



Charles River Associates Announces Third-Quarter Fiscal 2002 Financial Results

September 25, 2002

BOSTON, Sep 25, 2002 (BUSINESS WIRE) -- Charles River Associates Incorporated (CRA) (Nasdaq: CRAI), an internationally known leader in providing economic, financial, and management consulting services, today reported financial results for its fiscal 2002 third quarter ended August 30, 2002.

Revenues for the third quarter of fiscal 2002 increased 20.4 percent year-over-year to a record \$42.0 million, compared with \$34.9 million for the third quarter of fiscal 2001. This increase was primarily due to the first full quarter of results from the Company's acquisition of Arthur D. Little's Chemical & Energy practice ("ADL"). Net income for the third quarter of fiscal 2002 increased to \$2.6 million, or \$0.28 per share on a diluted basis, compared with \$2.4 million, or \$0.26 per share on a diluted basis, for the third quarter of fiscal 2001.

For the first three quarters of fiscal 2002, revenues increased 16.9 percent to \$94.2 million from \$80.6 million in the same period in the previous year. Net income for the first three quarters of fiscal 2002 was \$6.2 million, or \$0.66 per share on a diluted basis, compared with \$5.5 million, or \$0.60 per share on a diluted basis, for the year-earlier period.

Comments on the Third Quarter

"CRA's performance was in line with our expectations in the third quarter," said James C. Burrows, CRA's president and CEO. "During the quarter, we experienced continued strength in finance-related litigation and strong revenues in the Chemicals and Petroleum practice, which benefited from the ADL acquisition made at the end of Q2.

"Our efforts over the past several quarters to control expenses and properly staff the organization paid off for CRA in Q3," continued Burrows. "The Company's focus on operational efficiency enabled us to improve operating margins despite costs related to the integration of ADL and a slight operating loss from our NeuCo subsidiary.

"In the fourth quarter, CRA will continue to focus on improving both margins and utilization, as well as on capitalizing on opportunities to leverage our acquisition of ADL into additional revenue growth," concluded Burrows.

To listen to a live audio Webcast of CRA's third-quarter fiscal 2002 financial results conference call, visit the Company's Web page at www.crai.com. The conference call begins at 10:00 a.m. ET today.

About CRA

Founded in 1965, CRA, an economics, finance, and business consulting firm, 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 regulatory support, business strategy and planning, market and demand forecasting, policy analysis, and engineering and technology management. In thousands of engagements, CRA has distinguished itself by its corporate philosophy of providing responsive, high-quality consulting; an interdisciplinary team approach; advanced economic, financial, and other analytic skills; and pragmatic business insights. In addition to its corporate headquarters in Boston and international offices in London, Melbourne, Mexico City, Toronto, and Wellington, CRA also has U.S. offices in Berkeley/Oakland, College Station, Houston, Los Angeles, Palo Alto, Philadelphia, Salt Lake City, and Washington, D.C. More information about CRA 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 CRA 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 CRA 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 CRA's business consulting practice, the ability of CRA to successfully integrate new consultants into its practice, intense competition, and professional liability. Further information on these and other potential factors that could affect CRA's financial results is included in CRA's filings with the Securities and Exchange Commission. CRA cannot guarantee any future results, levels of activity, performance or achievement. CRA 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)

| | Sixteen Weeks Ended | | Forty Weeks Ended | |
|-------------------------------------|---------------------|-----------------|-------------------|-----------------|
| | August 31, 2001 | August 30, 2002 | August 31, 2001 | August 30, 2002 |
| Revenues | \$ 34,914 | \$ 42,027 | \$ 80,625 | \$ 94,245 |
| Costs of services | 20,926 | 25,598 | 48,117 | 57,541 |
| Gross profit | 13,988 | 16,429 | 32,508 | 36,704 |
| Selling, general and administrative | 9,809 | 11,754 | 23,707 | 26,814 |

| | | | | |
|--|----------|----------|----------|----------|
| Income from operations | 4,179 | 4,675 | 8,801 | 9,890 |
| Interest and other income (expense), net | 308 | (61) | 923 | 156 |
| Income before provision for income taxes and minority interest | 4,487 | 4,614 | 9,724 | 10,046 |
| Provision for income taxes | (1,894) | (2,079) | (4,104) | (4,260) |
| Income before minority interest | 2,593 | 2,535 | 5,620 | 5,786 |
| Minority interest | (186) | 52 | (96) | 368 |
| Net income | \$ 2,407 | \$ 2,587 | \$ 5,524 | \$ 6,154 |
| Net income per share: | | | | |
| Basic | \$ 0.26 | \$ 0.29 | \$ 0.61 | \$ 0.68 |
| Diluted | \$ 0.26 | \$ 0.28 | \$ 0.60 | \$ 0.66 |
| Weighted average number of shares outstanding: | | | | |
| Basic | 9,108 | 9,068 | 9,107 | 9,055 |
| Diluted | 9,287 | 9,303 | 9,182 | 9,302 |

CHARLES RIVER ASSOCIATES INCORPORATED
CONSOLIDATED BALANCE SHEETS
(In thousands)

| | November 24, 2001 | August 30, 2002 |
|--|----------------------|--------------------|
| Assets | | |
| Cash, cash equivalents and short-term investments | \$ 23,628 | \$ 16,403 |
| Accounts receivable and unbilled, net | 37,265 | 38,110 |
| Other current assets | 2,286 | 2,484 |
| Total current assets | 63,179 | 56,997 |
| Property and equipment, net | 7,569 | 8,230 |
| Goodwill and intangible assets, net | 18,966 | 26,961 |
| Long-term investments | 3,433 | 5,203 |
| Other assets | 3,743 | 3,701 |
| Total assets | \$ 96,890 | \$101,092 |
| Liabilities and stockholders' equity | | |
| Current liabilities | \$ 22,070 | \$ 21,017 |
| Long-term liabilities | 4,818 | 3,631 |
| Total liabilities | 26,888 | 24,648 |
| Total stockholders' equity | 70,002 | 76,444 |
| Total liabilities and stockholders' equity | \$ 96,890 | \$101,092 |

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