

**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): **October 2, 2003**

**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**  
(IRS 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)

**Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.**

(c) Exhibits

<u>Number</u>	<u>Description</u>
99.1	Press release dated October 2, 2003

**Item 12. Results of Operations and Financial Condition.**

On October 2, 2003, we issued a press release reporting our financial results for our fiscal quarter ended September 5, 2003. A copy of the press release is set forth as Exhibit 99.1 and is incorporated by reference herein.

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**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**

Dated: October 2, 2003

By: /s/ James C. Burrows  
James C. Burrows  
President and Chief Executive Officer

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**EXHIBIT INDEX**

<u>Number</u>	<u>Description</u>
99.1	Press release dated October 2, 2003



**Contact:**

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Executive Vice President, Chief Financial Officer  
Charles River Associates Incorporated  
617-425-3700

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

**CHARLES RIVER ASSOCIATES REPORTS THIRD-QUARTER FISCAL 2003  
FINANCIAL RESULTS**

*Company Posts 22<sup>nd</sup> Consecutive Quarter of Year-over-Year Revenue Growth*

BOSTON, October 2, 2003 — Charles River Associates Incorporated (NASDAQ: CRAI), an internationally known leader in providing economic, financial and management consulting services, today reported financial results for its fiscal 2003 third quarter, the 16 weeks ended September 5, 2003.

Revenues for the third quarter of fiscal 2003 on a fully comparable basis increased 17.6 percent to \$49.4 million, versus revenues of \$42.0 million for the third quarter of fiscal 2002. Net income for the third quarter of fiscal 2003 increased 31.5 percent to \$3.4 million, or \$0.34 per share on a diluted basis, from net income of \$2.6 million, or \$0.28 per share on a diluted basis, for the third quarter of fiscal 2002. The third quarter of fiscal 2003 is the first period in which CRA's results for the comparable fiscal 2002 period include a full quarter's contribution from the Chemicals and Energy practice CRA acquired from the Arthur D. Little corporation(1), late in the second quarter of fiscal 2002.

Revenues for the first three quarters of fiscal 2003 were \$124.4 million, a 32.0 percent increase from \$94.2 million in the same period of fiscal 2002. Net income for the first three quarters of fiscal 2003 increased 37.0 percent to \$8.4 million, from \$6.2 million in the first three quarters of fiscal 2002. Earnings per diluted share for the first three quarters of fiscal 2003 were \$0.88 compared with \$0.66 in the first three quarters of fiscal 2002.

**Comments on the Third Quarter**

"CRA's strong third-quarter results, which represents our 22<sup>nd</sup> consecutive quarter of year-over-year revenue growth, are a testament to the diversity of our business," said James C. Burrows, CRA's president and CEO. "The diversification across vertical industries and areas of functional expertise has produced a portfolio effect, which has enabled us to grow despite shifts in demand within any one practice. During the third quarter, this was particularly evident in our major practice areas. Strong performances from our Competition, Electric Utility, and Finance practices more than offset continuing softness in our Middle Eastern business.

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(1) Now known as Dehon, Inc. The "Arthur D. Little" and "ADL" trademarks were purchased by a third party.

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**Charles River Associates/2**

"We continued to execute on our initiative to raise operating margins in the third quarter, improving this metric 70 basis points sequentially to 12.2 percent. We achieved this increase despite a slight sequential decline in consultant utilization, which dipped to 72 percent from 73.5 percent due to the summer holiday months. In addition, we bolstered our already strong balance sheet with \$10.7 million in cash from operating activities, offset in part by \$1.5 million of capital expenditures, as well as approximately \$15 million in proceeds from the successful completion of a public stock offering and \$10 million in proceeds from the exercise of stock options. This additional financial flexibility will serve CRA well as we pursue our growth objectives," continued Burrows.

**Conference Call Webcast Information**

To listen to a live audio Webcast of CRA's third-quarter fiscal 2003 financial results conference call, visit the Company's Web page at [www.crai.com](http://www.crai.com). The conference call begins at 11:00 a.m. ET today. A replay of the call also will be available on the Company's Web site.

**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 economic and financial analysis with expertise in litigation and regulation support, business strategy and planning, market and demand forecasting, policy analysis, and engineering and technology management. CRA is distinguished by a corporate philosophy of providing responsive, top-quality consulting; an interdisciplinary team approach; unsurpassed economic, financial, and other analytic skills; and pragmatic business insights. In addition to its corporate headquarters in Boston and international offices in Brussels, Dubai, London, Melbourne, Mexico City, Toronto, and Wellington, CRA also has U.S. offices in College Station, Houston, Los Angeles, Oakland, Palo Alto, Philadelphia, Salt Lake City, and Washington, D.C. More information about the Company can be found on its Web site at [www.crai.com](http://www.crai.com).

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Statements in this press release concerning the future business, operating results, and financial condition of the Company and statements using the terms "anticipates," "believes," "expects," "should," or similar expressions, are "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, those related to CRA's ability to grow despite demand shifts in any one practice and the Company's ability to successfully pursue its growth objectives. These statements are based upon management's current expectations and are subject to a number of factors and uncertainties. Information contained in these forward-looking statements is inherently uncertain and actual performance and results may differ materially due to many important factors. Such factors that could cause actual results to differ materially from any forward-looking statements made by the Company include, among others, dependence on key personnel, attracting and retaining qualified consultants, dependence on outside experts, utilization rates, risks inherent in international operations, NeuCo's performance, management of new offices, dependence on growth of the Company's

business consulting practice, the ability of the Company to successfully integrate new consultants into its practice, intense competition, and professional liability. Further information on these and other potential factors that could affect the Company's financial results is included in the Company's filings with the Securities and Exchange Commission. The Company cannot guarantee any future results, levels of activity, performance or achievement. The Company undertakes no obligation to update any of its forward-looking statements after the date of this press release.

The consolidated statements of income and consolidated balance sheets are attached.

**CHARLES RIVER ASSOCIATES INCORPORATED**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(In thousands, except per share data)

	<u>Sixteen Weeks Ended</u> August 30, 2002	<u>Sixteen Weeks Ended</u> September 5, 2003	<u>Forty Weeks Ended</u> August 30, 2002	<u>Forty Weeks Ended</u> September 5, 2003
Revenues	\$ 42,027	\$ 49,410	\$ 94,245	\$ 124,440
Costs of services	25,598	30,029	57,541	76,988
Gross profit	16,429	19,381	36,704	47,452
Selling, general and administrative	11,754	13,342	26,814	32,952
Income from operations	4,675	6,039	9,890	14,500
Interest and other income (expense), net	(61)	(85)	156	102
Income before provision for income taxes and minority interest	4,614	5,954	10,046	14,602
Provision for income taxes	(2,079)	(2,542)	(4,260)	(6,131)
Income before minority interest	2,535	3,412	5,786	8,471
Minority interest	52	(11)	368	(41)
Net income	\$ 2,587	\$ 3,401	\$ 6,154	\$ 8,430
Net income per share:				
Basic	\$ 0.29	\$ 0.36	\$ 0.68	\$ 0.92
Diluted	\$ 0.28	\$ 0.34	\$ 0.66	\$ 0.88
Weighted average number of shares outstanding:				
Basic	9,068	9,478	9,055	9,201
Diluted	9,303	10,010	9,302	9,561

**CHARLES RIVER ASSOCIATES INCORPORATED**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands)

	<u>November 30,</u> 2002	<u>September 5,</u> 2003
<b>Assets</b>		
Cash, cash equivalents and short-term investments	\$ 18,998	\$ 57,344
Accounts receivable and unbilled, net	41,906	45,857
Other current assets	3,902	5,047
Total current assets	64,806	108,248
Property and equipment, net	9,397	11,135
Goodwill and intangible assets, net	26,476	26,029
Long-term investments	5,348	5,137
Other assets	3,142	2,507
Total assets	\$ 109,169	\$ 153,056
<b>Liabilities and stockholders' equity</b>		
Current liabilities	\$ 27,097	\$ 36,540
Long-term liabilities	3,714	3,941
Total liabilities	30,811	40,481
Total stockholders' equity	78,358	112,575

Total liabilities and stockholders' equity

\$ 109,169

\$ 153,056