



Charles River Associates Announces Second-Quarter Fiscal 2001 Financial Results; Company Reports 24 Percent Increase in Quarter-Over-Quarter Revenues

June 5, 2001

BOSTON--(BUSINESS WIRE)--June 5, 2001--Charles River Associates Incorporated (Nasdaq: CRAI), a leading provider of economic, financial, and business strategy consulting, today reported financial results for the second fiscal quarter ended May 11, 2001.

Revenues for the quarter increased 24 percent to \$24.6 million, compared with revenues of \$19.8 million for the second fiscal quarter of fiscal 2000. Net income for the second quarter of fiscal 2001 was \$1.7 million, or \$0.19 per share on a diluted basis, compared with net income of \$2.6 million, or \$0.30 per share on a diluted basis, for the second quarter a year earlier.

Revenues for the first two quarters of fiscal 2001 increased 18 percent to \$45.7 million from \$38.7 million in the same period in the previous year. Net income for the first two quarters of fiscal 2001 was \$3.1 million, or \$0.34 per share on a basic and diluted basis, compared with net income of \$5.0 million for the first two quarters of fiscal 2000, or \$0.58 per share on a basic basis and \$0.57 per share on a diluted basis.

"We are pleased with CRA's financial results in the second quarter, especially in light of current economic conditions," said James C. Burrows, CRA president and chief executive officer. "Strong growth in litigation, particularly anti-trust and mergers, trade, transfer pricing, and energy litigation, and continued strength in a number of our business consulting practices, combined with solid contributions from our new international offices and our NeuCo subsidiary, enabled CRA to exceed our revenue expectations for the quarter. In addition, we made substantial progress in our initiative to improve overall utilization as we reassigned staff and refocused resources on practice areas with the most promising opportunities.

"Net income for the quarter met our expectations, although we did experience increased expenses associated with the active recruiting of senior level consultants in recent quarters, higher NeuCo growth, start-up costs associated with CRA's new Asia-Pacific offices. Going forward, we expect that these start-up costs will dissipate and revenue generated by the new senior consultants will more than offset the corresponding expenses," continued Burrows.

"Operationally, we continued to see extremely positive signs. As part of CRA's effort to boost utilization, consultants were reassigned to billable projects with greater success in the second quarter than in the past two quarters. These factors combined to bring second-quarter utilization to 78 percent, the highest it has been since the fourth quarter of fiscal 1999. These trends are encouraging for CRA as we continue to execute our growth strategy. We will continue to pursue high-level candidates with exceptional reputations in their respective fields to bolster emerging practice areas," said Burrows.

"In the second quarter, revenue from our NeuCo subsidiary increased nearly 300% over first-quarter results. With more than \$2 million in second-quarter bookings, we anticipate continued revenue growth from NeuCo going forward. NeuCo's recent successes and strong performance last year have made it the industry's leading supplier of boiler optimization systems. We believe that NeuCo is at a turning point, as follow-on and system-wide contracts validate the effectiveness of the ProcessLink(TM) enterprise optimization software," stated Burrows.

"For the remainder of fiscal 2001, we anticipate continued growth in revenues in both litigation and our business consulting practices, including energy, chemicals and pharmaceuticals. As a result, we continue to project revenue growth of 20 to 25 percent for fiscal 2001. For the third quarter, we expect revenue to be between \$32 million and \$34 million and EPS to be between \$0.25 to \$0.27. Given our recent success in this challenging economic climate, we are confident that CRA can reach these goals," concluded Burrows.

To listen to a live audio Webcast of CRA's second-quarter fiscal 2001 financial results conference call, visit the Company's Web page at www.crai.com. The conference call begins at 11:00 a.m. ET today.

About CRA

Founded in 1965, CRA is a leading provider of sophisticated economic and financial consulting services, expert testimony and litigation support, and business consulting. The firm's areas of expertise include auctions, antitrust, mergers and acquisitions, policy impact assessments, corporate finance, strategy and business operations, and regulatory economics. CRA has advised corporate clients, government agencies, and other organizations in thousands of engagements. In addition to its corporate headquarters in Boston and international offices in London, Melbourne, Mexico City, Toronto, and Wellington, New Zealand, CRA also has U.S. offices in Berkeley/Oakland, College Station, Los Angeles, Palo Alto, Salt Lake City, and Washington, D.C. More information about the Company can be found on its Web site at www.crai.com.

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 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.

(In thousands, except share data)

	Nov. 25, 2000	May 11, 2001
Assets		
Current assets:		
Cash and cash equivalents	\$20,305	\$14,961
Available-for-sale securities	5,758	3,524
Accounts receivable, net of allowances of \$1,321 in 2000 and \$848 in 2001 for doubtful accounts	18,338	24,870
Unbilled services	11,162	11,624
Refundable income taxes	419	685
Prepaid expenses	602	809
Deferred income taxes	636	636
Total current assets	57,220	57,109
Property and equipment, net	5,942	6,771
Goodwill, net of accumulated amortization of \$1,089 in 2000 and \$1,528 in 2001	14,845	14,406
Intangible assets, net of accumulated amortization of \$337 in 2000 and \$388 in 2001	1,170	1,119
Other assets	1,103	2,983
Total assets	\$80,280	\$82,388
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$3,978	\$3,862
Accrued expenses	10,113	9,059
Deferred revenue and other liabilities	105	197
Current portion of notes payable to former stockholders	177	102
Total current liabilities	14,373	13,220
Notes payable to former stockholders, net of current portion	102	--
Deferred rent	1,640	1,809
Minority interest	1,827	1,737
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, no par value; 1,000,000 shares authorized; none issued and outstanding	--	--
Common stock, no par value; 25,000,000 shares authorized; 9,091,523 shares in 2000 and 9,107,529 shares in 2001 issued and outstanding	45,737	45,872
Receivable from stockholder	(4,500)	(4,500)
Deferred compensation	(112)	(88)
Retained earnings	21,362	24,479
Foreign currency translation	(149)	(141)
Total stockholders' equity	62,338	65,622
Total liabilities and stockholders' equity	\$80,280	\$82,388

Charles River Associates Incorporated
Consolidated Statements of Income
(In thousands, except share and per share data)

	Twelve Weeks Ended		Twenty-four Weeks Ended	
	May 12, 2000	May 11, 2001	May 12, 2000	May 11, 2001
Revenues	\$19,845	\$24,567	\$38,714	\$45,711
Costs of services	11,124	14,660	21,653	27,191
Gross profit	8,721	9,907	17,061	18,520
General and administrative	4,690	7,318	9,186	13,898
Income from operations	4,031	2,589	7,875	4,622
Interest income, net	334	276	639	615
Income before provision for income taxes	4,365	2,865	8,514	5,237

and minority interest				
Provision for income taxes	(1,801)	(1,128)	(3,515)	(2,210)
Income before				
minority interest	2,564	1,737	4,999	3,027
Minority interest	46	(33)	46	90
Net income	\$2,610	\$1,704	\$5,045	\$3,117
Net income per share:				
Basic	\$0.30	\$0.19	\$0.58	\$0.34
Diluted	\$0.30	\$0.19	\$0.57	\$0.34
Weighted average number				
of shares outstanding:				
Basic	8,685,554	9,107,529	8,684,950	9,105,995
Diluted	8,724,120	9,117,883	8,782,355	9,111,220

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