

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 14, 2004**

CHARLES RIVER ASSOCIATES INCORPORATED

(Exact name of registrant as specified in its charter)

Massachusetts
(State or other jurisdiction
of incorporation)

000-24049
(Commission
File Number)

04-2372210
(I.R.S. Employer
Identification No.)

200 Clarendon Street, Boston, Massachusetts
(Address of principal executive offices)

02116
(Zip Code)

Registrant's telephone number, including area code: **(617) 425-3000**

Not Applicable

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

ITEM 1.01 Entry into a Material Definitive Agreement.

Pursuant to Section 15.02(i) of the Indenture dated June 21, 2004 between Charles River Associates Incorporated ("CRA") and U.S. Bank National Association ("U.S. Bank") governing CRA's 2.875% convertible senior subordinated debentures due 2034 (the "Debentures"), on December 14, 2004, CRA irrevocably elected to settle with cash 100% of the principal amount of the Debentures upon conversion thereof. CRA maintains the right to satisfy any conversion obligation to the extent it exceeds the principal amount of the Debentures converted in shares of CRA common stock (or cash in lieu of fractional shares).

A copy of the election notice delivered to U.S. Bank pursuant to Section 15.02(i) of the Indenture is filed herewith as Exhibit 4.1 and incorporated by reference herein.

A copy of the press release, dated December 15, 2004, announcing CRA's election to satisfy in cash 100% of the principal amount of the Debentures upon conversion thereof is filed herewith as Exhibit 99.1 and incorporated by reference herein.

ITEM 3.03 Material Modification to Rights of Security Holders.

The disclosure contained in Item 1.01 to this Current Report on Form 8-K is incorporated by reference herein.

ITEM 9.01 Financial Statements and Exhibits.

(c) The following exhibits are filed with this report:

<u>Exhibit Number</u>	<u>Description</u>
4.1	Election Notice delivered to U.S. Bank pursuant to Section 15.02(i) of the Indenture.
99.1	Press Release dated December 15, 2004.

SIGNATURES

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

CHARLES RIVER ASSOCIATES INCORPORATED

By: /s/ J. Phillip Cooper
J. Phillip Cooper
Executive Vice President, Chief Financial Officer, and
Treasurer

Date: December 15, 2004

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EXHIBIT INDEX

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[LETTERHEAD]

December 14, 2004

VIA FACSIMILE (617-603-6683) AND CERTIFIED MAIL

Corporate Trust Office of the Trustee
U.S. Bank National Association
One Federal Street, 3rd Floor
Boston, MA 02110
Attn: George Davison

Re: Charles River Associates Incorporated

Dear Mr. Davison:

Pursuant to Section 15.02(i) of that certain Indenture between Charles River Associates Incorporated (the "Company") and U.S. Bank National Association ("U.S. Bank") dated June 21, 2004, the Company hereby irrevocably elects to satisfy in cash 100% of the principal amount of the Debentures to be converted on or after the date hereof. The Company maintains the right to satisfy a Conversion Obligation to the extent it exceeds the principal amount of the Debentures in shares of Common Stock (or cash in lieu of any fractional shares) pursuant to Section 15.02(i) of the Indenture.

The Company hereby instructs U.S. Bank, as Debenture Registrar, to notify the Debentureholders of this election pursuant to Section 15.02(i) of the Indenture.

Capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Indenture.

Best regards,

/s/ J. Phillip Cooper

J. Phillip Cooper
Executive Vice President, Chief Financial
Officer, and Treasurer

CONFIDENTIAL**Contact:**

Phil Cooper
Executive Vice President, CFO
Charles River Associates Incorporated
617-425-3700

Jim Buckley
Executive Vice President
Sharon Merrill Associates, Inc.
617-542-5300

**CHARLES RIVER ASSOCIATES ANNOUNCES UPDATE ON 2.875%
CONVERTIBLE SENIOR SUBORDINATED DEBENTURES DUE 2034**
*Company Elects Cash Settlement Option for Future Conversion,
Limiting Dilutive Effect on Common Stock*

BOSTON — December 15, 2004 — Charles River Associates Incorporated (NASDAQ: CRAI) announced today that, pursuant to the terms of the indenture governing its 2.875% convertible senior subordinated debentures due 2034, it has irrevocably elected to settle with cash all of the principal amount of the debentures upon conversion thereof. To the extent that the conversion obligation exceeds the principal amount of the debentures converted, CRA maintains the right to satisfy the remaining conversion obligation in shares of its common stock (or cash in lieu of fractional shares).

The debentures are convertible only upon the occurrence of specified events. Accordingly, under accounting regulations effective for periods through December 15, 2004, until a contingent conversion condition is met, the shares underlying the debentures are not included in the calculation of diluted earnings per share. However, in September 2004, the Emerging Issues Task Force of the Financial Accounting Standards Board (FASB) reached a conclusion that effective for periods ending after December 15, 2004, contingently convertible securities should be included in diluted earnings per share computations, regardless of whether a conversion contingency has been met. Furthermore, FASB proposed an amendment to Statement of Financial Accounting Standards No. 128 prohibiting the treasury stock method of accounting unless the issuer were to commit, contractually and irrevocably, to settle the par value of the debentures in cash. The irrevocable election by CRA to settle the par value of the debentures in cash will allow CRA to continue to account for the debentures under the treasury stock method of accounting. The treasury stock method of accounting allows CRA to report dilution only when and to the extent that the Company's average stock price per share for the reporting period exceeds the \$40 conversion price.

CRA believes that current cash balances, cash generated from operations, and amounts available under its bank line of credit will be sufficient to meet the Company's anticipated working capital and capital expenditure requirements for at least the next 12 months.

About CRA

Founded in 1965, Charles River Associates is an economics, finance, and business consulting firm that works with businesses, law firms, accounting firms, and governments in providing a wide range of services. CRA combines its expertise in economic and financial analysis, litigation and regulation support, business strategy and planning, market and demand forecasting, policy analysis, and engineering and technology management. In addition to its corporate headquarters in Boston and international offices in Brussels, Canberra, Dubai, London, Melbourne, Mexico City, Sydney, Toronto, and Wellington, CRA also has U.S. offices in Cambridge, Chicago, College Station, Houston, New York, Oakland, Pasadena, Philadelphia, Salt Lake City, Silicon Valley, and Washington, D.C.

Statements in this news release may be considered forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, including statements concerning the accounting treatment of the debentures, the effect that the election to satisfy in cash all of the principal amount of the debentures upon conversion will have on CRA's diluted earnings per share, and that CRA's current cash balances, cash generated from operations and amounts available under its bank line of credit will be sufficient to meet the Company's anticipated working capital and capital expenditure requirements for at least the next 12 months. Information contained in these forward-looking statements is inherently uncertain, and actual events may differ materially. Information on factors that could affect the outcome of these forward-looking statements is included in CRA's most recent Quarterly Report on Form 10-Q filed on October 15, 2004 with the Securities and Exchange Commission and in other filings made by CRA with the Securities and Exchange Commission from time to time. CRA assumes no obligation and undertakes no duty to update its forward-looking statements to reflect new information or developments.
