stock purchase agreements by and between the Company and such Pre-Offering Stockholder, and/or (ii) pursuant to the Stock Purchase Agreement dated as of March 2, 1995 by and among certain of the Pre-Offering Stockholders and the other persons named on SCHEDULE A and SCHEDULE B thereto. Any such dividends in excess of the amounts so payable shall be paid to the Pre-Offering Stockholder in accordance with the Company's usual practice.

23. Effective Time; Termination.

(a) This amendment and restatement of the Exit Agreement shall become effective (the "Effective Time") as of the Effective Date, except that Sections 22 through 34 (and any definitions used therein) shall become effective upon the execution and delivery of this amendment and restatement of the Exit Agreement. Until the Effective Time, the Exit Agreement, as in effect immediately prior to the execution and delivery of this amendment and restatement of the Exit Agreement, shall continue in full force and effect in accordance with its terms. If the Effective Date shall not have occurred on or before July 31, 1998, this amendment and restatement of the Exit Agreement may be terminated by the Company by the affirmative vote of a majority of the directors then in office, in which case the Exit Agreement, as in effect immediately prior to the execution and delivery of this amendment and restatement of the Exit Agreement, shall be reinstated and shall continue in full force and effect in accordance with its terms as if this amendment and restatement of the Exit Agreement had never been executed and delivered.

(b) If this amendment and restatement of the Exit Agreement shall have become effective, this amendment and restatement of the Exit Agreement shall terminate upon the tenth anniversary of the Effective Date and may be earlier terminated by the Company by the affirmative vote of a majority of the directors then in office; provided, however, that the Company's obligation to make payments hereunder shall survive any such termination.

24. Amendment; Waiver. Except as otherwise provided herein, this Agreement may be amended, and any provision hereof may be waived, only by the written consent of the Company and the holders of two-thirds of the shares of Common Stock listed on SCHEDULE A and held by the parties hereto on the date of such amendment or waiver; provided, however, that no such amendment or waiver shall apply to any non-Associate Pre-Offering Stockholder that has received or shall have received shares of Pre-Offering Stock as a result of one or more Transfers from another Pre-Offering Stockholder unless (i) such amendment or waiver shall have been approved with the written consent of the holders of two-thirds of the shares of Common Stock listed on SCHEDULE A and held by the parties hereto, other than such non-Associate Pre-Offering Stockholder's Relevant Party, on the date of such amendment or waiver and (ii) within three business days of the earlier of (A) the date on which the Company shall give notice to such non-Associate Pre-Offering Stockholder that such amendment or waiver shall have been approved or (B) the date on which such amendment or waiver is first submitted to such non-Associate Pre-Offering Stockholder for such non-Associate Pre-Offering Stockholder's written consent, the Company shall not have received a written notice (a "Refusal Notice") from such non-Associate Pre-Offering Stockholder to the effect that such non- Associate Pre-Offering Stockholder refuses to be bound by such amendment or waiver. If such amendment or waiver shall have been approved in accordance with clause (i) of this Section 24, any such non-Associate Pre-Offering Stockholder that shall have delivered a Refusal Notice to the Company may be deemed at any time thereafter to have ceased to be an Associate.

25. Governing Law; Arbitration.

(a) This Agreement shall be governed by, and construed and enforced in accordance with, the laws of The Commonwealth of Massachusetts without regard to its principles of conflicts of laws.

(b) Any dispute, controversy or claim arising out of or relating to this Agreement, including, without limitation, the breach, termination or invalidity thereof, shall be finally settled by arbitration according to the Commercial Rules of the American Arbitration Association. Such arbitration shall be conducted in Boston, Massachusetts, or such other place as the parties to such arbitration shall mutually select, before a tribunal composed of one or more arbitrators as the parties to such arbitration shall mutually agree. The award or decision made by the arbitrator(s) shall be binding upon the parties to such arbitration; provided, however, the parties hereto waive any rights to damages in the nature of punitive, exemplary or statutory damages in excess of compensatory damages, and the arbitrator(s) is/are hereby divested of any power to award damages in the nature of punitive, exemplary or statutory damages in excess of compensatory damages hereunder. Judgment upon any such award or decision may be entered in and enforced by any court of competent jurisdiction. Each party shall bear its own costs of such arbitration, including, without limitation, its own attorneys' fees.

26. Integration. This Agreement constitutes the entire Agreement of the parties hereto with respect to the subject matter hereof and, except as otherwise provided herein, supersedes all prior agreements and understandings, written or oral, among them with respect to the subject matter hereof.

27. Notices.

(a) All notices and communications hereunder given or made by any party hereto shall be in writing and shall be deemed sufficiently given if delivered personally or if sent by registered or certified mail, return receipt requested, by nationally recognized overnight delivery service, or by telecopier with confirmation of transmission as follows:

If to the Company, to:

Charles River Associates Incorporated
200 Clarendon Street
Boston, Massachusetts 02116
Attention: President

If to a Stockholder, to:

the address of such Stockholder listed on SCHEDULE A hereto.

(b) Any change by any party in any such address shall be made by such notice to the other parties.

28. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and permitted assigns. Except as otherwise provided in this Agreement, neither this Agreement nor any rights or obligations hereunder may be assigned or otherwise transferred by any party without the prior written consent of the Company's Board of Directors.

29. Expenses. Each party hereto shall pay its own legal and other fees and expenses incurred in connection with the negotiation, preparation, execution and delivery of this Agreement and the transactions contemplated hereby.

30. Interest Reduction. Notwithstanding any other provision of this Agreement to the contrary, nothing herein contained shall require the payment of any interest, expense or other charge by any party which, when aggregated with all other interest, expenses and other charges directly or indirectly paid by such party, shall exceed the highest lawful rate permissible under any law applicable thereto. If, but for this provision, this Agreement would require any such payment in excess of any such highest lawful rate, this Agreement shall automatically be deemed amended so that all interest, expenses and other charges and payments required hereunder, individually and in the aggregate, shall be equal to, but no greater than, the highest lawful rate therefor.

31. Survival of Representations, Warranties and Covenants. The representations and warranties of each party hereto and such party's covenants and agreements herein shall survive the repurchase by the Company of any Pre-Offering Stock hereunder.

32. Severability. If any provision of this Agreement shall be determined to be invalid, illegal or otherwise unenforceable by any court of competent jurisdiction, the validity, legality and enforceability of the other provisions of this Agreement shall not be affected thereby. Any invalid, illegal or unenforceable provision of this Agreement shall be severable, and after any such severance, all other provisions hereof shall remain in full force and effect.

33. Dates. Whenever a date hereunder shall fall on a day when the Company shall be closed for business, the date shall be deemed to be the next day the Company shall be open for business.

34. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall together constitute one agreement.

[Remainder of page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Stock Restriction Agreement under seal as of the date first written above.

CHARLES RIVER ASSOCIATES INCORPORATED

By: /s/ James C. Burrows

James C. Burrows, President

PRE-OFFERING STOCKHOLDERS:

/s/ Jagdish C. Agarwal

Jagdish C. Agarwal

/s/ Gregory K. Bell

Gregory K. Bell

/s/ Marlene Besen

Marlene Besen as Trustee of The Besen Family Trust under instrument dated March 30, 1998 and not individually

/s/ Stanley M. Besen

Stanley M. Besen

/s/ Douglas R. Bohi

Douglas R. Bohi

/s/ Daniel Brand

Daniel Brand

/s/ Steven R. Brenner

Steven R. Brenner

/s/ William B. Burnett

William B. Burnett

/s/ James C. Burrows

James. C. Burrows

/s/ George C. Eads

George C. Eads

/s/ Ellen P. Fisher

Ellen P. Fisher as Trustee of The Franklin M. Fisher 1998 Gift Trust under instrument dated 3/11/98 and not individually

/s/ Ellen P. Fisher

Ellen P. Fisher as Trustee of The Franklin M. Fisher 1998 Gift Trust #2 under instrument dated 3/11/98 and not individually

/s/ Franklin M. Fisher

Franklin M. Fisher

/s/ Judith R. Gelman

Judith R. Gelman as Trustee of The Salop Irrevocable GST -- Exempt Trust 1998 and not individually

/s/ Judith R. Gelman

Judith R. Gelman as Trustee of The Salop Irrevocable GST -- Taxable Trust 1998 and not individually

/s/ Joen E. Greenwood

Joen E. Greenwood

/s/ Kenneth L. Grinnell

Kenneth L. Grinnell as Trustee of The James C. Burrows Qualified Annuity Trust -- 1998 and not individually

/s/ Mary F. Hughes

Mary F. Hughes as Trustee of The William R. Hughes Irrevocable Trust 1998 and not individually

/s/ William R. Hughes

William R. Hughes

/s/ Stephen H. Kalos

Stephen H. Kalos

/s/ Firoze E. Katrak

Firoze E. Katrak

/s/ Carl Kaysen

Carl Kaysen

/s/ Michael A. Kemp

Michael A. Kemp

Robert J. Larner and Anne M. Larner, as joint tenants with right of survivorship

By: /s/ Robert J. Larner

Robert J. Larner

By: /s/ Anne M. Larner

Anne M. Larner

/s/ Arnold J. Lowenstein

Arnold J. Lowenstein

/s/ C. Christopher Maxwell

C. Christopher Maxwell

/s/ Paul R. Milgrom

Paul R. Milgrom

/s/ Bridger M. Mitchell

Bridger M. Mitchell

/s/ W. David Montgomery

W. David Montgomery

/s/ Rowland T. Moriarty

Rowland T. Moriarty

/s/ Jenny Fitz Moriarty

Jenny Fitz Moriarty as Trustee of The
Rowland T. Moriarty Qualified Annuity Trust
1998 and not individually

/s/ Laurel E. Morrison

Laurel E. Morrison

/s/ Monica G. Noether

Monica G. Noether

/s/ Thomas R. Overstreet

Thomas R. Overstreet

/s/ John E. Parsons

John E. Parsons

/s/ Raju Patel

Raju Patel

/s/ Gary L. Roberts

Gary L. Roberts

/s/ Richard S. Ruback

Richard S. Ruback

/s/ Steven C. Salop

Steven C. Salop

/s/ Robert M. Spann

Robert M. Spann

/s/ Louis L. Wilde

Louis L. Wilde

/s/ Alan R. Willens

Alan R. Willens

/s/ John R. Woodbury

John R. Woodbury

/s/ Deloris R. Wright

Deloris R. Wright

SCHEDULE A

STOCKHOLDER	ADDRESS	SHARES
Jagdish C. Agarwal	125 Ford Road Sudbury, MA 01776	208,000
Gregory K. Bell	1 Apple Hill Lane Lynnfield, MA 01940	65,000
Marlene Besen as Trustee of The Besen Family Trust u/i/d March 30, 1998	4918 Western Avenue Bethesda, MD 20816	52,000
Stanley M. Besen	4918 Western Avenue Bethesda, MD 20816	130,000
Douglas R. Bohi	8121 Thoreau Drive Bethesda, MD 20817	26,000
Daniel Brand	57 Lexington Road Concord, MA 01742	119,600
Steven R. Brenner	5904 Plainview Road Bethesda, MD 20817	119,600
William B. Burnett	404 North Pitt Street Alexandria, VA 22314	312,000
James C. Burrows	75 Clairemont Road Belmont, MA 02178	490,256
George C. Eads	3718 Harrison Street, N.W. Washington, D.C. 20015	119,600
Ellen P. Fisher as Trustee of The Franklin M. Fisher 1998 Gift Trust u/i/d 3/11/98	130 Mt. Auburn Street, #508 Cambridge, MA 02138	54,444
Ellen P. Fisher as Trustee of The Franklin M. Fisher 1998 Gift Trust #2 u/i/d 3/11/98	130 Mt. Auburn Street, #508 Cambridge, MA 02138	126,984

Franklin M. Fisher	130 Mt. Auburn Street, #508 Cambridge, MA 02138	472,160
Judith R. Gelman as Trustee of The Salop Irrevocable GST -- Exempt Trust 1998	4636 Broad Branch Road, N.W. Washington, D.C. 20008	93,600
Judith R. Gelman as Trustee of The Salop Irrevocable GST -- Taxable Trust 1998	4636 Broad Branch Road, N.W. Washington, D.C. 20008	93,600
Joen E. Greenwood	108 Chestnut Street Cambridge, MA 02139	88,608
Kenneth L. Grinnell as Trustee of The James C. Burrows Qualified Annuity Trust -- 1998	c/o Foley, Hoag & Eliot LLP One Post Office Square Boston, MA 02109	130,000
William R. Hughes	40 Main Street Byfield, MA 01922	36,400
Mary F. Hughes as Trustee of The William R. Hughes Irrevocable Trust 1998	40 Main Street Byfield, MA 01922	41,600
Stephen H. Kalos	169 Washington Street Belmont, MA 02178	104,000
Firoze E. Katrak	6 Canal Park, Unit 706 Cambridge, MA 02141	308,100
Carl Kaysen	41 Holden Street Cambridge, MA 02138	67,600
Michael A. Kemp	14 Sheridan Road Wellesley, MA 02181	182,000
Robert J. Larner and Anne M. Larner, joint tenants with right of survivorship	68 Myrtle Street Newton, MA 02165	89,700
David L. Loeser	167 Tower Avenue Needham, MA 02194	--

Arnold J. Lowenstein	100 Woodchester Drive Chestnut Hill, MA 02167	104,000
C. Christopher Maxwell	142 Elgin Street Newton Center, MA 02159	104,000
Paul R. Milgrom	823 Pine Hill Road Stanford, CA 94305	52,000
Bridger M. Mitchell	60 Hayfields Road Portola Valley, CA 94028	182,000
W. David Montgomery	12340 Quince Valley Drive North Potomac, MD 20878	119,600
Rowland T. Moriarty	105 Hundreds Road Wellesley Hills, MA 02181	306,800
Jenny Fitz Moriarty as Trustee of The Rowland T. Moriarty Qualified Annuity Trust 1998	105 Hundreds Road Wellesley Hills, MA 02181	104,000
Laurel E. Morrison	49 Lenox Street Newton, MA 02165	26,000
Monica G. Noether	6 Chestnut Street Winchester, MA 01890	98,800
Thomas R. Overstreet	9720 Rolling Ridge Drive Fairfax Station, VA 22039	208,000
John E. Parsons	7 Longfellow Street Dorchester, MA 02122	26,000
Raju Patel	3 Garrison Street Chestnut Hill, MA 02167	130,000
Gary L. Roberts	806 Aaron Court Great Falls, VA 22066	119,600
Richard S. Ruback	32 Alberta Road Brookline, MA 02167	312,000
Steven C. Salop	4636 Broad Branch Road, N.W. Washington, D.C. 20008	397,800

Robert M. Spann	9438 Rabbit Hill Road Great Falls, VA 22061	104,000
Ronald M. Whitfield	67 Whit's End Road Concord, MA 01742	--
Louis L. Wilde	200 South Larchmont Blvd. Los Angeles, CA 90004	119,600
Alan R. Willens	130 Appleton Street, No. 1G Boston, MA 02116	188,188
John R. Woodbury	8811 Brierly Road Chevy Chase, MD 20815	104,000
Deloris R. Wright	133 Rosemont Drive No. Andover, MA 01845	182,000

SCHEDULE B

REPURCHASED SHARES

Name of Former Stockholder	Number of Repurchased Shares	Number of Repurchased Excess Shares	Total Repurchased Shares
Franklin M. Fisher	--	59,800	59,800
David L. Loeser	83,200	--	83,200
Ronald M. Whitfield	119,600	--	119,600
Alan R. Willens	--	59,800	59,800

SCHEDULE C

NON-ASSOCIATE PRE-OFFERING STOCKHOLDER	RELEVANT PARTY
Marlene Besen as Trustee of The Besen Family Trust u/i/d March 30, 1998	Stanley M. Besen
Ellen P. Fisher as Trustee of The Franklin M. Fisher 1998 Gift Trust u/i/d 3/11/98	Franklin M. Fisher
Ellen P. Fisher as Trustee of The Franklin M. Fisher 1998 Gift Trust #2 u/i/d 3/11/98	Franklin M. Fisher
Judith R. Gelman as Trustee of The Salop Irrevocable GST -- Exempt Trust 1998	Steven C. Salop
Judith R. Gelman as Trustee of The Salop Irrevocable GST -- Taxable Trust 1998	Steven C. Salop
Kenneth L. Grinnell as Trustee of The James C. Burrows Qualified Annuity Trust -- 1998	James C. Burrows
Mary F. Hughes as Trustee of The William R. Hughes Irrevocable Trust 1998	William R. Hughes
Jenny Fitz Moriarty as Trustee of The Rowland T. Moriarty Qualified Annuity Trust 1998	Rowland T. Moriarty
Raju Patel	Firoze E. Katrak

EXHIBIT 10.11

CHARLES RIVER ASSOCIATES INCORPORATED

INDEMNITY AGREEMENT

This Indemnity Agreement is made as of April __, 1998 by and among Charles River Associates Incorporated, a Massachusetts corporation (the "Company"), and the stockholders of the Company named in EXHIBIT A hereto (the "Selling Stockholders").

WHEREAS, the Company and the Selling Stockholders propose to sell an aggregate of up to 2,516,200 shares of the common stock, without par value (the "Common Stock"), of the Company to the several underwriters (the "Underwriters") named in that certain underwriting agreement (the "Underwriting Agreement") of even date herewith by and among the Company, the Selling Stockholders, NationsBanc Montgomery Securities LLC and William Blair & Company, L.L.C., as representatives of the Underwriters, upon the terms described in the Underwriting Agreement; and

WHEREAS, pursuant to Section 8 of the Underwriting Agreement, the Selling Stockholders have agreed to indemnify the Underwriters in certain respects and contribute to the payment of certain amounts and the Selling Stockholders desire that the Company agree to indemnify them in certain respects and contribute to the payment of certain amounts as hereinafter provided;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Selling Stockholders hereby agree as follows:

1. INDEMNIFICATION OF THE SELLING STOCKHOLDERS. The Company shall indemnify and hold harmless each Selling Stockholder, and each person, if any, who controls any Selling Stockholder within the meaning of Section 15 of the Securities Act of 1933, as amended (the "Securities Act"), or Section 20 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), from and against any loss, claim, damage, liability or expense, as incurred, to which such Selling Stockholder or such controlling person may become subject, under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law, under Section 8 or Section 9 of the Underwriting Agreement, or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of such Selling Stockholder or such controlling person, as the case may be), insofar as such loss, claim, damage, liability or expense (or actions in respect thereof as contemplated below) arises out of or is based (i) upon any failure, omission or alleged failure or omission on the part of the Company, in connection with the Registration Statement, any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) or the offering contemplated thereby, to comply with any provision of the Securities Act and the then applicable rules and regulations of the Securities and Exchange Commission or other federal agency at the time charged with administration of the Securities Act; (ii) upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, or any amendment thereto, including any information deemed to be a part thereof pursuant to Rule 430A or Rule 434 under the Securities Act, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading; (iii) upon any untrue statement or alleged untrue statement of a material fact contained in any preliminary

prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; (iv) in whole or in part upon any inaccuracy in the representations and warranties of the Company contained in the Underwriting Agreement; (v) in whole or in part upon any failure of the Company to perform its obligations under the Underwriting Agreement or under law; (vi) upon any act or failure to act or any alleged act or failure to act by any Underwriter in connection with, or relating in any manner to, the offering contemplated by the Underwriting Agreement, and which is included as part of or referred to in any loss, claim, damage, liability or action arising out of or based upon any matter covered by clause (ii) or (iii) above; and shall reimburse each Selling Stockholder and each such controlling person for any and all expenses (including the reasonable fees and disbursements of not more than one separate counsel (together with local counsel) for the Selling Stockholders) as such expenses are reasonably incurred by such Selling Stockholder or such controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action. Notwithstanding the foregoing, the indemnity and reimbursement agreements in the preceding sentence shall not apply to any loss, claim, damage, liability or expense to the extent, but only to the extent, that it arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with written information furnished to the Company by any Selling Stockholder or any Underwriter expressly for use in the Registration Statement, any preliminary prospectus or the Prospectus (or any amendment or supplement thereto). The indemnity and reimbursement agreements set forth in this Section 1 shall be in addition to any liabilities that the Company may otherwise have.

2. NOTIFICATION AND OTHER INDEMNIFICATION PROCEDURES. Promptly after receipt by an indemnified party under Section 1 of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the Company under Section 1, notify the Company in writing of the commencement thereof, but the omission so to notify the Company will not relieve the Company from any liability which the Company may have to any indemnified party for contribution or otherwise than under the indemnity agreement contained in Section 1 or to the extent the Company is not prejudiced as a proximate result of such failure. In case any such action is brought against any indemnified party and such indemnified party seeks or intends to seek indemnity from the Company, the Company will be entitled to participate in, and, to the extent that it shall elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel selected by the Company; provided, however, that if the defendants in any such action include both the indemnified party and the Company and the indemnified party shall have reasonably concluded that a conflict may arise between the positions of the Company and the indemnified party in conducting the defense of any such action or that there may be legal defenses available to such indemnified party and/or other indemnified parties that are different from or additional to those available to the Company, the indemnified party or parties shall have the right to select separate counsel, satisfactory to the Company, to assume such legal defenses and otherwise to participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the Company to such indemnified party of the Company's election so to assume the defense of such action, the Company will not be liable to such indemnified party under Section 1 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i)

the indemnified party shall have employed separate counsel in accordance with the proviso to the next preceding sentence (it being understood, however, that the Company shall not be liable for the fees and expenses of more than one separate counsel (together with local counsel), satisfactory to the Company, representing the indemnified parties who are parties to such action) or (ii) the Company shall not have employed counsel to represent the indemnified party within a reasonable time after notice of commencement of the action, in each of which cases the reasonable fees and expenses of counsel shall be at the expense of the Company. As a condition to indemnification hereunder, each indemnified party shall cooperate fully with the Company in the defense of any action with respect to which indemnification is to be sought, and, at the Company's expense, shall provide all such documents and take all such actions which the Company may reasonably request in connection with such defense.

3. SETTLEMENTS. The Company shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Company shall indemnify the indemnified party against any loss, claim, damage, liability or expense by reason of such settlement or judgment. The Company shall not, without the prior written consent of the indemnified party, effect any settlement, compromise or consent to the entry of judgment in any pending or threatened action, suit or proceeding in respect of which any indemnified party is or could have been a party and indemnity was or could have been sought hereunder by such indemnified party, unless such settlement, compromise or consent includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such action, suit or proceeding.

4. CONTRIBUTION.

(a) If the indemnification provided for in Section 1 is for any reason held to be unavailable to or otherwise insufficient to hold harmless an indemnified party in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the Company shall contribute to the aggregate amount paid or payable by such indemnified party, as incurred, as a result of any losses, claims, damages, liabilities or expenses referred to therein (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the indemnified party, on the other hand, from the offering of the Common Shares pursuant to the Underwriting Agreement or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and the indemnified party, on the other hand, in connection with the statements in or omissions from any preliminary prospectus, the Prospectus or the Registration Statement (or any amendment or supplement to any of the foregoing) or inaccuracies in the representations and warranties of the Company in the Underwriting Agreement that resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the indemnified party, on the other hand, in connection with the offering of the Common Shares pursuant to the Underwriting Agreement shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bears to the total net proceeds from

the offering received by the indemnified party. The relative fault of the Company, on the one hand, and the indemnified party, on the other hand, shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact or any such inaccurate or alleged inaccurate representation or warranty relates to information supplied by the Company, on the one hand, or the indemnified party, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(b) The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in Section 1 and Section 2, any legal or other fees or expenses reasonably incurred by such party in connection with investigating, defending, settling or compromising any action or claim. The provisions set forth in Section 2 with respect to notice of commencement of any action shall apply if a claim for contribution is to be made under this Section 4; provided, however, that no additional notice shall be required with respect to any action for which notice has been given under Section 2 for purposes of indemnification.

(c) The Company and the Selling Stockholders agree that it would not be just and equitable if contribution pursuant to this Section 4 were determined by pro rata allocation (even if the Selling Stockholders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 4.

(d) No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 4, each person, if any, who controls a Selling Stockholder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as such Selling Stockholder.

5. CAPITALIZED TERMS. Except as otherwise specified, capitalized terms used herein which are not otherwise specifically defined herein shall have the meanings given them in the Underwriting Agreement. Notices required or permitted hereunder shall be given in the manner prescribed in Section 13 of the Underwriting Agreement.

6. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, and inure to the benefit of, the Company, the Selling Stockholders, and their respective controlling persons, officers, directors, successors, heirs, executors, administrators and assigns.

7. GOVERNING LAW. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Massachusetts, without regard to its principles of conflicts of laws.

Exhibit 23.1

Consent of Ernst & Young LLP, Independent Auditors

We consent to the reference to our firm under the caption "Experts" and to the use of our reports dated February 25, 1998, in Amendment No. 2 to the Registration Statement (Form S-1 No. 333-46941) and related Prospectus of Charles River Associates Incorporated for the registration of 2,516,200 shares of its common stock.

/s/ Ernst & Young LLP

Boston, Massachusetts
April 18, 1998