

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended May 14, 2004

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number: 000-24049

Charles River Associates Incorporated

(Exact name of registrant as specified in its charter)

Massachusetts

(State or other jurisdiction of
incorporation or organization)

04-2372210

(I.R.S. Employer Identification No.)

200 Clarendon Street, T-33, Boston, MA

(Address of principal executive offices)

02116-5092

(Zip Code)

617-425-3000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 24, 2004 CRA had outstanding 9,665,542 shares of common stock.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

	Twelve Weeks Ended		Twenty-four Weeks Ended	
	May 14, 2004	May 16, 2003	May 14, 2004	May 16, 2003
Revenues	\$ 45,694	\$ 40,245	\$ 84,195	\$ 75,030
Costs of services	26,585	25,261	48,545	46,959
Gross profit	19,109	14,984	35,650	28,071
Selling, general and administrative expenses	12,332	10,349	23,971	19,610
Income from operations	6,777	4,635	11,679	8,461
Interest and other income, net	448	193	247	187
Income before provision for income taxes and minority interest	7,225	4,828	11,926	8,648
Provision for income taxes	(3,107)	(2,017)	(5,128)	(3,589)
Income before minority interest	4,118	2,811	6,798	5,059
Minority interest	(90)	11	(197)	(30)
Net income	\$ 4,028	\$ 2,822	\$ 6,601	\$ 5,029
Net income per share:				
Basic	\$ 0.40	\$ 0.31	\$ 0.65	\$ 0.56
Diluted	\$ 0.38	\$ 0.30	\$ 0.62	\$ 0.54
Weighted average number of shares outstanding:				
Basic	10,180	9,019	10,181	9,015
Diluted	10,679	9,343	10,706	9,260

See accompanying notes.

Charles River Associates Incorporated
Consolidated Balance Sheets
(In thousands, except share data)

	<u>May 14, 2004</u>	<u>November 29, 2003</u>
	<i>(unaudited)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 21,497	\$ 60,497
Short-term investments	51	32
Accounts receivable, net of allowances of \$1,363 in 2004 and \$1,606 in 2003 for doubtful accounts	43,120	31,942
Unbilled services	27,287	17,552
Prepaid expenses and other assets	2,879	3,152
Deferred income taxes	5,536	5,510
	<u>100,370</u>	<u>118,685</u>
Total current assets	100,370	118,685
Property and equipment, net	14,129	12,703
Goodwill	90,468	24,750
Intangible assets, net of accumulated amortization of \$1,585 in 2004 and \$1,366 in 2003	7,438	1,157
Long-term investments	4,434	5,154
Other assets	1,987	1,767
	<u>218,826</u>	<u>164,216</u>
Total assets	\$ 218,826	\$ 164,216
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 9,859	\$ 9,590
Accrued expenses	25,460	27,508
Deferred revenue and other liabilities	3,482	1,597
Current portion of notes payable to former stockholders	1,034	1,038
	<u>39,835</u>	<u>39,733</u>
Total current liabilities	39,835	39,733
Notes payable to former stockholders, net of current portion	1,571	1,571
Line of credit payable	39,600	—
Deferred rent	3,204	1,839
Deferred compensation expense	3,000	—
Deferred income taxes	3,887	1,192
Minority interest	2,047	1,850
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; 10,270,218 shares in 2004 and 10,176,777 in 2003 issued and outstanding	74,360	72,792
Notes receivable from stockholders	(4,865)	(4,500)
Deferred compensation	(20)	(40)
Retained earnings	55,247	48,646
Foreign currency translation	960	1,133
	<u>125,682</u>	<u>118,031</u>
Total stockholders' equity	125,682	118,031
	<u>\$ 218,826</u>	<u>\$ 164,216</u>
Total liabilities and stockholders' equity	\$ 218,826	\$ 164,216

See accompanying notes.

Charles River Associates Incorporated
Consolidated Statements of Cash Flows (unaudited)
(In thousands)

	Twenty-four Weeks Ended	
	May 14, 2004	May 16, 2003
Operating activities:		
Net income	\$ 6,601	\$ 5,029
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,952	1,825
Deferred rent	499	852
Deferred income taxes	(28)	—
Minority interest	197	30
Changes in operating assets and liabilities:		
Accounts receivable	(363)	(5,050)
Unbilled services	(4,921)	(10)
Prepaid expenses and other assets	571	(125)
Accounts payable, accrued expenses, and other liabilities	(4,308)	5,055
	200	7,606
Investing activities:		
Purchase of property and equipment	(2,108)	(3,010)
Sale of investments, net	701	506
Acquisition of business, net of cash acquired	(78,470)	—
	(79,877)	(2,504)
Financing activities:		
Payments on notes payable, net	—	(660)
Collections on receivables from stockholders	69	—
Proceeds from line of credit	39,600	—
Issuance of common stock upon exercise of stock options	1,131	186
Payment for repurchase of minority interest shares in subsidiary	—	(300)
	40,800	(774)
Net cash provided by (used in) financing activities	40,800	(774)
Effect of foreign exchange rates on cash and cash equivalents	(123)	128
	(39,000)	4,456
Net increase (decrease) in cash and cash equivalents	(39,000)	4,456
Cash and cash equivalents at beginning of period	60,497	18,846
	21,497	23,302
Cash and cash equivalents at end of period	\$ 21,497	\$ 23,302
Non-cash financing activities:		
Notes receivable in exchange for shares	\$ 2,865	—
	2,865	—
Repurchase of shares in exchange for note receivable	\$ 2,431	—
	2,431	—
Supplemental cash flow information:		
Cash paid for income taxes	\$ 2,217	\$ 3,724
	2,217	3,724

See accompanying notes.

Charles River Associates Incorporated

Notes to Consolidated Financial Statements

(Unaudited)

1. Description of Business

Charles River Associates Incorporated ("CRA") is an economic, financial, and business consulting firm that applies advanced analytic techniques and in-depth industry knowledge to complex engagements for a broad range of clients. CRA offers two types of services: legal and regulatory consulting and business consulting. CRA operates in only one business segment, which is consulting services.

2. Unaudited Interim Consolidated Financial Statements and Estimates

The consolidated statements of income for the twelve and twenty-four weeks ended May 14, 2004 and May 16, 2003, the consolidated balance sheet as of May 14, 2004, and the consolidated statements of cash flows for the twenty-four weeks ended May 14, 2004 and May 16, 2003, are unaudited. The November 29, 2003 balance sheet is derived from CRA's audited financial statements included in its Annual Report on Form 10-K as of that date. In the opinion of management, these statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of CRA's consolidated financial position, results of operations, and cash flows.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

3. Principles of Consolidation

The consolidated financial statements include the accounts of CRA, its wholly owned subsidiaries, and NeuCo, Inc. ("NeuCo"), a company founded by CRA and an affiliate of Commonwealth Energy Systems in June 1997. As of May 14, 2004, CRA's interest in NeuCo is 59.3 percent. In March 2003, NeuCo repurchased and cancelled shares from a minority interest stockholder, which increased CRA's interest in NeuCo to 59.7 percent from 49.7 percent. This transaction has been recorded as an adjustment of capital. The portion of the results of operations of NeuCo allocable to its other owners is shown as "minority interest" on CRA's statement of income, and that amount, along with the capital contributions to NeuCo of its other owners, is shown as "minority interest" on CRA's balance sheet. All significant intercompany accounts have been eliminated.

4. Fiscal Year

CRA's fiscal year ends on the last Saturday in November, and accordingly, its fiscal year will periodically contain 53 weeks rather than 52 weeks. Both fiscal 2004 and 2003 are 52-week years. In a 52-week year, each of CRA's first, second, and fourth quarters includes twelve weeks, and its third quarter includes sixteen weeks. In a 53-week year, the fourth quarter includes thirteen weeks.

5. Revenue Recognition

Revenues from most engagements are recognized as services are provided based upon hours worked and contractually agreed-upon hourly rates, as well as a computer services fee based upon hours worked. Some revenues are derived from fixed-price engagements, for which revenue is recognized on a

proportional performance method based on the ratio of costs incurred, substantially all of which are labor-related, to the total estimated project costs. Losses are provided for at the earliest date by which they are identified. Revenues also include reimbursements, or expenses billed to clients, which include travel and other out-of-pocket expenses, outside consultants, and other reimbursable expenses. These reimbursable expenses included in revenues are as follows (in thousands):

	Twelve Weeks Ended		Twenty-four Weeks Ended	
	May 14, 2004	May 16, 2003	May 14, 2004	May 16, 2003
Reimbursable expenses billed to clients	\$ 6,359	\$ 6,637	\$ 11,407	\$ 11,804

An allowance is provided for any amounts considered uncollectible.

Unbilled services represent revenue recognized by CRA for services performed but not yet billed to the client.

6. Cash Equivalents and 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 generally consist of government bonds with maturities when purchased of more than 90 days but less than one year. Long-term investments, which are intended to be held to maturity, generally consist of government bonds with maturities when purchased of more than one year but less than two years. Held-to-maturity securities are stated at amortized cost, which approximates fair value.

7. Goodwill and Other Intangible Assets

Goodwill represents the cost in excess of fair market value of net assets of acquired businesses. In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets" (SFAS No. 142), which revised the accounting for goodwill and other intangible assets. Specifically, goodwill and intangible assets with indefinite lives are no longer subject to amortization, but are monitored annually for impairment, or more frequently if there are indicators of impairment. Any impairment would be measured based upon the fair value of the related asset based on the provisions of SFAS No. 142. If CRA determines through the impairment review process that goodwill has been impaired, it would record the impairment charge in its statement of income. There were no impairment losses related to goodwill due to the application of SFAS No. 142 in fiscal 2003, nor were there any indications of impairment in the twenty-four weeks ended May 14, 2004.

Intangible assets consist principally of costs allocated to non-compete agreements, which are amortized on a straight-line basis over the related terms of the agreements (seven to ten years), and customer relationships, which are amortized on a straight-line basis over five years.

8. Impairment of Long-Lived Assets

CRA reviews the carrying value of its long-lived assets (primarily property and equipment and intangible assets) to assess the recoverability of these assets whenever events indicate that impairment may have occurred. As part of this assessment, CRA reviews the future undiscounted operating cash flows expected to be generated by those assets. If impairment is indicated through this review, the carrying amount of the asset would be reduced to its estimated fair value.

9. Property and Equipment

Property and equipment are recorded at cost. CRA provides for depreciation of equipment using the straight-line method over its estimated useful life, generally three to ten years. Amortization of 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. Expenditures for maintenance and repairs are expensed as incurred. Expenses for renewals and betterments are capitalized.

10. Net Income per Share

Basic net income per share represents net income divided by the weighted average shares of common stock outstanding during the period. Diluted net income per share represents net income divided by the weighted average shares of common stock and common stock equivalents outstanding during the period. Weighted average shares used in diluted earnings per share include common stock equivalents arising from stock options using the treasury stock method. Reconciliation of basic to diluted weighted average shares of common stock outstanding is as follows (in thousands):

	Twelve Weeks Ended		Twenty-four Weeks Ended	
	May 14, 2004	May 16, 2003	May 14, 2004	May 16, 2003
Basic weighted average shares outstanding	10,180	9,019	10,181	9,015
Weighted average equivalent shares	499	324	525	245
Diluted weighted average shares outstanding	10,679	9,343	10,706	9,260

11. Stock-Based Compensation

CRA has elected to follow Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," in accounting for its stock-based compensation plans rather than the alternative fair value accounting method provided for under SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), as amended by SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure" (collectively, SFAS No. 148).

For purposes of pro forma disclosures, the estimated fair value of the options is amortized over the options' respective vesting periods. CRA's pro forma information is as follows (in thousands, except for net income per share information):

	Twelve Weeks Ended		Twenty-four Weeks Ended	
	May 14, 2004	May 16, 2003	May 14, 2004	May 16, 2003
Net income—as reported	\$ 4,028	\$ 2,822	\$ 6,601	\$ 5,029
Less stock-based compensation expense determined under fair value method for all stock options, net of related income tax benefit	(351)	(494)	(681)	(973)
Net income—pro forma	\$ 3,677	\$ 2,328	\$ 5,920	\$ 4,056
Basic net income per share—as reported	\$ 0.40	\$ 0.31	\$ 0.65	\$ 0.56
Basic net income per share—pro forma	\$ 0.36	\$ 0.26	\$ 0.58	\$ 0.45
Diluted net income per share—as reported	\$ 0.38	\$ 0.30	\$ 0.62	\$ 0.54
Diluted net income per share—pro forma	\$ 0.34	\$ 0.25	\$ 0.55	\$ 0.44

The effect on pro forma net income and net income per share of expensing the fair value of stock options is not necessarily representative of the effects on reported results for future years.

12. Comprehensive Income

Comprehensive income represents net income reported by CRA in the accompanying consolidated statements of income adjusted for changes in CRA's foreign currency translation account. A reconciliation is as follows (in thousands):

	Twenty-four Weeks Ended	
	May 14, 2004	May 16, 2003
Net income	\$ 6,601	\$ 5,029
Change in foreign currency translation	(173)	500
Comprehensive income	\$ 6,428	\$ 5,529

13. Foreign Currency Translation

In accordance with SFAS No. 52, "Foreign Currency Translation," balance sheet accounts of CRA's foreign subsidiaries are translated into United States dollars at period-end exchange rates. Operating accounts are translated at average exchange rates for each reporting period. The net gain or loss resulting from the changes in exchange rates during the twenty-four weeks ended May 14, 2004 and May 16, 2003 have been reported in comprehensive income. Transaction gains and losses are recorded in interest and other income (expense), net, in the consolidated statements of income.

14. Business Acquisition

On April 30, 2004, CRA completed its acquisition of InteCap, Inc. ("InteCap"), a leading intellectual property consulting firm in the United States that specializes in economic, financial, and strategic issues related to intellectual property and complex commercial disputes. CRA purchased InteCap from InteCap's institutional investor, GTCR Golder Rauner, LLC, members of InteCap's management, and other shareholders for approximately \$79.3 million (after deducting cash acquired, and adding acquisition costs and transaction fees paid or accrued). CRA funded the purchase price from existing cash resources and borrowings of \$39.6 million under its \$40.0 million line of credit. In connection with the acquisition, certain InteCap employees purchased in aggregate 87,316 shares of common stock in exchange for notes totaling approximately \$2.9 million. The notes mature in June 2007 and bear interest at 1.47% per annum.

The acquisition added approximately 130 consulting professionals to CRA. The addition of InteCap expanded CRA's geographic footprint into key markets such as Chicago and New York, and strengthened its presence in Houston, Silicon Valley, Boston and Washington, D.C. InteCap's operating results have been included in the accompanying statements of income beginning May 1, 2004.

The following is a preliminary allocation of the purchase price, based on management's estimates. CRA has not yet completed the evaluation and allocation of the purchase price. Fair values will be determined based on internal studies and independent third-party appraisals. CRA will finalize the purchase price allocation after it receives a final appraisal report, completes its internal studies, and receives other relevant information relating to the acquisition. The final purchase price allocation may be significantly different than the preliminary estimate presented below. However, because only two weeks of InteCap's results are included in CRA's results of operations for the twenty-four weeks ended May 14, 2004, the impact of any adjustments to the final purchase price allocation is not expected to be material to CRA's results of operations for this period.

Assets:	
Accounts receivable	\$ 10,860
Unbilled services	4,827
Prepaid expenses and other current assets	248
Property and equipment	998
Intangible assets	6,500
Goodwill	65,718
Other assets	258
	<hr/>
Total assets acquired	\$ 89,409
	<hr/>
Liabilities:	
Accounts payable	\$ 685
Accrued expenses	2,910
Deferred compensation	3,000
Deferred income taxes	2,676
Deferred rent	868
	<hr/>
Total liabilities assumed	10,139
	<hr/>
Net assets acquired	\$ 79,270
	<hr/>

Intangible assets acquired consist principally of contracts acquired, customer relationships, trademarks and patents and are amortized on a straight-line basis over five years. Goodwill is not expected to be deductible for income tax purposes.

The following unaudited pro forma financial information reflects consolidated results of operations of CRA as if the acquisition of InteCap had taken place on December 1, 2002, the beginning of CRA's 2003 fiscal year. The pro forma adjustments include elimination of transaction-related compensation costs of approximately \$11.8 million which were incurred by InteCap, additional interest expense related to the line of credit borrowings used to finance the acquisition, a reduction of interest expense for InteCap's debt prior to the acquisition, additional intangible amortization related to the estimated intangible assets acquired, a reduction of InteCap's intangible amortization prior to the acquisition, and the related income tax effects of these adjustments. The pro forma financial information is not necessarily indicative of the results of operations that would have occurred if the InteCap acquisition had been completed on December 1, 2002, nor are they necessarily indicative of future operating results.

	Twelve Weeks Ended		Twenty-four Weeks Ended	
	May 14, 2004	May 16, 2003	May 14, 2004	May 16, 2003
(In thousands, except for per share information)				
Revenues	\$ 58,142	\$ 53,210	\$ 109,724	\$ 102,149
Net income	\$ 4,818	\$ 4,204	\$ 8,901	\$ 9,477
Net income per share:				
Basic	\$ 0.47	\$ 0.47	\$ 0.87	\$ 1.05
Diluted	\$ 0.45	\$ 0.45	\$ 0.83	\$ 1.02
Weighted average number of shares outstanding:				
Basic	10,180	9,019	10,181	9,015
Diluted	10,679	9,343	10,706	9,260

Year-to-year comparability of the above proforma results of operations may not be representative because InteCap's results include bonus expense subject to a following-year retention contingency. Such bonuses, accordingly were not matched to revenues or accrued in the years for which the bonuses were earned.

15. Accounting Pronouncement

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (as later amended in December 2003, FIN No. 46). FIN No. 46 is an interpretation of ARB No. 51 and addresses consolidation by business enterprises of variable interest entities, or VIEs. This interpretation is based on the theory that an enterprise controlling another entity through interests other than voting interests should consolidate the controlled entity. Business enterprises are required under the provisions of this interpretation to identify VIEs, based on specified characteristics, and then determine whether they should be consolidated. An enterprise that holds a majority of the variable interests is considered the primary beneficiary and is the enterprise that should consolidate the VIE. The primary beneficiary of a VIE is also required to include various disclosures in its interim and annual financial statements. Additionally, an enterprise that holds a significant variable interest in a VIE, but that is not the primary beneficiary, is also required to make certain disclosures. This interpretation, as amended, is effective for all enterprises with a variable interest in VIEs created after January 31, 2003. For variable interests in a VIE created before February 1, 2003 CRA would have been required to apply the provisions of this interpretation to any such entity by the end of the quarter.

ended May 14, 2004. As of May 14, 2004, CRA had no interests in any VIE. Adoption of this interpretation did not have a material impact on CRA's consolidated financial statements.

16. Subsequent Event

On June 21, 2004, CRA completed a private placement of \$75 million of 2.875% convertible senior subordinated debentures due 2034. CRA has also granted the initial purchasers of the debentures an option to purchase, within 13 days from the date of issuance, up to an additional \$15 million principal amount of the debentures. On June 28, 2004, the initial purchasers have given notice to exercise this option. The closing of the issuance of these debentures is subject to customary closing conditions. The debentures are convertible into shares of common stock at an initial conversion price of \$40.00 per share (equivalent to an initial conversion rate of 25 shares of common stock per \$1,000 principal amount of debentures) under the following circumstances:

- during any fiscal quarter (and only during such fiscal quarter) commencing after September 3, 2004 and before February 16, 2029, if the last reported sale price of CRA's common stock is greater than or equal to 125% of the conversion price for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter;
- at any time on or after February 17, 2029 if the last reported sale price of CRA's common stock on any date on or after February 17, 2029 is greater than or equal to 125% of the conversion price;
- subject to certain limitations, during the five business day period after any three consecutive trading day period in which the trading price per debenture for each day of that period was less than 98% of the product of the conversion rate and the last reported sale price of CRA's common stock;
- if the debentures have been called for redemption by CRA;
- upon the occurrence of specified corporate transactions; or
- if the debentures are rated by Moody's Investors Service, Inc. or Standard & Poor's Rating Services or both, at any time when (i) the long-term credit rating assigned to the debentures by either rating agency is two or more levels below the credit rating initially assigned to the debentures or (ii) either rating agency has discontinued, withdrawn or suspended their ratings with respect to the debentures.

CRA has the right to settle all or a portion of the conversion of the debentures in cash in lieu of shares of common stock, provided that in no case shall the amount in cash CRA delivers exceed \$1,000 per \$1,000 principal amount of debentures converted, in which case any excess shall be paid in shares of CRA's common stock.

The debentures are CRA's direct, unsecured senior subordinated obligations and rank junior in right of payment to CRA's existing bank line of credit and any future secured indebtedness that CRA may designate as senior indebtedness. Interest is payable semi-annually on June 15 and December 15. CRA will also be required to pay contingent interest on the applicable interest payment date to the holders of the debentures for the period commencing June 20, 2011 and ending December 14, 2011 if the average trading price of the debentures for each of the last five trading days immediately preceding June 20, 2011 equals 125% or more of the principal amount of the debentures. Thereafter, CRA will pay contingent interest on the interest payment date for a six-month interest period if the average trading price of the debentures during the five trading day period immediately preceding the first day of the applicable six-month interest period equals or exceeds 125% of the principal amount of the

debentures. The contingent interest payable per debenture will equal 0.25% of the average trading price of such debenture during the applicable five trading day reference period.

CRA may elect to redeem for cash all or any portion of the debentures on or after June 20, 2011 at a repurchase price equal to 100% of the principal amount of the debentures, plus accrued and unpaid interest. CRA may be required to repurchase for cash all or any portion of the debentures, at the option of each holder, on June 15, 2011, June 15, 2014, June 15, 2019, June 15, 2024 and June 15, 2029 and upon certain specified fundamental changes, at a price equal to 100% of the principal amount of the debentures, plus accrued and unpaid interest. Upon a fundamental change involving a change of control of CRA, CRA may also be required to pay a make-whole premium which in some cases could be substantial, which may be paid in cash, shares of common stock, or a combination thereof, to the holders of debentures who elect to require CRA to repurchase or convert debentures.

CRA used approximately \$20.0 million of the net proceeds from this offering to repurchase 622,200 shares of our common stock concurrently with the placement of the debentures, and \$39.6 million to repay amounts outstanding under our bank line of credit. CRA intends to use the remaining net proceeds for working capital, general corporate purposes, and potentially for future acquisitions.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Except for historical facts, the statements in this quarterly report are forward-looking statements. Forward-looking statements are merely our current predictions of future events. These statements are inherently uncertain, and actual events could differ materially from our predictions. Important factors that could cause actual events to vary from our predictions include those discussed below under the heading "—Factors Affecting Future Performance." We assume no obligation to update our forward-looking statements to reflect new information or developments. We urge readers to review carefully the risk factors described in this quarterly report and in the other documents that we file with the Securities and Exchange Commission. You can read these documents at www.sec.gov.

Our principal internet address is www.crai.com. Our website provides a link to a third-party website through which our annual, quarterly and current reports, and amendments to those reports, are available free of charge. We believe these reports are made available as soon as reasonably practicable after we electronically file them with, or furnish them to, the SEC. We do not maintain or provide any information directly to the third-party website, and we do not check its accuracy.

Our website also includes information about our corporate governance practices. The Investor Relations page of our website provides a link to a web page where you can obtain a copy of our code of ethics applicable to our principal executive officer, principal financial officer, and principal accounting officer.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as related disclosure of contingent assets and liabilities. These items are monitored and analyzed by management for changes in facts and circumstances, and material changes in these estimates could occur in the future. Changes in estimates are recorded in the period in which they become known. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from our estimates if our assumptions based on past experience or our other assumptions do not turn out to be substantially accurate.

A summary of the accounting policies that we believe are most critical to understanding and evaluating our financial results is set forth below. This summary should be read in conjunction with our consolidated financial statements and the related notes included in Item 1 of this quarterly report, as well as in our most recently filed annual report on Form 10-K.

Revenue Recognition and Allowance for Doubtful Accounts. We derive substantially all of our revenues from the performance of professional services. The contracts that we enter into and operate under specify whether the engagement will be billed on a time-and-materials or fixed-price basis. Typically, these engagements are of a short, predetermined time frame and generally last three to six months, although some of our engagements can be much longer in duration. Each contract must be approved by one of our vice presidents.

We recognize substantially all of our revenues under written service contracts with our clients. Revenues from time-and-materials service contracts are recognized as the services are provided based upon hours worked and contractually agreed-upon hourly rates, as well as a computer services fee based upon hours worked. Revenues from fixed-price engagements are recognized on a proportional

performance method based on the ratio of costs incurred, substantially all of which are labor-related, to the total estimated project costs. Project costs are based on the direct salary and associated fringe benefits of the consultants on the engagement plus all direct expenses incurred to complete the engagement that are not reimbursed by the client. The proportional performance method is used since reasonably dependable estimates of the revenues and costs applicable to various stages of a contract can be made, based on historical experience and terms set forth in the contract, and are indicative of the level of benefit provided to our clients. Our fixed-price contracts generally include a termination provision that reduces the agreement to a time-and-materials contract in the event of termination of the contract. There are no costs that are deferred and amortized over the contract term. Our financial management maintains contact with project managers to discuss the status of the projects and, for fixed-price engagements, financial management is updated on the budgeted costs and resources required to complete the project. These budgets are then used to calculate revenue recognition and to estimate the anticipated income or loss on the project. In the past, we have occasionally been required to commit unanticipated additional resources to complete projects, which have resulted in lower than anticipated income or losses on those contracts. We may experience similar situations in the future. Provisions for estimated losses on contracts are made during the period in which such losses become probable and can be reasonably estimated. To date, such losses have not been significant.

Revenues also include reimbursements, or expenses billed to clients, which include travel and other out-of-pocket expenses, outside consultants, and other reimbursable expenses. These reimbursable expenses included in revenues are as follows (in thousands):

	Twelve Weeks Ended		Twenty-four Weeks Ended	
	May 14, 2004	May 16, 2003	May 14, 2004	May 16, 2003
Reimbursable expenses billed to clients	\$ 6,359	\$ 6,637	\$ 11,407	\$ 11,804

We recognize revenues for services only in those situations where collection from the client is reasonably assured. Our normal payment terms are 30 days from invoice date. For the twelve weeks ended May 14, 2004 and May 16, 2003, our average days sales outstanding for billed and unbilled accounts receivable were 101 days and 95 days, respectively. We calculate DSOs by dividing the sum of our accounts receivable and unbilled services balance, net of deferred revenue, at the end of the quarter by daily revenues. Daily revenues are calculated by dividing quarter revenues by the number of days in a quarter. For the twelve weeks ended May 14, 2004, InteCap revenues for the two weeks in the second quarter of fiscal 2004, and InteCap's accounts receivable, have been excluded from the calculation. Our project managers and finance personnel monitor payments from our clients and assess any collection issues. We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our clients to make required payments. We base our estimates on our historical collection experience, current trends, credit policy, and relationship of our accounts receivable and revenues. In determining these estimates, we examine historical write-offs of our receivables and review client accounts to identify any specific customer collection issues. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payment, additional allowances may be required. Our failure to estimate accurately the losses for doubtful accounts and ensure that payments are received on a timely basis could have a material adverse effect on our business, financial condition, and results of operations. As of May 14, 2004 and November 29, 2003, \$1.4 million and \$1.6 million, respectively, were provided for doubtful accounts.

Goodwill and Other Intangible Assets. We account for our acquisitions of consolidated companies under the purchase method of accounting pursuant to Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" (SFAS No. 142). Intangible assets that are separable from goodwill and have determinable useful lives are valued separately and amortized over their expected useful lives. Intangible assets consist principally of non-competition agreements, customer relationships, contracts acquired, trademarks, and patents and are generally amortized over five to ten years.

Goodwill represents the excess of cost over net assets, including all identifiable intangible assets, of acquired businesses that are consolidated.

In accordance with SFAS No. 142, which we adopted in fiscal 2002, we ceased amortizing goodwill arising from acquisitions. In lieu of amortization, we perform an impairment review of our goodwill annually, or more frequently if there are indicators of impairment. There were no impairment losses related to goodwill due to the application of SFAS No. 142 in fiscal 2003, nor were there any indications of impairment in the twenty-four weeks ended May 14, 2004. If we determine through the impairment review process that goodwill has been impaired, we would record the impairment charge in our statement of income. The net amount of goodwill was approximately \$90.5 million, which includes approximately \$65.7 million from the InteCap acquisition, as of May 14, 2004.

We assess the impairment of amortizable intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important that could trigger an impairment review include the following:

- a significant underperformance relative to expected historical or projected future operating results;
- a significant change in the manner of our use of the acquired asset or the strategy for our overall business;
- a significant negative industry or economic trend; and
- our market capitalization relative to net book value.

As part of this assessment, we review the expected future undiscounted cash flows to be generated by the assets. When we determine that the carrying value of intangible assets may not be recoverable, we measure any impairment based on a projected discounted cash flow method using a discount rate determined by our management to be commensurate with the risk inherent in our current business model. The net amount of intangible assets was approximately \$7.4 million, which includes approximately \$6.5 million from the InteCap acquisition, as of May 14, 2004.

Accounting for Income Taxes. We record income taxes using the liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases, and operating loss and tax credit carryforwards. Our financial statements contain certain deferred tax assets and liabilities that result from temporary differences between book and tax accounting, as well as net operating loss carryforwards. SFAS No. 109, "Accounting for Income Taxes," requires the establishment of a valuation allowance to reflect the likelihood of realization of deferred tax assets. Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities, and any valuation allowance recorded against our net deferred tax assets. We evaluate the weight of all available evidence to determine whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The decision to record a valuation allowance requires varying degrees of judgment based upon the nature of the item giving rise to the deferred tax asset. As a result of operating losses incurred in certain of our foreign subsidiaries, anticipated additional operating losses in the future, and uncertainty as to the extent and timing of profitability in future periods, we recorded valuation allowances in certain of these foreign subsidiaries based on the facts and circumstances affecting each subsidiary. Had we not recorded these allowances, we would have reported a lower effective tax rate than that recognized in our statements of income in fiscal 2003. If the realization of deferred tax assets in the future is considered more likely than not, an adjustment to the deferred tax assets would increase net income in the period such determination was made. The amount of the deferred tax asset considered realizable is based on significant estimates, and it is at least reasonably possible that changes in these estimates in the near term could materially affect our financial condition and results of operations. Our effective tax rate may vary from period to period

based on changes in estimated taxable income or loss, changes to the valuation allowance, changes to federal, state, or foreign tax laws, future expansion into areas with varying country, state, and local income tax rates, deductibility of certain costs and expenses by jurisdiction, and as a result of acquisitions.

Results of Operations—Twelve weeks Ended May 14, 2004 Compared to Twelve weeks Ended May 16, 2003

Revenues. Revenues increased \$5.4 million, or 13.5%, to \$45.7 million for the second quarter of fiscal 2004 from \$40.2 million for the second quarter of fiscal 2003. We experienced revenue increases during the second quarter of fiscal 2004 primarily in our finance and competition practice areas. We also recognized approximately \$2 million in revenue for the second quarter of fiscal 2004 as a result of the InteCap acquisition. These increases were partially offset by a revenue decrease in our materials and manufacturing and energy and environment practice areas. Aside from the additional revenue attributable to the InteCap acquisition, the increase in revenues was effected primarily by an increase in utilization for our employee consultants. The total number of employee consultants increased to 479, which includes 129 from the InteCap acquisition, at the end of the second quarter of fiscal 2004 from 348 at the end of the second quarter of fiscal 2003. Utilization was 81% for the second quarter of fiscal 2004 as compared with 73.5% for the second quarter of fiscal 2003. Utilization for the former InteCap employees was calculated based on the period from May 1, 2004 to the end of the quarter. Utilization without the InteCap employees for the second quarter of fiscal 2004 would have been 80%. Revenues derived from fixed-price engagements decreased to 6.7% of total revenues for the second quarter of fiscal 2004 from 20.2% for the second quarter of fiscal 2003.

Costs of Services. Costs of services increased by \$1.3 million, or 5.2%, to \$26.6 million in the second quarter of fiscal 2004 from \$25.3 million in the second quarter of fiscal 2003. The increase was due primarily to an overall increase in compensation expense for our employee consultants of \$1.6 million, including approximately \$0.7 million attributable to the 129 employees who joined us as a result of the InteCap acquisition. Reimbursable expenses decreased \$0.2 million, or 4.2%, to \$6.4 million from \$6.6 million. As a percentage of revenues, costs of services decreased to 58.2% in the second quarter of fiscal 2004 from 62.8% in the second quarter of fiscal 2003. The decrease as a percentage of revenues was due primarily to a decrease in reimbursable expenses and increased leverage arising from higher utilization of our employee consultants.

Selling, General, and Administrative. Selling, general, and administrative expenses increased by \$2.0 million, or 19.2%, to \$12.3 million in the second quarter of fiscal 2004 from \$10.3 million in the second quarter of fiscal 2003. The increase was due to an increase in rent-related costs of \$0.5 million, an increase in travel expenses of \$0.4 million, an increase in overall compensation to our administrative staff of \$0.3 million, an increase in legal and other professional fees of \$0.2 million, and an increase in other selling, general and administrative expenses of \$0.6 million. As a percentage of revenues, selling, general, and administrative expenses increased to 27.0% in the second quarter of fiscal 2004 from 25.7% in the second quarter of fiscal 2003. The primary contributors to the increase as a percentage of revenues were relative increases in travel expenses, rent and related expenses, due to estimated losses to move our Los Angeles office to Pasadena, and legal and other professional fees, primarily due to Sarbanes-Oxley section 404 compliance costs.

Interest and Other Income, Net. Net interest and other income increased by \$255,000 to \$448,000 in the second quarter of fiscal 2004 from \$193,000 in the second quarter of fiscal 2003. This increase resulted primarily from foreign exchange gains. Interest income increased slightly due to the overall increase in average cash and investment balances.

Provision for Income Taxes. The provision for income taxes increased by \$1.1 million, to \$3.1 million in the second quarter of fiscal 2004 from \$2.0 million in the second quarter of fiscal 2003. Our effective income tax rate increased to 43.0% in the second quarter of fiscal 2004 from 41.8% in the second quarter of fiscal 2003. The lower rate in the second quarter of fiscal 2003 was due primarily to the expected tax benefits to be realized in fiscal 2003 by utilizing certain foreign net operating losses incurred in prior years. For fiscal 2003, our effective tax rate was 43.0%.

Minority Interest. Minority interest in the results of operations of NeuCo changed to \$90,000 in the second quarter of fiscal 2004 from (\$11,000) in the second quarter of fiscal 2003 due to an increase in profits in NeuCo.

Net Income. Net income increased by \$1.2 million, or 42.7%, to \$4.0 million in the second quarter of fiscal 2004 from \$2.8 million in the second quarter of fiscal 2003. Diluted net income per share increased to \$0.38 per share in the second quarter of fiscal 2004 from \$0.30 per share in the second quarter of fiscal 2003. Net income increased at a greater rate than diluted net income per share due to the dilutive impact of the additional shares issued as a result of: the public offering of our common stock completed in August 2003; the exercise of approximately 728,000 stock options during fiscal 2003; and an increase in the number of outstanding in-the-money stock options.

Results of Operations—Twenty-four weeks Ended May 14, 2004 Compared to Twenty-four weeks Ended May 16, 2003

Revenues. Revenues increased \$9.2 million, or 12.2%, to \$84.2 million for the twenty-four weeks ended May 14, 2004 from \$75.0 million for the twenty-four weeks ended May 16, 2003. We experienced revenue increases during the first twenty-four weeks of fiscal 2004 primarily in our finance and competition practice areas. We also recognized approximately \$2 million in revenue for the twenty-four weeks ended May 14, 2004 as result of the InteCap acquisition. These increases were partially offset by a revenue decrease in our materials and manufacturing and chemicals and petroleum practice areas. Aside from the additional revenue attributable to the InteCap acquisition, the increase in revenues was effected by an increase in utilization and to a lesser extent, increased billing rates for our employee consultants. The total number of employee consultants increased to 479, which includes 129 from the InteCap acquisition, at May 14, 2004 from 348 at May 16, 2003. Utilization was 78% for the twenty-four weeks ended May 14, 2004 as compared with 72% for the twenty-four weeks ended May 16, 2003. Revenues derived from fixed-price engagements decreased to 7.8% of total revenues for the twenty-four weeks ended May 14, 2004 from 22.8% for the twenty-four weeks ended May 16, 2003.

Costs of Services. Costs of services increased by \$1.6 million, or 3.4%, to \$48.5 million in the twenty-four weeks ended May 14, 2004 from \$47.0 million in the twenty-four weeks ended May 16, 2003. The increase was due primarily to an overall increase in compensation expense for our employee consultants of \$2.0 million, including approximately \$0.7 million attributable to the 129 employees who joined us as a result of the InteCap acquisition. Reimbursable expenses decreased \$0.4 million, or 3.4%, to \$11.4 million from \$11.8 million. As a percentage of revenues, costs of services decreased to 57.7% in the twenty-four weeks ended May 14, 2004 from 62.6% in the twenty-four weeks ended May 16, 2003. The decrease as a percentage of revenues was due primarily to increased leverage arising from higher utilization of our employee consultants.

Selling, General, and Administrative. Selling, general, and administrative expenses increased by \$4.4 million, or 22.2%, to \$24.0 million in the twenty-four weeks ended May 14, 2004 from \$19.6 million in the twenty-four weeks ended May 16, 2003. The increase was due to an increase in commission payments to outside experts of \$1.1 million, an increase in overall compensation to our administrative staff of \$0.7 million, an increase in travel expenses of \$0.6 million, an increase in legal and other professional fees of \$0.5 million, an increase in bad debt expense of \$0.4 million, and an

increase in other selling, general and administrative expenses of \$1.1 million. As a percentage of revenues, selling, general, and administrative expenses increased to 28.5% in twenty-four weeks ended May 14, 2004 from 26.1% in the twenty-four weeks ended May 16, 2003. The primary contributors to the increase as a percentage of revenues were relative increases in commission payments to outside experts, legal and other professional fees, primarily due to Sarbanes-Oxley section 404 compliance costs, travel expenses, and bad debt expense. These increases were partially offset by the relative decreases in rent and other costs that are principally fixed in nature, due to an overall increase in revenue at a greater rate than the increases in those selling, general, and administrative expenses.

Interest and Other Income, Net. Net interest and other income increased by \$60,000, to \$247,000 in the twenty-four weeks ended May 14, 2004 from \$187,000 in the twenty-four weeks ended May 16, 2003. This increase resulted primarily from higher interest income due to an increase in average cash and investment balances and an increase in average interest rates earned.

Provision for Income Taxes. The provision for income taxes increased by \$1.5 million, to \$5.1 million in the twenty-four weeks of May 14, 2004 from \$3.6 million in the twenty-four weeks ended May 16, 2003. Our effective income tax rate increased to 43.0% in the first twenty-four weeks of fiscal 2004 from 41.5% in the first twenty-four weeks of fiscal 2003. The lower rate in the twenty-four weeks ended May 16, 2003 was due primarily to the expected tax benefits to be realized in fiscal 2003 by utilizing certain foreign net operating losses incurred in prior years. For fiscal 2003, our effective tax rate was 43.0%.

Minority Interest. Minority interest in the results of operations of NeuCo changed to \$197,000 in the first twenty-four weeks of fiscal 2004 from \$30,000 in the first twenty-four weeks of fiscal 2003 due to an increase in profits in NeuCo.

Net Income. Net income increased by \$1.6 million, or 31.3%, to \$6.6 million in the twenty-four weeks ended May 14, 2004 from \$5.0 million in the twenty-four weeks ended May 16, 2003. Diluted net income per share increased to \$0.62 per share in the twenty-four weeks ended May 14, 2004 from \$0.54 per share in the twenty-four weeks ended May 16, 2003. Net income increased at a greater rate than diluted net income per share due to the dilutive impact of the additional shares issued as a result of: the public offering of our common stock completed in August 2003; the exercise of approximately 728,000 stock options during fiscal 2003; and an increase in the number of outstanding in-the-money stock options.

Liquidity and Capital Resources

General. In the second quarter of fiscal 2004, we had a net decrease in cash and cash equivalents of \$39.0 million. We completed the quarter with cash and cash equivalents of \$21.5 million, short-term and long-term investments of \$4.5 million, and working capital of \$60.5 million.

On April 30, 2004, we completed the acquisition of InteCap, Inc. We purchased InteCap from InteCap's institutional investor, GTCR Golder Rauner, LLC, members of InteCap's management, and other shareholders for approximately \$79.3 million (after deducting cash acquired, and adding acquisition costs and transaction fees paid or accrued). We funded the purchase price from existing cash resources and borrowings of \$39.6 million under our line of credit. On June 21, 2004, we completed a private placement of \$75 million of convertible senior subordinated debentures due 2034. A portion of the net proceeds from this offering was used to repay amounts outstanding under the line of credit.

We believe that current cash balances, cash generated from operations, proceeds from the convertible debt offering, and amounts available under our bank line of credit will be sufficient to meet our anticipated working capital and capital expenditure requirements for at least the next 12 months.

Sources of Cash in the twenty-four weeks ended May 14, 2004. During the first twenty-four weeks of fiscal 2004, we generated cash primarily from three sources: cash provided by our operating activities, borrowings under our line of credit, and proceeds from the exercise of stock options. Our operating activities provided net cash of \$1.0 million, resulting primarily from net income of \$6.6 million. The increase in cash generated from operating activities was offset in part by an increase in unbilled services of \$4.9 million and a decrease in accounts payable, accrued expenses and other liabilities of \$3.5 million. In April 2004, we borrowed \$39.6 million under our line of credit to finance the acquisition of InteCap. During the first twenty-four weeks of fiscal 2004, we received \$1.1 million in proceeds from the exercise of stock options.

Additional Cash Resources. On June 21, 2004, we completed a private placement of \$75 million of 2.875% convertible senior subordinated debentures due 2034. We have also granted the initial purchasers of the debentures an option to purchase, within 13 days from the date of issuance, up to an additional \$15 million principal amount of the debentures. On June 28, 2004, the initial purchasers have given notice to exercise this option. The closing of the issuance of these debentures is subject to customary closing conditions. The debentures are convertible into shares of common stock at an initial conversion price of \$40.00 per share (equivalent to an initial conversion rate of 25 shares of common stock per \$1,000 principal amount of debentures) under the following circumstances:

- during any fiscal quarter (and only during such fiscal quarter) commencing after September 3, 2004 and before February 16, 2009, if the last reported sale price of our common stock is greater than or equal to 125% of the conversion price for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter;
- at any time on or after February 17, 2009 if the last reported sale price of our common stock on any date on or after February 17, 2009 is greater than or equal to 125% of the conversion price;
- subject to certain limitations, during the five business day period after any three consecutive trading day period in which the trading price per debenture for each day of that period was less than 98% of the product of the conversion rate and the last reported sale price of our common stock;
- if the debentures have been called for redemption by us;
- upon the occurrence of specified corporate transactions; or
- if the debentures are rated by Moody's Investors Service, Inc. or Standard & Poor's Rating Services or both, at any time when (i) the long-term credit rating assigned to the debentures by either rating agency is two or more levels below the credit rating initially assigned to the debentures or (ii) either rating agency has discontinued, withdrawn or suspended their ratings with respect to the debentures.

We have the right to settle all or a portion of the conversion of the debentures in cash in lieu of shares of common stock, provided that in no case shall the amount in cash we deliver exceed \$1,000 per \$1,000 principal amount of debentures converted, in which case any excess shall be paid in shares of our common stock.

The debentures are our direct, unsecured senior subordinated obligations and rank junior in right of payment to our existing bank line of credit and any future secured indebtedness that we may designate as senior indebtedness. Interest is payable semi-annually on June 15 and December 15. We will also be required to pay contingent interest on the applicable interest payment date to the holders of the debentures for the period commencing June 20, 2011 and ending December 14, 2011 if the average trading price of the debentures for each of the last five trading days immediately preceding June 20, 2011 equals 125% or more of the principal amount of the debentures. Thereafter, we will pay contingent interest on the interest payment date for a six-month interest period if the average trading

price of the debentures during the five trading day period immediately preceding the first day of the applicable six-month interest period equals or exceeds 125% of the principal amount of the debentures. The contingent interest payable per debenture will equal 0.25% of the average trading price of such debenture during the applicable five trading day reference period.

We may elect to redeem all or any portion of the debentures on or after June 20, 2011 at a repurchase price equal to 100% of the principal amount of the debentures, plus accrued and unpaid interest. We may be required to repurchase all or any portion of the debentures, at the option of each holder, on June 15, 2011, June 15, 2014, June 15, 2019, June 15, 2024 and June 15, 2029 and upon certain specified fundamental changes, at a price equal to 100% of the principal amount of the debentures, plus accrued and unpaid interest. Upon a fundamental change involving a change of control of CRA, we may also be required to pay a make-whole premium which in some cases could be substantial, which may be paid in cash, shares of common stock, or a combination thereof, to the holders of debentures who elect to require us to repurchase or convert debentures.

We used approximately \$20.0 million of the net proceeds from this offering to repurchase 622,200 shares of our common stock concurrently with the placement of the debentures, and \$39.6 million to repay amounts outstanding under our bank line of credit. We intend to use the remaining net proceeds for working capital, general corporate purposes, and potentially for future acquisitions.

On January 14, 2004, we entered into a senior loan agreement with Citizens Bank of Massachusetts for a two-year, \$40.0 million revolving line of credit. Subject to the terms of the agreement, we may use borrowings under this line of credit for acquisition financing, working capital, general corporate purposes, letters of credit, and foreign exchanges contracts. As of May 14, 2004, \$39.6 million was outstanding under this line of credit. We must repay any borrowings under the line of credit no later than January 14, 2006.

Borrowings under our credit facility bear interest, at our option, either at LIBOR plus an applicable margin or at the prime rate. Applicable margins range from 0.75% to 1.50%, depending on the ratio of our consolidated total debt to consolidated earnings before interest, taxes, depreciation and amortization, or EBITDA, for the preceding four fiscal quarters, subject to various adjustments stated in the senior loan agreement. These margins are adjusted both quarterly and each time we borrow under the credit facility. For the period of borrowing under the line of credit for the second quarter of fiscal 2004, the average annual interest rate was 2.1%. Interest is payable monthly. A commitment fee of 0.18% is payable on the unused portion of the credit facility. Borrowings under the credit facility are secured by 100% of the stock of our U.S. subsidiary CRA Security Corporation and by 65% of the stock of our foreign subsidiaries, amounting to net assets of approximately \$4 million as of May 14, 2004.

As part of our business, we regularly evaluate opportunities to acquire other consulting firms, practices or groups or other businesses. In recent years, we have typically paid for acquisitions with cash, and we may continue to do so in the future. To pay for an acquisition, we may use cash on hand, cash generated from our operations or borrowings under our revolving credit facility, or we may pursue other forms of financing. Our ability to secure short-term and long-term debt or equity financing in the future will depend on several factors, including our future profitability, the levels of our debt and equity, restrictions under our existing line of credit with Citizens Bank of Massachusetts, and the overall credit and equity market environments.

In connection with our acquisition of the consulting business of Dr. Rausser in fiscal 2000, we loaned Dr. Rausser \$4.5 million, which he used to purchase shares of our common stock. In March 2004, Dr. Rausser satisfied \$2.5 million of this obligation by selling us 73,531 shares of our common stock and paying us the balance in cash. The remaining \$2.0 million is scheduled to be repaid in November 2004 and is collateralized by shares of our common stock.

Uses of Cash in the twenty-four weeks ended May 14, 2004. During the first twenty-four weeks of fiscal 2004, we used cash primarily to acquire InteCap and for capital expenditures. We paid \$78.5 million (after deducting cash acquired, and adding acquisition costs and transaction fees paid) to purchase InteCap and \$2.1 million to purchase property and equipment.

Debt Restrictions. Under our senior credit agreement, we must comply with various financial and non-financial covenants. The financial covenants require us to maintain a minimum consolidated working capital of \$25.0 million and require us to comply with a consolidated total debt to EBITDA ratio of not more than 3.5 to 1.0 and a consolidated senior debt to EBITDA ratio of not more than 2.0 to 1.0. Compliance with these financial covenants is tested on a fiscal quarterly basis, commencing with the first quarter of fiscal 2004. Also, the senior credit agreement prohibits us from paying dividends and places restrictions on our ability to incur additional indebtedness, repurchase our securities, make acquisitions and dispositions, and enter into business combinations. Any indebtedness outstanding under the senior credit facility may become immediately due and payable upon the occurrence of stated events of default, including our failure to pay principal, interest or fees or a violation of any financial covenant. We obtained permission under our senior credit agreement to repurchase \$20 million of our common stock, described above.

As of May 14, 2004, we were in compliance with our covenants under the senior credit agreement.

Impact of Inflation. To date, inflation has not had a material impact on our financial results. There can be no assurance, however, that inflation will not adversely affect our financial results in the future.

Factors Affecting Future Performance

We depend upon only a few key employees to generate revenue

Our business consists primarily of the delivery of professional services, and accordingly, our success depends heavily on the efforts, abilities, business generation capabilities, and project execution capabilities of our employee consultants. In particular, our employee consultants' personal relationships with our clients are a critical element in obtaining and maintaining client engagements. If we lose the services of any employee consultant or if our employee consultants fail to generate business or otherwise fail to perform effectively, that loss or failure could adversely affect our revenues and results of operations. We do not have any employment agreements with most of our employee consultants, and they can terminate their relationships with us at will and without notice. The non-competition and non-solicitation agreements that we have with some of our employee consultants offer us only limited protection and may not be enforceable in every jurisdiction.

Our failure to manage growth successfully could adversely affect our revenues and results of operations

Any failure on our part to manage growth successfully could adversely affect our revenues and results of operations. Over the last several years, we have continued to open offices in new geographic areas, including foreign locations, and to expand our employee base as a result of internal growth and acquisitions, including our recent acquisition of InteCap, our largest acquisition to date. We expect that this trend will continue over the long term. Opening and managing new offices often requires extensive management supervision and increases our overall selling, general, and administrative expenses. Expansion creates new and increased management, consulting, and training responsibilities for our employee consultants. Expansion also increases the demands on our internal systems, procedures, and controls, and on our managerial, administrative, financial, marketing, and other resources. We depend heavily upon the managerial, operational, and administrative skills of our officers, particularly James C. Burrows, our President and Chief Executive Officer, to manage our expansion. New responsibilities and demands may adversely affect the overall quality of our work.

Our entry into new lines of business could adversely affect our results of operations

If we attempt to develop new practice areas or lines of business outside our core economic and business consulting services, those efforts could harm our results of operations. Our efforts in new practice areas or new lines of business involve inherent risks, including risks associated with inexperience and competition from mature participants in the markets we enter. Our inexperience may result in costly decisions that could harm our business. For example, NeuCo, our majority-owned software subsidiary, was not profitable in three of the last five fiscal years, which harmed our results of operations in those years.

Clients can terminate engagements with us at any time

Many of our engagements depend upon disputes, proceedings, or transactions that involve our clients. Our clients may decide at any time to seek to resolve the dispute or proceeding, abandon the transaction, or file for bankruptcy. Our engagements can therefore terminate suddenly and without advance notice to us. If an engagement is terminated unexpectedly, our employee consultants working on the engagement could be underutilized until we assign them to other projects. In addition, because much of our work is project-based rather than recurring in nature, our consultants' utilization depends on our ability to secure additional engagements on a continual basis. Accordingly, the termination or significant reduction in the scope of a single large engagement could reduce our utilization and have an immediate adverse impact on our revenues and results of operations.

We depend on our antitrust and mergers and acquisitions consulting business

We derive a substantial portion of our revenues from engagements in our antitrust and mergers and acquisitions practice areas. Any substantial reduction in the number or size of our engagements in these practice areas could adversely affect our revenues and results of operations. We derived the great majority of these revenues from engagements relating to enforcement of United States antitrust laws. Changes in federal antitrust laws, changes in judicial interpretations of these laws, or less vigorous enforcement of these laws as a result of changes in political appointments or priorities or for other reasons could substantially reduce our revenues from engagements in this area. In addition, adverse changes in general economic conditions, particularly conditions influencing the merger and acquisition activity of larger companies, could adversely affect engagements in which we assist clients in proceedings before the U.S. Department of Justice and the U.S. Federal Trade Commission. The recent economic slowdown may continue to have an adverse effect on mergers and acquisitions activity, which has reduced the number and scope of our engagements in this practice area in recent periods. Any continuation or worsening of the downturn could cause this trend to intensify, which would adversely affect our revenues and results of operations.

We derive our revenues from a limited number of large engagements

We derive a significant portion of our revenues from a limited number of large engagements. If we do not obtain a significant number of new large engagements each year, our business, financial condition, and results of operations could suffer. In general, the volume of work we perform for any particular client varies from year to year, and a major client in one year may not hire us again.

We enter into fixed-price engagements

We derive a significant portion of our revenues from fixed-price contracts. These contracts are more common in our business consulting practice, and would likely grow in number with any expansion of that practice. If we fail to estimate accurately the resources required for a fixed-price project or fail to satisfy our contractual obligations in a manner consistent with the project budget, we might generate a smaller profit or incur a loss on the project. On occasion, we have had to commit unanticipated

additional resources to complete projects, and we may have to take similar action in the future, which could adversely affect our revenues and results of operations.

Our business could suffer if we are unable to hire additional qualified consultants as employees

Our business continually requires us to hire highly qualified, highly educated consultants as employees. Our failure to recruit and retain a significant number of qualified employee consultants could limit our ability to accept or complete engagements and adversely affect our revenues and results of operations. Relatively few potential employees meet our hiring criteria, and we face significant competition for these employees from our direct competitors, 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 we can. Competition for these employee consultants has increased our labor costs, and a continuation of this trend could have a material adverse effect on our margins and results of operations.

We depend on our outside experts

We depend on our relationships with our exclusive outside experts. In fiscal 2003 and fiscal 2002, six of our exclusive outside experts generated engagements that accounted for approximately 22% and 21% of our revenues in those years, respectively. We believe that these outside experts are highly regarded in their fields and that each offers a combination of knowledge, experience, and expertise that would be very difficult to replace. We also believe that we have been able to secure some engagements and attract consultants in part because we could offer the services of these outside experts. Most of these outside experts can limit their relationships with us at any time for any reason. These reasons could include affiliations with universities with policies that prohibit accepting specified engagements, the pursuit of other interests, and retirement.

As of May 14, 2004, we had non-competition agreements with 34 of our outside experts. The limitation or termination of any of their relationships with us, or competition from any of them after these agreements expire, could harm our reputation, reduce our business opportunities and adversely affect our revenues and results of operations.

To meet our long-term growth targets, we need to establish ongoing relationships with additional outside experts who have reputations as leading experts in their fields. We may be unable to establish relationships with any additional outside experts. In addition, any relationship that we do establish may not help us meet our objectives or generate the revenues or earnings that we anticipate.

Acquisitions may disrupt our operations or adversely affect our results

We regularly evaluate opportunities to acquire other businesses. The expenses we incur evaluating and pursuing acquisitions could have a material adverse effect on our results of operations. If we acquire a business, such as our recent acquisition of InteCap, we may be unable to manage it profitably or successfully integrate its operations with our own. Moreover, we may be unable to realize the financial, operational, and other benefits we anticipate from the InteCap acquisition or any other acquisition. Competition for future acquisition opportunities in our markets could increase the price we pay for businesses we acquire and could reduce the number of potential acquisition targets. Further, acquisitions may involve a number of special financial and business risks, such as:

- charges related to any potential acquisition from which we may withdraw;
- diversion of our management's time, attention, and resources;
- decreased utilization during the integration process;

- loss of key acquired personnel;
- increased costs to improve or coordinate managerial, operational, financial, and administrative systems including compliance with the Sarbanes-Oxley Act of 2002;
- dilutive issuances of equity securities;
- the assumption of legal liabilities;
- amortization of acquired intangible assets;
- potential write-offs related to the impairment of goodwill;
- difficulties in integrating diverse corporate cultures; and
- additional conflicts of interests.

Our international operations create special risks

We may continue our international expansion, and our international revenues may account for an increasing portion of our revenues in the future. Our international operations carry special financial and business risks, including:

- greater difficulties in managing and staffing foreign operations;
- cultural differences that result in lower utilization;
- currency fluctuations that adversely affect our financial position and operating results;
- unexpected changes in trading policies, regulatory requirements, tariffs, and other barriers;
- greater difficulties in collecting accounts receivable;
- longer sales cycles;
- restrictions on the repatriation of earnings;
- potentially adverse tax consequences, such as trapped foreign losses;
- less stable political and economic environments; and
- civil disturbances or other catastrophic events that reduce business activity.

We conduct a portion of our business in the Middle East. The recent military conflict in the region has significantly interrupted our business operations in that region and has slowed the flow of new opportunities and proposals, which ultimately has adversely affected our revenues and results of operations.

If our international revenues increase relative to our total revenues, these factors could have a more pronounced effect on our operating results.

Our debt obligations may adversely impact our financial performance

In June 2004, we issued \$75 million of 2.875% convertible senior subordinated debentures due 2034. We have previously operated with little or no debt, and our previous payments of interest have not been material. The interest we will be required to pay on these debentures will reduce our net income each year until the debentures are no longer outstanding. The terms of the debentures also include provisions that could accelerate our obligation to repay all amounts outstanding under the debentures if certain events happen, such as our failure to pay interest in a timely manner, failure to pay principal upon redemption or repurchase, failure to deliver shares of common stock, cash or other property upon conversion and other specified events of default. In addition, on June 15, 2011, June 15, 2014, June 15,

2019, June 15, 2024 and June 15, 2029, or following specified fundamental changes holders of debentures may require us to repurchase their debentures for cash. If any of these events were to happen, we do not presently have the financial resources to satisfy these obligations if they became due, and we would have to seek to refinance these obligations. The terms of any such refinancing could be significantly less favorable to us and could have a material adverse effect on our results of operations.

Our clients may be unable to pay us for our services

Our clients include some companies that may from time to time encounter financial difficulties. If a client's financial difficulties become severe, the client may be unwilling or unable to pay our invoices in the ordinary course of business, which could adversely affect collections of both our accounts receivable and unbilled services. On occasion, some of our clients have entered bankruptcy, which has prevented us from collecting amounts owed to us. The bankruptcy of a client with a substantial receivable could have a material adverse effect on our financial condition and results of operations. A small number of clients who have paid sizable invoices later declared bankruptcy, and a court determination that we were not properly entitled to that payment may require repayment of some or all of the amount we received, which could adversely affect our financial condition and results of operations.

Fluctuations in our quarterly revenues and results of operations could depress the market price of our common stock

We may experience significant fluctuations in our revenues and results of operations from one quarter to the next. If our revenues or net income in a quarter fall below the expectations of securities analysts or investors, the market price of our common stock could fall significantly. Our results of operations in any quarter can fluctuate for many reasons, including:

- the number of weeks in our fiscal quarter;
- the number, scope, and timing of ongoing client engagements;
- the extent to which we can reassign employee consultants efficiently from one engagement to the next;
- the extent to which our employee consultants take holiday, vacation, and sick time;
- employee hiring;
- the extent of fees discounting or cost overruns;
- fluctuations in revenues and results of operations of our software subsidiary, NeuCo;
- severe weather conditions and other factors affecting employee productivity; and
- collectibility of receivables and unbilled work in process.

Because we generate the majority of our revenues from consulting services that we provide on an hourly fee basis, our revenues in any period are directly related to the number of our employee consultants, their billing rates, and the number of billable hours they work in that period. We have a limited ability to increase any of these factors in the short term. Accordingly, if we underutilize our consultants during one part of a fiscal period, we may be unable to compensate by augmenting revenues during another part of that period. In addition, we are occasionally unable to utilize fully any additional consultants that we hire, particularly in the quarter in which we hire them. Moreover, a significant majority of our operating expenses, primarily office rent and salaries, are fixed in the short term. As a result, if our revenues fail to meet our projections in any quarter, that could have a disproportionate adverse effect on our net income. For these reasons, we believe our historical results of operations are not necessarily indicative of our future performance.

Potential conflicts of interests may preclude us from accepting some engagements

We provide our services primarily in connection with significant or complex transactions, disputes, or other matters that are usually adversarial or that involve sensitive client information. Our engagement by a client may preclude us from accepting engagements with the client's competitors or adversaries because of conflicts between their business interests or positions on disputed issues or other reasons. Accordingly, the nature of our business limits the number of both potential clients and potential engagements. Our recent acquisition of InteCap has significantly expanded our client base, which may increase the frequency with which we encounter conflicts of interest. Moreover, in many industries in which we provide consulting services, such as in the telecommunications industry, there has been a continuing trend toward business consolidations and strategic alliances. These consolidations and alliances reduce the number of potential clients for our services and increase the chances that we will be unable to continue some of our ongoing engagements or accept new engagements as a result of conflicts of interests.

Maintaining our professional reputation is crucial to our future success

Our ability to secure new engagements and hire qualified consultants as employees depends heavily on our overall reputation as well as the individual reputations of our employee consultants and principal outside experts. Because we obtain a majority of our new engagements from existing clients or from referrals by those clients, any client that is dissatisfied with our performance on a single matter could seriously impair our ability to secure new engagements. Given the frequently high-profile nature of the matters on which we work, any factor that diminishes our reputation or the reputations of any of our employee consultants or outside experts could make it substantially more difficult for us to compete successfully for both new engagements and qualified consultants.

Intense competition from other economic and business consulting firms could hurt our business

The market for economic and business consulting services is intensely competitive, highly fragmented, and subject to rapid change. We may be unable to compete successfully with our existing competitors or with any new competitors. In general, there are few barriers to entry into our markets, and we expect to face additional competition from new entrants into the economic and business consulting industries. In the legal and regulatory consulting market, we compete primarily with other economic and financial consulting firms and individual academics. In the business consulting market, we compete 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. Many of our competitors have national or international reputations as well as significantly greater personnel, financial, managerial, technical, and marketing resources than we do, which could enhance their ability to respond more quickly to technological changes, finance acquisitions, and fund internal growth. Some of our competitors also have a significantly broader geographic presence than we do.

Our engagements may result in professional liability

Our services typically involve difficult analytical assignments and carry risks of professional and other liability. Many of our engagements involve matters that could have a severe impact on the client's business, cause the client to lose significant amounts of money, or prevent the client from pursuing desirable business opportunities. Accordingly, if a client is dissatisfied with our performance, the client could threaten or bring litigation in order to recover damages or to contest its obligation to pay our fees. Litigation alleging that we performed negligently or otherwise breached our obligations to the client could expose us to significant liabilities and tarnish our reputation.

Our reported earnings per share may be more volatile because of the contingent conversion provision of our convertible senior subordinated debentures

Holders of our 2.875% convertible senior subordinated debentures due 2034 may convert the debentures into our common stock (or, at our election, cash or a combination of cash and common stock), only under the following circumstances:

- during any fiscal quarter (and only during such fiscal quarter) commencing after September 3, 2004 and before February 16, 2029, if the last reported sale price of our common stock is greater than or equal to 125% of the conversion price for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter;
- at any time on or after February 17, 2029 if the last reported sale price of our common stock on any date on or after February 17, 2029 is greater than or equal to 125% of the conversion price;
- subject to certain limitations, during the five business day period after any three consecutive trading day period in which the trading price per debenture for each day of that period was less than 98% of the product of the conversion rate and the last reported sale price of our common stock;
- if the debentures have been called for redemption by us;
- upon the occurrence of specified corporate transactions; or
- if the debentures are rated by Moody's Investors Service, Inc. or Standard & Poor's Rating Services or both, at any time when (i) the long-term credit rating assigned to the debentures by either rating agency is two or more levels below the credit rating initially assigned to the debentures or (ii) either rating agency has discontinued, withdrawn or suspended their ratings with respect to the debentures.

Until a contingent conversion condition is met, the shares underlying the debentures are not included in the calculation of diluted earnings per share. Should any conversion contingency be met, diluted earnings per share would be expected to decrease as a result of the inclusion of the underlying shares in the earnings per share calculation. An increase in volatility in our stock price could cause this condition to be met in one quarter and not in a subsequent quarter, increasing the volatility of reported diluted earnings per share.

We may not be able to deduct interest on our convertible senior subordinated debentures

Due to the potential application of certain U.S. federal income tax laws, we may be unable to deduct all or a portion of the paid or accrued interest with respect to our convertible senior subordinated debentures in any given year in which the debentures remain outstanding. The extent, if any, to which these restrictions would apply will not be fully determinable until the end of our current taxable year or possibly subsequent taxable years and are based on a number of factors, some of which are not within our control. While we currently believe that none of these restrictions will apply to reduce the full amount of our deductions, we cannot assure you that this will be the case. If we were unable to deduct all or any portion of the paid or accrued interest with respect to the debentures, our effective tax rate would increase and our cash flow and after-tax operating results could be adversely affected.

The price of our common stock may be volatile

Our stock price has been volatile. Over the period from May 17, 2003 to May 14, 2004, the trading price of our common stock ranged from \$18.77 to \$37.99. Many factors may cause the market price of our common stock to fluctuate significantly, including the following:

- variations in our quarterly results of operations;

- the hiring or departure of key personnel or outside experts;
- changes in our professional reputation;
- the introduction of new services by us or our competitors;
- acquisitions or strategic alliances involving us or our competitors;
- changes in accounting principles;
- changes in the legal and regulatory environment affecting clients;
- changes in estimates of our performance or recommendations by securities analysts;
- future sales of shares of common stock in the public market; and
- market conditions in the industry and the economy as a whole.

In addition, the stock market has recently experienced significant price and volume fluctuations. These fluctuations are often unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the market price of our common stock. When the market price of a company's stock drops significantly, stockholders often institute securities class action litigation against that company. Any litigation against us could cause us to incur substantial costs, divert the time and attention of our management and other resources, or otherwise harm our business.

Our charter and by-laws and Massachusetts law may deter takeovers

Our articles of organization and by-laws and Massachusetts law contain provisions that could have anti-takeover effects and that could discourage, delay, or prevent a change in control or an acquisition that many stockholders may find attractive. These provisions may also discourage proxy contests and make it more difficult for our stockholders to take some corporate actions, including the election of directors. These provisions could limit the price that investors might be willing to pay for shares of our common stock.

ITEM 3. Quantitative and Qualitative Disclosure About Market Risk

As of May 14, 2004, we were exposed to market risks, which primarily include changes in U.S. interest rates and foreign currency exchange rates.

We maintain a portion of our investments in financial instruments with purchased maturities of one year or less and a portion of our investments in financial instruments with purchased maturities of two years or less. These financial instruments are subject to interest rate risk and will decline in value if interest rates increase. Because these financial instruments are readily marketable, an immediate increase in interest rates would not have a material effect on our financial position.

We are subject to risk from changes in foreign exchange rates for our subsidiaries that use a foreign currency as their functional currency. We do not currently enter into foreign exchange agreements to hedge our exposure, but we may do so in the future.

ITEM 4. Controls and Procedures

Our management has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that we record, process, summarize and report the information we must disclose in reports that we file or submit under the Securities Exchange Act of 1934, as amended, within the time periods specified in the SEC's rules and forms.

The effectiveness of a system of disclosure controls and procedures is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the soundness of internal controls, and the risk of fraud. Because of these limitations, there can be no assurance that any system of disclosure controls and procedures will be successful in preventing all errors or fraud or in making all material information known in a timely manner to the appropriate levels of management.

During the second quarter of fiscal 2004, there were no changes in our internal control over financial reporting that have affected, or are reasonably likely to affect, materially our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

We are not a party to any legal proceedings the outcome of which, in the opinion of our management, would have a material adverse effect on our business, financial condition, or results of operations.

ITEM 2. Changes in Securities and Use of Proceeds

- (c) . On April 30, 2004, we sold 87,316 shares of our common stock to 27 individuals who joined us from InteCap for a purchase price of \$32.812 per share. These individuals paid the purchase price by issuing promissory notes to us in the aggregate amount of approximately \$2.9 million. We relied on the exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended, for transactions by an issuer not involving any public offering.
- (e.) The following table provides information about our repurchases of shares of our common stock during the twelve weeks ended May 14, 2004. During that period, we did not act in concert with any affiliate or any other person to acquire any of our common stock and, accordingly, we do not believe that purchases by any such affiliate or other person (if any) are reportable in the following table. For purposes of this table, we have divided the quarter into three equal periods of four weeks.

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
February 21, 2004 to March 19, 2004	73,531(1)\$	30.066	—(2)	—
March 20, 2004 to April 16, 2004	—	—	—	—
April 17, 2004 to May 14, 2004	—	—	—	—

- (1) On March 3, 2004, we repurchased in a private transaction 73,531 shares of our common stock from Gordon C. Rausser at a purchase price of \$33.066 per share.
- (2) During the twelve weeks ended May 14, 2004, other than the foregoing repurchase, we did not have any publicly announced or other plans or programs for the repurchase of any shares of our common stock. However, we are a party to a stock restriction agreement with certain stockholders under which we have specified rights to repurchase shares of common stock held by them, as described in more detail in our proxy statement for our 2004 annual meeting of stockholders under the heading "Transactions with Related Parties—Stock restriction agreement."

ITEM 4. Submission of Matters to a Vote of Security Holders

On April 16, 2004, we held our annual meeting of stockholders. Our stockholders elected Basil L. Anderson and Nancy L. Rose to serve as Class II directors for two-year terms and James C. Burrows, Franklin M. Fisher and Carl Shapiro to serve as Class III directors for three-year terms. In addition, the terms of office of our other directors, Rowland T. Moriarty, William F. Concannon, Ronald T. Maheu and Steven C. Salop, continued after our annual meeting of stockholders.

The votes cast to elect the directors were:

Director	Votes For	Votes Withheld
<i>Class II directors</i>		
Basil L. Anderson	7,686,350	795,480
Nancy L. Rose	7,844,267	637,563
<i>Class III directors</i>		
James C. Burrows	7,721,854	759,976
Franklin M. Fisher	7,712,247	769,583
Carl Shapiro	7,712,247	769,583

ITEM 6. Exhibits and Reports on Form 8-K**(a) Exhibits**

Item No.	Description
2.1(1)	Agreement and Plan of Merger dated as of March 18, 2004, by and among Charles River Associates Incorporated, InteCap, Inc., IP Acquisition Corp., and the Company Stockholder Representative, as defined therein
2.2(1)	First Amendment to Agreement and Plan of Merger dated as of April 30, 2004, by and among Charles River Associates Incorporated, InteCap, Inc., IP Acquisition Corp., and the Company Stockholder Representative, as defined therein
4.1	Indenture governing the 2.875% Convertible Senior Subordinated Debentures, dated June 21, 2004, among CRA as Issuer and U.S. Bank National Association as Trustee, including the form of debenture attached as Exhibit A thereto.
10.1	Sixteenth Amendment to Office Lease Agreement dated March 1, 1978 between CRA and John Hancock Mutual Life Insurance Company, as amended
31.1	Rule 13a-14(a)/15d-14(a) certification of principal executive officer
31.2	Rule 13a-14(a)/15d-14(a) certification of principal financial officer
32.1	Section 1350 certification

Where a numbered note follows an exhibit number, we incorporate that exhibit by reference to the similarly named document filed as an exhibit to the following documents:

(1) Our current report on Form 8-K filed May 6, 2004.

(b) *Reports on Form 8-K*

On March 18, 2004, we filed a current report on Form 8-K, which furnished information under Item 12 regarding our financial results for our fiscal quarter ended November 29, 2003.

On March 23, 2004, we filed a current report on Form 8-K, which filed information under Item 5 regarding our proposed acquisition of InteCap, Inc.

On May 6, 2004, we filed a current report on Form 8-K, which filed information under Items 2 and 7 regarding the completion of our acquisition of InteCap, Inc.

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 thereunto duly authorized.

CHARLES RIVER ASSOCIATES INCORPORATED

Date: June 28, 2004

By: /s/ JAMES C. BURROWS

James C. Burrows
President, Chief Executive Officer

Date: June 28, 2004

By: /s/ J. PHILLIP COOPER

J. Phillip Cooper
*Executive Vice President,
Chief Financial Officer
(Principal Financial and Accounting Officer)*

EXHIBIT INDEX

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[Charles River Associates Incorporated Consolidated Statements of Cash Flows \(unaudited\) \(In thousands\)](#)

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2.875% Convertible Subordinated Debentures

Dated as of June 21, 2004

Between

Charles River Associates Incorporated,

as Issuer,

and

U.S. Bank National Association,

as Trustee

INDENTURE

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(1).....	310(a)	7.09
(a)(2).....	7.09 (a)	
(3).....	N.A.	N.A.
(a)(4).....	N.A.	
(b).....	7.07; 7.09	
(c).....	N.A.	
311(a).....	7.10	
(b).....	7.10	
(c).....	N.A.	
312(a).....	2.06; 5.01	
(b).....	5.02(b)	
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313(a).....	7.05; 5.03(a) (b)	
(1).....		N.A.
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(c).....	16.04	

(d).....	7.05; 5.03(b)	
314(a).....	5.04; 16.04	
(b).....	N.A. (c)	
(1).....	16.06 (c)	
(2).....	16.06 (c)	
(3).....		N.A.
(d).....	N.A.	
(e).....	16.06	
(f).....	N.A.	
315(a).....	7.01	
(b).....	6.08; 16.04	
(c).....	7.01; 7.02	
(d).....	7.01	
(e).....	6.09 316(a)(last	
sentence).....		8.04 (a)
(1)(A).....	6.04; 6.07 (a)(1)	
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(a)(2).....	N.A.	
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(1).....		6.05
(a)(2).....	6.05 (implied)	
(b).....	2.05	
318(a).....	16.09	

N.A. means Not Applicable.

Note: This Cross-Reference Table shall not, for any purpose, be deemed to be part of this Indenture.

INDENTURE

INDENTURE dated as of June 21, 2004, among CHARLES RIVER ASSOCIATES INCORPORATED, a Massachusetts corporation (hereinafter called the "COMPANY"), having its principal office at 200 Clarendon Street, T-33, Boston, Massachusetts 02116, and U.S. BANK NATIONAL ASSOCIATION, as trustee hereunder (hereinafter called the "TRUSTEE").

WITNESSETH:

WHEREAS, for its lawful corporate purposes, the Company has duly authorized the issue of its 2.875% Convertible Subordinated Debentures due 2034 (hereinafter called the "DEBENTURES"), in an aggregate principal amount up to \$75,000,000 (or up to \$90,000,000 if the Initial Purchasers' (as hereinafter defined) option to purchase additional Debentures set forth in the Purchase Agreement (as hereinafter defined) is exercised in full), and, to provide the terms and conditions upon which the Debentures are to be authenticated, issued and delivered, the Company has duly authorized the execution and delivery of this Indenture.

WHEREAS, the Debentures, the certificate of authentication to be borne by the Debentures, a form of assignment, a form of fundamental change repurchase election, a form of Company repurchase election and a form of conversion notice to be borne by the Debentures are to be substantially in the forms hereinafter provided for.

WHEREAS, all acts and things necessary to make the Debentures, when executed by the Company, as applicable, and authenticated and delivered by the Trustee or a duly authorized authenticating agent, as in this Indenture provided, the valid, binding and legal obligations of the Company, as

applicable, and to constitute this Indenture a valid agreement according to its terms, have been done and performed, and the execution of this Indenture and the issue hereunder of the Debentures have in all respects been duly authorized; and in addition, all things necessary to duly authorize the issuance of the Common Stock (as hereinafter defined) of the Company initially issuable upon the conversion of the Debentures, and to duly reserve for issuance the number of shares of Common Stock initially issuable upon such conversion, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Debentures are, and are to be, authenticated, issued and delivered, and in consideration of the premises and of the purchase and acceptance of the Debentures by the holders thereof, the Company covenants and agrees with the Trustee for the equal and proportionate benefit of the respective holders from time to time of the Debentures (except as otherwise provided below), as follows:

ARTICLE 1 DEFINITIONS

SECTION 1.01. DEFINITIONS. The terms defined in this Section 1.01 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings

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specified in this Section 1.01. All other terms used in this Indenture that are defined in the Trust Indenture Act or which are by reference therein defined in the Securities Act (except as herein otherwise expressly provided or unless the context otherwise requires) shall have the meanings assigned to such terms in the Trust Indenture Act and in the Securities Act as in force at the date of the execution of this Indenture. The words "herein", "hereof", "hereunder" and words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other Subdivision. The terms defined in this Article include the plural as well as the singular.

"ADDITIONAL INTEREST" has the meaning specified in the Registration Rights Agreement.

"ADDITIONAL INTEREST NOTICE" has the meaning specified in Section 4.09.

"ADDITIONAL PREMIUM" has the meaning specified in Section 3.05(d).

"ADJUSTMENT EVENT" has the meaning specified in Section 15.05(1).

"AFFILIATE" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "CONTROL", when used with respect to any specified Person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

"APPLICABLE FIVE-DAY TRADING PERIOD" means, with respect to any Interest Period as to which Contingent Interest may be payable, the five Trading Days immediately preceding the first day of such Interest Period.

"BANKRUPTCY LAW" means Title 11, United States Bankruptcy Code of 1978, as amended, or any similar United States federal or state law relating to the bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization or relief of debtors or any amendment to, successor to or change in any such law.

"BID SOLICITATION AGENT" means such Person (other than any Affiliate of the Company) as the Company may designate as Bid Solicitation Agent from time to time, and shall initially mean the Trustee.

"BOARD OF DIRECTORS" means, with respect to a Person, the Board of Directors of such Person or any committee of such Board duly authorized to act on behalf of such Board, or, if such Person is not a corporation, the equivalent governing or managing body, authority or individual. Unless otherwise indicated, references to the Board of Directors shall mean the Board of Directors of the Company.

"BOARD RESOLUTION" means a resolution duly adopted by the Board of Directors of a Person, a copy of which, certified by the Secretary or an Assistant Secretary of such Person or, if such Person is not a corporation, the

equivalent officer, to be in full force and effect on the date of such certification, shall have been delivered to the Trustee. Unless otherwise indicated,

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references to a Board Resolution shall mean a Board Resolution of the Board of Directors of the Company.

"BUSINESS DAY" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banking institutions are authorized or required by law, regulation or executive order to close in The City of New York.

"CAPITAL STOCK" of any Person means any and all shares (including ordinary shares or American Depositary Shares), interests, participations or other equivalents, however designated, of capital stock or other equity participations, including partnership interests, whether general or limited, of such Person (collectively an "equity interest") and any and all rights (other than debt securities convertible or exchangeable into an equity interest), warrants or options to acquire an equity interest in such Person.

"CASH" has the meaning specified in Section 3.07(a).

"CASH AMOUNT" has the meaning specified in Section 15.02(h)(iii).

"CASH SETTLEMENT AVERAGING PERIOD" has the meaning specified in Section 15.02(h)(ii)(B).

"CASH SETTLEMENT NOTICE PERIOD" has the meaning specified in Section 15.02(g)(i).

"CLOSING TRADING PRICE" with respect to calculating the Make-Whole Premium on any date of determination, means the average of the secondary market bid quotations per Debenture obtained by the Trustee for \$2,000,000 aggregate principal amount of the Debentures at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers (none of which shall be the Company or an Affiliate thereof) in The City of New York (or such other place that may be determined from time to time by the Company) selected by the Company; PROVIDED, HOWEVER, if at least three such bids cannot reasonably be obtained by the Trustee, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the Trustee, that one bid shall be used. If the Trustee cannot reasonably obtain at least one bid for \$2,000,000 principal amount of Debentures from an independent nationally recognized securities dealer, then the Closing Trading Price per \$1,000 principal amount of Debentures will be deemed to be the product of (x) the average of the closing prices of the Common Stock for the five trading days immediately prior to the public announcement of Fundamental Change and (y) the applicable Conversion Rate.

"COMMISSION" means the Securities and Exchange Commission, as from time to time constituted under the Exchange Act, or, if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"COMMON STOCK" means any stock of any class of the Company which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which is not subject to

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redemption by the Company. Subject to the provisions of Section 15.06, however, shares issuable on conversion of Debentures shall include only shares of the class designated as common stock of the Company at the date of this Indenture (namely, the Common Stock, no par value) or shares of any class or classes resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which are not subject to redemption by the Company; PROVIDED that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable on conversion shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"COMPANY" means the corporation named as the "Company" in the first

paragraph of this Indenture, and, subject to the provisions of Article 11 and Section 15.06, shall include its successors and assigns.

"COMPANY REPURCHASE DATE" has the meaning specified in Section 3.06(a).

"COMPANY REPURCHASE ELECTION" has the meaning specified in Section 3.06(c)(i).

"COMPANY REPURCHASE NOTICE" has the meaning specified in Section 3.06(b).

"COMPANY REPURCHASE PRICE" has the meaning specified in Section 3.06(a).

"CONTINGENT DEBT REGULATIONS" has the meaning specified in Section 14.10.

"CONTINGENT INTEREST" has the meaning specified in Section 14.01.

"CONVERSION AGENT" means the Trustee or such other office or agency designated by the Company where Debentures may be presented for conversion.

"CONVERSION DATE" has the meaning specified in Section 15.02(c).

"CONVERSION OBLIGATION" has the meaning specified in Section 15.02(g)(i).

"CONVERSION PRICE" as of any day means \$1,000 divided by the Conversion Rate as of such date and rounded to the nearest cent. The Conversion Price shall initially be \$40.00 per share of Common Stock.

"CONVERSION RATE" has the meaning specified in Section 15.04.

"CONVERSION RETRACTION PERIOD" has the meaning specified in Section 15.02(g)(i).

"CORPORATE TRUST OFFICE" or other similar term means (a) the designated office of the Trustee at which at any particular time its corporate trust business as it relates to this Indenture shall be administered, which office is, at the date as of which this Indenture is dated,

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located at One Federal Street, Third Floor, Boston, Massachusetts 02110, Attn: Corporate Trust Services, or at any other address as the Trustee may designate from time to time by notice to the holders and (b) with respect to Section 3.05(c), Section 3.06(c) or Section 15.02, the office of the Trustee located in the Borough of Manhattan, which office is, at the date as of which this Indenture is dated, located at 100 Wall Street, Suite 1600, New York, New York 10005.

"CUSTODIAN" means U.S. Bank National Association, as custodian with respect to the Debentures in global form, or any successor entity thereto.

"DEBENTURE" OR "DEBENTURES" means any Debenture or Debentures, as the case may be, authenticated and delivered under this Indenture, including any Global Debenture.

"DEBENTURE REGISTER" has the meaning specified in Section 2.04.

"DEBENTURE REGISTRAR" has the meaning specified in Section 2.04.

"DEBENTUREHOLDER" or "HOLDER" as applied to any Debenture, or other similar terms (including the term "HOLDER OF RECORD" but excluding the terms "BENEFICIAL HOLDER" and "BENEFICIAL OWNER"), means any Person in whose name a particular Debenture is registered at the time on the Debenture Registrar's books.

"DEFAULT" means any event that is, or after notice or passage of time, or both, would be, an Event of Default.

"DEFAULTED INTEREST" means any interest on any Debentures which is payable, but is not punctually paid or duly provided for, on any June 15 or December 15.

"DEPOSITARY" means the clearing agency registered under the Exchange Act that is designated to act as the Depositary for the Global Debentures. The Depositary Trust Company shall be the initial Depositary, until a successor shall have been appointed and become such pursuant to the applicable provisions

of this Indenture, and thereafter, "DEPOSITARY" shall mean or include such successor.

"DESIGNATED SENIOR DEBT" means, with respect to the Company, indebtedness under the Senior Credit Facility and any other Senior Debt in which the instrument creating or evidencing the same or the assumption or guarantee thereof (or related agreements or documents to which the Company is a party) expressly provides that such Senior Debt shall be "Designated Senior Debt" for purposes of this Indenture.

"DETERMINATION DATE" has the meaning specified in Section 15.05(1).

"EFFECTIVE DATE" has the meaning specified in Section 3.05(d).

"EVENT OF DEFAULT" has the meaning specified in Section 6.01.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as in effect from time to time.

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"EX DIVIDEND DATE" means, with respect to any issuance or distribution on shares of Common Stock, the first date on which a sale of shares of Common Stock does not automatically transfer the right to receive the relevant distribution from the seller of the shares to the buyer.

"EXPIRATION TIME" means the last time tenders or exchanges may be made pursuant to a tender or exchange offer.

"FINAL NOTICE DATE" has the meaning specified in Section 15.02(g).

"FORM OF CONVERSION NOTICE" has the meaning specified in Section 15.02(a).

"FUNDAMENTAL CHANGE" means the occurrence after the Original Issuance Date of any of the following:

(a) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that for purposes of this clause (a) such person shall be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total voting power of the voting stock of the Company (for the purposes of this clause (a), such person shall be deemed to beneficially own any voting stock of a person (the "specified person") held by any other person (the "parent entity"), if such other person is the beneficial owner (as defined in this clause (a)), directly or indirectly, of more than 50% of the voting power of the voting stock of such parent entity); or

(b) individuals who on the Original Issuance Date, constituted the Board of Directors of the Company (together with any new directors whose election by the Board of Directors of the Company or whose nomination for election by the stockholders of the Company was approved by a vote of 51% of the directors of the Company then still in office who were either directors on the Original Issuance Date or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Company then in office;

(c) the adoption of a plan relating to the liquidation or dissolution of the Company; or

(d) the merger or consolidation of the Company with or into another Person, or the merger of another Person with the Company, or the sale of all or substantially all the assets of the Company (in each case, determined on a consolidated basis) to another Person, other than a transaction following which (A) in the case of a merger or consolidation transaction, holders of securities that represented 100% of the voting stock of the Company immediately prior to such transaction (or other securities into which such securities are converted as part of such merger or consolidation transaction) hold directly or indirectly at least a majority of the voting power of the voting stock of the surviving Person in such merger or consolidation transaction immediately after such transaction and in substantially the same proportion as before such merger or consolidation transaction and (B) in the case of a sale of assets transaction, (i) the transferee Person(s) become(s) a guarantor in respect of the Debentures and (ii) either (x) the transferee

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Person(s) constitute(s) a subsidiary of the transferor(s) of such assets or (y) holders of securities that represented 100% of the voting stock of the Company immediately prior to such sale of assets transaction hold, directly or indirectly, at least a majority of the voting power of the voting stock of the transferee Person(s) in such sale of assets transaction immediately after such sale of assets transaction and in substantially the same proportion as before such sale of assets transaction; or

(e) the capital stock of the Company or other capital stock into which the Debentures are convertible is neither listed for trading on a United States national or regional securities exchange nor approved for listing on the Nasdaq National Market or any similar United States system of automated dissemination of quotations of securities prices, and no American Depositary Shares or similar instruments for such capital stock are so listed or approved for listing in the United States.

Notwithstanding anything to the contrary, a Fundamental Change will not be deemed to have occurred in respect of the occurrence of an event described in clause (a), (b), (c) or (d), however, if at least 90% of the consideration, excluding cash payments for fractional shares, in the transaction or transactions constituting the Fundamental Change consists of shares of capital stock traded on a United States national or regional securities exchange or quoted on the Nasdaq National Market or any similar United States system of automated dissemination of quotations of securities prices, or which will be so traded or quoted when issued or exchanged in connection with a Fundamental Change (these securities being referred to as "Publicly Traded Securities") and as a result of the transaction or transactions the Debentures become convertible into such Publicly Traded Securities, excluding cash payments for fractional shares, such Publicly Traded Securities to be valued as of the date on which the transaction or transactions constituting the Fundamental Change are publicly announced.

"FUNDAMENTAL CHANGE REPURCHASE DATE" has the meaning specified in Section 3.05(a).

"FUNDAMENTAL CHANGE REPURCHASE ELECTION" has the meaning specified in Section 3.05(c)(i).

"FUNDAMENTAL CHANGE REPURCHASE NOTICE" has the meaning specified in Section 3.05(b).

"FUNDAMENTAL CHANGE REPURCHASE PRICE" has the meaning specified in Section 3.05(a).

"GAAP" means generally accepted accounting principles in the United States of America as in effect as of the Original Issuance Date, including those set forth in:

(a) the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants;

(b) statements and pronouncements of the Financial Accounting Standards Board;

(c) such other statements by such other entities as approved by a significant segment of the accounting profession; and

(d) the rules and regulations of the Commission governing the inclusion of financial statements (including pro forma financial statements) in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the Commission.

All computations based on GAAP contained in this Indenture shall be computed in conformity with GAAP.

"GLOBAL DEBENTURE" means a Debenture in global form registered in the name of the Depository or the nominee of the Depository.

"INCUR" means issue, assume, guarantee, incur or otherwise become liable for, and the term "INCURRENCE" when used as a noun shall have a correlative meaning.

"INDEBTEDNESS" means, with respect to any Person, on any date of determination (without duplication):

(a) obligations of such Person for borrowed money, or evidenced by bonds, debentures, notes or similar instruments, for which such Person is responsible or liable;

(b) obligations of such Person for the reimbursement of obligors on letters of credit, bank guarantees or bankers' acceptances (other than obligations with respect to letters of credit, bank guarantees or bankers' acceptances entered into in the ordinary course of business of such Person, in each case, to the extent such letters of credit, bank guarantees or bankers' acceptances are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the tenth Business Day following payment of such letters of credit, bank guarantees or bankers' acceptances);

(c) obligations of such Person in respect of leases required in conformity with GAAP to be accounted for as capitalized lease obligations;

(d) obligations and other liabilities of such Person under any lease or related document in connection with the lease of real property that provides that such Person is contractually obligated to purchase or cause a third party to purchase the leased property and thereby guarantee a minimum residual value of the leased property to the lessor;

(e) obligations of such Person with respect to an interest rate swap agreement, interest rate cap agreement or other financial agreement or arrangement designed to protect such Person against fluctuations in interest rates, or foreign exchange contract, currency swap agreement or other similar agreement designed to protect such Person against fluctuation in currency values;

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(f) obligations of other Persons of the type described in paragraphs (a) to (e) above in respect of which such Person is liable or responsible, directly or indirectly, including by means of any Guarantee; and

(g) obligations of another Person of the type described in paragraphs (a) to (e) above secured by any mortgage, pledge, lien or other encumbrance existing on property which is owned or held by such Person;

in each case other than any account payable or other accrued current liability or obligation of such Person incurred in the ordinary course of business connection with the obtaining of materials or services. For purposes of determining the amount of Indebtedness under Section 6.01, the principal or notional amount thereof (as determined in accordance with GAAP) shall be used.

"INDENTURE" means this instrument as originally executed or, if amended or supplemented as herein provided, as so amended or supplemented.

"INITIAL PURCHASERS" means J.P. Morgan Securities Inc., Piper Jaffray & Co. and William Blair & Company, L.L.C.

"INTEREST" means, when used with respect to the Debentures, any interest payable under the terms of the Debentures, including Contingent Interest, if any, and Additional Interest, if any, payable under the terms of the Registration Rights Agreement.

"INTEREST PAYMENT DATE" means June 15 and December 15 of each year, commencing December 15, 2004.

"INTEREST PERIOD" means the period from the Original Issuance Date to December 14, 2004 and thereafter, any six-month period from June 15 to December 14 or from December 15 to June 14, commencing on or after December 15, 2004 and ending before June 14, 2034.

"LAST REPORTED SALE PRICE" of the Common Stock on any date means the closing sale price per share (or, if no closing sale price is reported, the average of the bid and asked prices or, if more than one in either case, the average of the average bid and the average asked prices) on that date as reported in composite transactions for the principal United States national or regional securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the Nasdaq National Market. If the Common Stock is not listed for trading on a United States national or regional securities exchange and not reported by the Nasdaq National Market on the relevant date, the "LAST

REPORTED SALE PRICE" will be the last quoted bid price for the Common Stock in the over-the-counter market on the relevant date as reported by the National Quotation Bureau Incorporated or any similar United States system of automated dissemination of quotation of securities prices. If the Common Stock is not so quoted, the "LAST REPORTED SALE PRICE" will be the average of the mid-point of the last bid and asked prices for the Common Stock on the relevant date from each of at least three independent nationally recognized investment banking firms selected by the Company for this purpose. "LAST REPORTED SALE PRICE" of any other security shall have a correlative meaning. The Last Reported Sale Price of the Common Stock shall be determined by the Company.

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"LIEN" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction, in each case other than relating to any account payable or other accrued current liability or obligation incurred in the ordinary course of business in connection with the obtaining of materials or services.

"MAKE-WHOLE PREMIUM" has the meaning specified in Section 3.05(d).

"MOODY'S" has the meaning specified in Section 15.06(a).

"NON-ELECTING SHARE" has the meaning specified in Section 15.06.

"OFFICER" means the Chairman of the Board, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the President, any Vice President (whether or not designated by a number or numbers or word or words added before or after the title "Vice President"), the Treasurer or the Secretary or an Assistant Secretary of the Company.

"OFFICERS' CERTIFICATE", when used with respect to the Company, means a certificate signed by any two of the Chairman of the Board, the Chief Executive Officer, the Chief Operating Officer, the President, the Chief Financial Officer, any Vice President (whether or not designated by a number or numbers or word or words added before or after the title "Vice President"), the Treasurer or the Secretary or Assistant Secretary of the Company.

"OPINION OF COUNSEL" means an opinion in writing signed by legal counsel, who may be an employee of or counsel to the Company.

"ORIGINAL ISSUANCE DATE" means the date on which the Debentures are first authenticated and delivered under this Indenture.

"OUTSTANDING", when used with reference to Debentures and subject to the provisions of Section 8.04, means, as of any particular time, all Debentures authenticated and delivered by the Trustee under this Indenture, except:

(a) Debentures theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(b) Debentures, or portions thereof, (i) for the redemption of which monies in the necessary amount shall have been deposited in trust with the Trustee or with any Paying Agent (other than the Company or a Wholly Owned Subsidiary) and the Redemption Date of which has already passed or (ii) which shall have been otherwise discharged in accordance with Article 12;

(c) Debentures in lieu of which, or in substitution for which, other Debentures shall have been authenticated and delivered pursuant to the terms of Section 2.08; and

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(d) Debentures converted into Common Stock pursuant to Article 15 and Debentures deemed not outstanding pursuant to Article 3.

"PAYING AGENT" has the meaning specified in Section 2.04.

"PAYMENT BLOCKAGE NOTICE" has the meaning set forth in Section 17.03(b).

"PAYMENT BLOCKAGE PERIOD" has the meaning set forth in Section 17.03(b).

"PAYMENT DEFAULT" has the meaning set forth in Section 17.03(a).

"PERSON" means any corporation, association, partnership, limited liability company, individual, joint venture, joint stock company, trust, unincorporated organization or government, or any agency or political subdivision thereof.

"PREDECESSOR DEBENTURE" of any particular Debenture means every previous Debenture evidencing all or a portion of the same debt as that evidenced by such particular Debenture, and, for the purposes of this definition, any Debenture authenticated and delivered under Section 2.08 in lieu of a lost, destroyed or stolen Debenture shall be deemed to evidence the same debt as the lost, destroyed or stolen Debenture that it replaces.

"PRINCIPAL VALUE CONVERSION" has the meaning specified in Section 15.01(a).

"PURCHASE AGREEMENT" means the Purchase Agreement, dated June 15, 2004, between the Company and the Initial Purchasers, as amended from time to time in accordance with its terms.

"REDEMPTION" has the meaning specified in Section 3.01.

"REDEMPTION DATE" has the meaning specified in Section 3.01.

"REDEMPTION NOTICE" has the meaning specified in Section 3.02(a).

"REDEMPTION PRICE" has the meaning specified in Section 3.01.

"REGISTRATION RIGHTS AGREEMENT" means the Resale Registration Rights Agreement, dated as of June 21, 2004, between the Company and the Initial Purchasers, as amended from time to time in accordance with its terms.

"REGULAR RECORD DATE" means, with respect to each Interest Payment Date, the close of business on the June 1 or December 1 preceding such Interest Payment Date (whether or not a Business Day).

"REPURCHASE DATE" means the Fundamental Change Repurchase Date or the Company Repurchase Date, as the context requires.

"REPURCHASE ELECTION" means the Fundamental Change Repurchase Election or the Company Repurchase Election, as the context requires.

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"REPURCHASE NOTICE" means the Fundamental Change Repurchase Notice or the Company Repurchase Notice, as the context requires.

"REPURCHASE PRICE" means the Fundamental Change Repurchase Price or the Company Repurchase Price, as the context requires.

"RESTRICTED SECURITIES" refers to every Debenture or Common Stock that bears or is required under Section 2.07 to bear the legend set forth in Appendix A.

"RULE 144A" means Rule 144A as promulgated under the Securities Act.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"SENIOR CREDIT FACILITY" means the Loan Agreement dated as of January 14, 2004, between the Company and Citizens Bank of Massachusetts, together with the related documents thereto (including the revolving loans thereunder and any security documents), as amended, extended, renewed, restated, supplemented or otherwise modified (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time.

"SENIOR DEBT" means, with respect to the Company, the principal of, premium, if any, and interest on (including interest accruing after, or which would accrue but for the filing of a petition initiating any proceeding pursuant to Bankruptcy Law at the rate specified in the applicable Senior Debt, whether or not a claim for such interest would be allowed), all Indebtedness of the Company arising under the Senior Credit Facility and all other secured Indebtedness in which the instrument creating or evidencing the same or the assumption or guarantee thereof expressly provides that such Indebtedness is senior to the Debentures, whether outstanding on the date of the Indenture or thereafter created, incurred, assumed or guaranteed by the Company (including all deferrals, renewals, extensions or refundings of, or amendments, modifications or supplements to the foregoing); PROVIDED, HOWEVER, that Senior Debt does not include:

- (a) Indebtedness evidenced by the Debentures;
- (b) Indebtedness of the Company to any subsidiary of the Company;
- (c) any liability for federal, state, foreign, local or other taxes owed or owing by the Company;
- (d) accounts payable or other liabilities of the Company to trade creditors arising in the ordinary course of business; and
- (e) any other Indebtedness in which the instrument creating or evidencing the same or the assumption or guarantee thereof expressly provides that such Indebtedness is pari passu with, or is subordinated to, the Debentures.

"SPIN-OFF" has the meaning specified in Section 15.05(c).

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"STANDARD & POOR'S" has the meaning specified in Section 15.06(a).

"STATED MATURITY" means June 15, 2034.

"STOCK PRICE" has the meaning specified in Section 3.05(d).

"STOCK RECORD DATE" means, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

"SUBSIDIARY" means, with respect to any Person, (a) any corporation, association or other business entity of which more than 50% of the total voting power of shares of capital stock or other equity interest entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other subsidiaries of that Person (or a combination thereof) and (b) any partnership (i) the sole general partner or managing general partner of which is such Person or a subsidiary of such Person or (ii) the only general partners of which are such Person or of one or more subsidiaries of such Person (or any combination thereof).

"SUCCESSOR COMPANY" has the meaning specified in Section 11.01(a).

"TRADING DAY" means a day during which trading in securities generally occurs on the New York Stock Exchange or, if the applicable security is not listed on the New York Stock Exchange, on the principal other national or regional securities exchange on which the applicable security is then listed or, if the applicable security is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System or, if the applicable security is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the applicable security is then traded (provided that no day on which trading of the applicable security is suspended on such exchange or other trading market will count as a Trading Day).

"TRADING PRICE" means, as of any date of determination, the average of the secondary market bid quotations obtained by the Trustee for \$2,000,000 principal amount of Debentures at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers (none of which shall be the Company or an Affiliate thereof) in The City of New York (or such other place that may be determined from time to time by the Company) selected by the Company; PROVIDED, HOWEVER, if at least three such bids cannot reasonably be obtained by the Trustee, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the Trustee, that one bid shall be used. If the Trustee cannot reasonably obtain at least one bid for \$2,000,000 principal amount of Debentures from an independent nationally recognized securities dealer, then the Trading Price per \$1,000 principal amount of Debentures will be deemed to be (a) with respect to any conversion of Debentures pursuant to Section 15.01(a)(iv), less than 98%

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of the product of (i) the Last Reported Sale Price of the Common Stock and (ii) the Conversion Rate and (b) with respect to any determination of Contingent Interest pursuant to Section 14.01, the product of (i) the average of the Last Reported Sale Price of the Common Stock on the five (5) Trading Days ending on such determination date and (ii) the Conversion Rate.

"TRUST INDENTURE ACT" means the Trust Indenture Act of 1939, as amended, as it was in force at the date of this Indenture, except as provided in Sections 10.03 and 15.06; PROVIDED that if the Trust Indenture Act of 1939 is amended after the date hereof, the term "Trust Indenture Act" shall mean, to the extent required by such amendment, the Trust Indenture Act of 1939 as so amended.

"TRUST OFFICER" means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"TRUSTEE" means U.S. Bank National Association, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee hereunder.

"UNIFORM COMMERCIAL CODE" means the New York Uniform Commercial Code as in effect from time to time.

"VOTING STOCK" of a Person means all classes of capital stock or other interests (including partnership interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

"WHOLLY OWNED SUBSIDIARY" means a subsidiary of the Company all the capital stock of which (other than directors' qualifying or other legally required shares) is owned by the Company or another Wholly Owned Subsidiary.

ARTICLE 2

ISSUE, DESCRIPTION, EXECUTION, REGISTRATION AND EXCHANGE OF DEBENTURES

SECTION 2.01. AMOUNT OF DEBENTURES. The aggregate principal amount of Debentures which may be authenticated and delivered under this Indenture shall not exceed \$75,000,000 (or up to \$90,000,000 if the Initial Purchasers' option to purchase additional Debentures set forth in the Purchase Agreement is exercised in full) (except for Debentures authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Debentures pursuant to Sections 2.07, 2.08, 2.09, 2.10, 3.03, 15.02 or Appendix A).

SECTION 2.02. FORM AND DATING. Provisions relating to the Debentures are set forth in Appendix A, which is hereby incorporated in and expressly made a part of this Indenture. The Debentures and the Trustee's certificate of authentication shall each be substantially in the form of Exhibit A hereto, which is hereby incorporated in and expressly made a part of this Indenture. The Debentures may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Company is subject, if any, or

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usage (PROVIDED that any such notation, legend or endorsement is in a form acceptable to the Company). Each Debenture shall be dated the date of its authentication. The Debentures shall be issuable only in registered form without interest coupons and only in denominations of \$1,000 and integral multiples thereof.

SECTION 2.03. EXECUTION AND AUTHENTICATION. Two Officers shall sign the Debentures for the Company by manual or facsimile signature.

If an Officer whose signature is on a Debenture no longer holds that office at the time the Trustee authenticates the Debenture, the Debenture shall be valid nevertheless.

A Debenture shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Debenture. The signature shall be conclusive evidence that the Debenture has been authenticated under this Indenture.

The Trustee shall authenticate and make available for delivery Debentures as set forth in Appendix A.

The Trustee may appoint an authenticating agent reasonably acceptable

to the Company to authenticate the Debentures. Any such appointment shall be evidenced by an instrument signed by a Trust Officer, a copy of which shall be furnished to the Company. Unless limited by the terms of such appointment, an authenticating agent may authenticate Debentures whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Debenture Registrar, Paying Agent or agent for service of notices and demands.

SECTION 2.04. DEBENTURE REGISTRAR AND PAYING AGENT. (a) The Company shall maintain an office or agency where Debentures may be presented for registration of transfer or for exchange (the "DEBENTURE REGISTRAR") and an office or agency where Debentures may be presented for payment (the "PAYING AGENT"). The Debenture Registrar shall keep a register of the Debentures and of their transfer and exchange (the "DEBENTURE REGISTER"). The Company may have one or more co-debenture registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent, and the term "Debenture Registrar" includes any co-debenture registrars. The Company initially appoints the Trustee as (i) Debenture Registrar and Paying Agent in connection with the Debentures and (ii) the Custodian with respect to the Global Debentures.

(b) The Company shall enter into an appropriate agency agreement with any Debenture Registrar or Paying Agent not a party to this Indenture, which shall incorporate the terms of the Trust Indenture Act. The agreement shall implement the provisions of this Indenture that relate to such agent. The Company shall notify the Trustee of the name and address of any such agent. If the Company fails to maintain a Debenture Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.06. The Company may change the Paying Agent or Debenture Registrar without prior notice to the holders of the Debentures. The Company or any domestically organized Wholly Owned Subsidiary may act as Paying Agent or Debenture Registrar.

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(c) The Company may remove any Debenture Registrar or Paying Agent upon written notice to such Debenture Registrar or Paying Agent and to the Trustee; PROVIDED, however, that no such removal shall become effective until (i) acceptance of an appointment by a successor as evidenced by an appropriate agreement entered into by the Company and such successor Debenture Registrar or Paying Agent, as the case may be, and delivered to the Trustee or (ii) notification to the Trustee that the Trustee shall serve as Debenture Registrar or Paying Agent until the appointment of a successor in accordance with clause (i) above. The Debenture Registrar or Paying Agent may resign at any time upon written notice to the Company and the Trustee.

SECTION 2.05. PAYING AGENT TO HOLD MONEY IN TRUST. By at least 10:00 a.m (New York City time) on the date on which any principal of and interest on any Debenture is due and payable, the Company shall deposit with the Paying Agent (or if the Company or a Wholly Owned Subsidiary is acting as Paying Agent, segregate and hold in trust for the benefit of the Persons entitled thereto (or, in the case of a Wholly Owned Subsidiary, the Company shall cause such Wholly Owned Subsidiary to so segregate and hold such funds)) a sum sufficient to pay such principal and interest when so becoming due. The Company shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of holders or the Trustee all money held by the Paying Agent for the payment of principal of and interest on the Debentures and shall notify the Trustee of any default by the Company in making any such payment. If the Company or a Wholly Owned Subsidiary acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund (or, in the case of a Wholly Owned Subsidiary, the Company shall cause such Wholly Owned Subsidiary to so segregate and hold such funds). The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by the Paying Agent. Upon complying with this Section, the Paying Agent shall have no further liability for the money delivered to the Trustee.

SECTION 2.06. HOLDER LISTS. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of holders. If the Trustee is not the Debenture Registrar, the Company shall furnish, or cause the Debenture Registrar to furnish, to the Trustee, in writing at least five Business Days before each interest payment date and at such other times as the Trustee may request in writing within fifteen (15) days, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of holders.

SECTION 2.07. TRANSFER AND EXCHANGE. The Debentures shall be issued in registered form and shall be transferable only upon the surrender of a Debenture for registration of transfer and in compliance with Appendix A. When a Debenture is presented to the Debenture Registrar with a request to register a

transfer, the Debenture Registrar shall register the transfer as requested if its requirements therefor are met. When Debentures are presented to the Debenture Registrar with a request to exchange them for an equal principal amount of Debentures of other denominations, the Debenture Registrar shall make the exchange as requested if the same requirements are met. To permit registration of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Debentures at the Debenture Registrar's request. The Company may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges in connection with any transfer or exchange pursuant

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to this Section. The Company shall not be required to make and the Debenture Registrar need not register transfers or exchanges of Debentures selected for redemption (except, in the case of Debentures to be redeemed in part, the portion thereof not to be redeemed) or any Debentures for a period of 15 days before a selection of Debentures to be redeemed.

Prior to the due presentation for registration of transfer of any Debenture, the Company, the Trustee, the Paying Agent and the Debenture Registrar may deem and treat the Person in whose name a Debenture is registered as the absolute owner of such Debenture for the purpose of receiving payment of principal of and interest, if any, on such Debenture and for all other purposes whatsoever, whether or not such Debenture is overdue, and none of the Company, the Trustee, the Paying Agent, or the Debenture Registrar shall be affected by notice to the contrary.

Any holder of a Global Debenture shall, by acceptance of such Global Debenture, agree that transfers of beneficial interest in such Global Debenture may be effected only through a book-entry system maintained by (a) the holder of such Global Debenture (or its agent) or (b) any holder of a beneficial interest in such Global Debenture, and that ownership of a beneficial interest in such Global Debenture shall be required to be reflected in a book entry.

All Debentures issued upon any transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Debentures surrendered upon such transfer or exchange.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Debenture (including any transfer between or among Depositary Participants or beneficial owners of interests in any Global Debenture) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 2.08. REPLACEMENT DEBENTURES. If a mutilated Debenture is surrendered to the Debenture Registrar or if the holder of a Debenture claims that the Debenture has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Debenture if the requirements of Section 8-405 of the Uniform Commercial Code are met, such that the holder (a) satisfies the Company and the Trustee as to compliance with such requirements within a reasonable time after such holder has notice of such loss, destruction or wrongful taking and the Debenture Registrar does not register a transfer prior to receiving such notification, (b) makes such request to the Company or the Trustee prior to the Debenture being acquired by a protected purchaser as defined in Section 8 303 of the Uniform Commercial Code (a "protected purchaser") and (c) satisfies any other reasonable requirements of the Trustee. If required by the Trustee or the Company, such holder shall furnish an indemnity bond sufficient in the judgment of the Company and the Trustee to protect the Company, the Trustee, the Paying Agent and the Debenture Registrar from any loss that any of them may suffer if a Debenture is replaced. The Company and the Trustee may charge the holder for their expenses in replacing a Debenture and may require the payment of a sum

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sufficient to cover any fax or other governmental charge that may be imposed in relation thereto. In the event any such mutilated, lost, destroyed or wrongfully taken Debenture has become or is about to become due and payable, the Company in its discretion may pay such Debenture instead of issuing a new Debenture in replacement thereof.

Every replacement Debenture is an additional obligation of the Company.

The provisions of this Section 2.08 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, lost, destroyed or wrongfully taken Debentures.

SECTION 2.09. OUTSTANDING DEBENTURES. Debentures outstanding at any time are all Debentures authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation and those described in this Section as not outstanding. Subject to Section 8.04, a Debenture does not cease to be outstanding because the Company or an Affiliate of the Company holds the Debenture.

If a Debenture is replaced pursuant to Section 2.08, it ceases to be outstanding unless the Trustee and the Company receive proof satisfactory to them that the replaced Debenture is held by a protected purchaser.

If the Paying Agent segregates and holds in trust, in accordance with this Indenture, on a redemption date or maturity date money sufficient to pay all principal and interest payable on that date with respect to the Debentures (or portions thereof) to be redeemed or maturing, as the case may be, then on and after that date such Debentures (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

SECTION 2.10. TEMPORARY DEBENTURES. In the event that Definitive Debentures are to be issued under the terms of this Indenture, until such Definitive Debentures are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Debentures. Temporary Debentures shall be substantially in the form of Definitive Debentures but may have variations that the Company considers appropriate for temporary Debentures. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate Definitive Debentures and deliver them in exchange for temporary Debentures upon surrender of such temporary Debentures at the office or agency of the Company maintained for this purpose, without charge to the holder.

SECTION 2.11. CANCELLATION. The Company at any time may deliver Debentures to the Trustee for cancellation. The Debenture Registrar and the Paying Agent shall forward to the Trustee any Debentures surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Debentures surrendered for registration of transfer, exchange, payment or cancellation and shall dispose of canceled Debentures in accordance with its customary procedures or deliver canceled Debentures to the Company pursuant to written direction by an Officer. The Company may not issue new Debentures to replace Debentures it has redeemed, paid or delivered to the Trustee for cancellation. The Trustee shall not authenticate Debentures in place of canceled Debentures other than pursuant to the terms of this Indenture.

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SECTION 2.12. DEFAULTED INTEREST. If the Company defaults in a payment of interest (including Contingent Interest and Additional Interest, if any) on the Debentures, the Company shall pay the defaulted interest (plus interest on such defaulted interest at the rate borne by the Debentures plus 1% per annum to the extent lawful) in any lawful manner. The Company may pay the defaulted interest to the Persons who are holders on a subsequent special record date. The Company shall fix or cause to be fixed any such special record date and payment date to the reasonable satisfaction of the Trustee and shall promptly mail or cause to be mailed to each holder a notice that states the special record date, the payment date and the amount of defaulted interest to be paid.

SECTION 2.13. CUSIP AND ISIN NUMBERS. The Company in issuing the Debentures may use "CUSIP" and ISIN numbers (if then generally in use) and, if so, the Trustee shall use "CUSIP" and ISIN numbers in notices of redemption as a convenience to holders; PROVIDED, HOWEVER, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Debentures or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Debentures, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee of any change in the "CUSIP" numbers.

ARTICLE 3 REDEMPTION AND REPURCHASE OF DEBENTURES

SECTION 3.01. REDEMPTION. The Debentures will not be redeemable at the Company's option prior to June 20, 2011. At any time on or after June 20, 2011 and prior to Stated Maturity, the Company, at its option, may redeem, in whole or in part, the Debentures in accordance with the provisions of Sections 3.02, 3.03 and 3.04 on the date of redemption (the "REDEMPTION DATE") for cash, at a redemption price (the "REDEMPTION PRICE") equal to 100% of the principal

amount of the Debentures to be redeemed plus accrued and unpaid interest (including Contingent Interest and Additional Interest, if any), if any, on the Debentures to be redeemed to (but excluding) the Redemption Date (such redemption, a "REDEMPTION").

SECTION 3.02. NOTICE OF REDEMPTION; SELECTION OF DEBENTURES. (a) In case the Company shall desire to exercise the right to redeem all or, as the case may be, any part of the Debentures pursuant to Section 3.01, it shall fix a Redemption Date and it or, at its written request received by the Trustee not fewer than forty five (45) days prior (or such shorter period of time as may be acceptable to the Trustee) to the Redemption Date, the Trustee in the name of and at the expense of the Company, shall mail or cause to be mailed a notice of such redemption (a "REDEMPTION NOTICE") not fewer than thirty (30) nor more than sixty (60) days prior to the Redemption Date to each holder of Debentures so to be redeemed at its last address as the same appears on the Debenture Register; PROVIDED that if the Company shall give such notice, it shall also give written notice of the Redemption Date to the Trustee. Such mailing shall be by first class mail. The notice, if mailed in the manner herein provided, shall be conclusively presumed to have been duly given, whether or not the holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the holder of any Debenture designated for redemption shall not affect the validity of the proceedings for the redemption of any other Debenture. Concurrently with the mailing of any such Redemption Notice, the Company shall

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issue a press release announcing such redemption, the form and content of which press release shall be determined by the Company in its sole discretion. The failure to issue any such press release or any defect therein shall not affect the validity of the Redemption Notice or any of the proceedings for the redemption of any Debenture (or portion thereof) called for redemption.

(b) Each such Redemption Notice shall specify the aggregate principal amount of Debentures to be redeemed, the CUSIP number or numbers of the Debentures being redeemed, the Redemption Date (which shall be a Business Day), the Redemption Price at which Debentures are to be redeemed, the place or places of payment, that payment will be made upon presentation and surrender of such Debentures, that interest accrued to the Redemption Date will be paid as specified in said notice, and that on and after said date interest thereon or on the portion thereof to be redeemed will cease to accrue. Such notice shall also state the current Conversion Rate, the date on which the right to convert such Debentures or portions thereof into Common Stock will expire (which date shall not be later than the close of business on the second Business Day prior to the Redemption Date), whether the Company has elected to satisfy all or a portion of its Conversion Obligation with cash in lieu of delivery of shares of Common Stock with respect to any Debentures (or portions thereof) to be redeemed and, if the Company has determined to satisfy all or any portion of the Conversion Obligation in cash, the dollar amount of the Conversion Obligation to be satisfied in cash (which must be expressed either as 100% of the Conversion Obligation or as a fixed dollar amount). In case any Debenture is to be redeemed in part, the Redemption Notice shall state the portion of the principal amount of the Debentures to be redeemed and shall state that, on and after the Redemption Date, upon surrender of such Debenture, a new Debenture or Debentures in principal amount equal to the unredeemed portion thereof will be issued.

(c) On or prior to the Redemption Date specified in the Redemption Notice given as provided in this Section 3.02, the Company will deposit with the Trustee or with one or more Paying Agents (or, if the Company or any Wholly Owned Subsidiary is acting as Paying Agent, set aside, segregate and hold in trust as provided in Section 4.04) an amount of money in immediately available funds sufficient to redeem on the Redemption Date all the Debentures (or portions thereof) so called for redemption (other than those theretofore surrendered for conversion into Common Stock) at the applicable Redemption Price; PROVIDED that if such payment is made on the Redemption Date, it must be received by the Trustee or Paying Agent, as the case may be, by 10:00 a.m., New York City time, on such date. The Company shall be entitled to retain any interest, yield or gain on amounts deposited with the Trustee or any Paying Agent pursuant to this Section 3.02(c) in excess of amounts required hereunder to pay the Redemption Price (PROVIDED, HOWEVER, that the Trustee shall not be under any obligation to invest or otherwise pay interest on any such amounts deposited with it unless and except to the extent otherwise expressly agreed in writing between the Trustee and the Company). If any Debenture (or portion thereof) called for redemption is converted pursuant hereto prior to such Redemption Date, any money deposited with the Trustee or any Paying Agent or so set aside, segregated and held in trust for the redemption of such Debenture shall be paid to the Company upon its written request, or, if then held by the Company or any Wholly Owned Subsidiary, shall be discharged from such trust. Whenever any Debentures are to be redeemed, the Company will give the Trustee written notice in the form of an Officers' Certificate not fewer than forty-five

(45) days (or such shorter period of time as may be acceptable to the Trustee) prior to the Redemption Date as to the aggregate principal amount of Debentures to be redeemed.

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(d) If less than all of the outstanding Debentures are to be redeemed, the Trustee shall select the Debentures or portions thereof of the Global Debenture or the Debentures in certificated form to be redeemed (in principal amounts of \$1,000 or integral multiples thereof) by lot, on a pro rata basis or by another method the Trustee considers fair and appropriate. If any Debenture selected for partial redemption is submitted for conversion in part after such selection, the portion of such Debenture submitted for conversion shall be deemed (so far as may be possible) to be from, and to include, the portion selected for redemption. The Debentures (or portions thereof) so selected shall be deemed duly selected for redemption for all purposes hereof, notwithstanding that any such Debenture is submitted for conversion in part before the mailing of the Redemption Notice.

Upon any redemption of less than all of the outstanding Debentures, the Company and the Trustee may (but need not), solely for purposes of determining the pro rata allocation among such Debentures as are unconverted and outstanding at the time of redemption, treat as outstanding any Debentures surrendered for conversion during the period of fifteen (15) days next preceding the mailing of a Redemption Notice and may (but need not) treat as outstanding any Debenture authenticated and delivered during such period in exchange for the unconverted portion of any Debenture converted in part during such period.

SECTION 3.03. PAYMENT OF DEBENTURES CALLED FOR REDEMPTION BY THE COMPANY. If notice of redemption has been given as provided in Section 3.03, the Debentures (or portions thereof) with respect to which such notice has been given shall, unless converted into Common Stock pursuant to the terms hereof, become due and payable on the Redemption Date and at the place or places stated in such notice at the applicable Redemption Price, and on and after the Redemption Date (unless the Company shall default in the payment of such Debentures at the Redemption Price) interest (including Contingent Interest and Additional Interest, if any) on the Debentures (or portions thereof) so called for redemption shall cease to accrue and, after the close of business on the second Business Day immediately preceding the Redemption Date (unless the Company shall default in the payment of such Debentures at the Redemption Price), such Debentures (or portions thereof) shall cease to be convertible into Common Stock and to be entitled to any benefit or security under this Indenture, and the holders thereof shall have no right in respect of such Debentures (or portions thereof) except the right to receive the Redemption Price thereof pursuant to this Indenture. On presentation and surrender of such Debentures at a place of payment specified in said notice, the said Debentures or the specified portions thereof shall be paid and redeemed by the Company at the applicable Redemption Price; PROVIDED that if the applicable Redemption Date is after a record date but on, or before, an Interest Payment Date, the interest (including Contingent Interest and Additional Interest, if any) payable on such Interest Payment Date shall be paid on such Interest Payment Date to the holders of record of such Debentures on the applicable Regular Record Date instead of the holders surrendering such Debentures (or portions thereof) for redemption on such date.

Upon presentation of any Debenture redeemed in part only, the Company shall execute and the Trustee shall authenticate and make available for delivery to the holder thereof, at the expense of the Company, a new Debenture or Debentures, of authorized denominations, in principal amount equal to the unredeemed portion of the Debentures so presented.

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Notwithstanding the foregoing, the Trustee shall not redeem any Debentures or mail any Redemption Notice during the continuance of a default in payment of interest (including Contingent Interest and Additional Interest, if any) on the Debentures. If any Debenture (or portion thereof) called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid or duly provided for, continue to bear interest at the rate borne by the Debenture, compounded semiannually, and such Debenture shall remain convertible into Common Stock until the principal and interest shall have been paid or duly provided for. The Company will notify all of the holders if the Company redeems any of the Debentures.

SECTION 3.04. CONVERSION ARRANGEMENT ON CALL FOR REDEMPTION. In connection with any redemption of Debentures, the Company may arrange for the purchase and conversion of any Debentures by an agreement with one or more investment banks or other purchasers to purchase such Debentures by paying to the Trustee in trust for the Debentureholders, on or before the Redemption Date,

an amount not less than the Redemption Price of such Debentures. Notwithstanding anything to the contrary contained in this Article 3, the obligation of the Company to pay the Redemption Price of such Debentures shall be deemed to be satisfied and discharged to the extent such amount is so paid by such purchasers. If such an agreement is entered into, a copy of which will be filed with the Trustee prior to the Redemption Date, any Debentures not duly surrendered for conversion by the holders thereof may, at the option of the Company, be deemed, to the fullest extent permitted by law, acquired by such purchasers from such holders and (notwithstanding anything to the contrary contained in Article 15) surrendered by such purchasers for conversion, all as of immediately prior to the close of business on the Redemption Date (and the right to convert any such Debentures shall be extended through such time), subject to payment of the above amount as aforesaid. At the direction of the Company, the Trustee shall hold and dispose of any such amount paid to it in the same manner as it would monies deposited with it by the Company for the redemption of Debentures. Without the Trustee's prior written consent, no arrangement between the Company and such purchasers for the purchase and conversion of any Debentures shall increase or otherwise affect any of the powers, duties, responsibilities or obligations of the Trustee as set forth in this Indenture.

SECTION 3.05. REPURCHASE OF DEBENTURES BY THE COMPANY AT OPTION OF HOLDERS UPON A FUNDAMENTAL CHANGE. (a) If a Fundamental Change shall occur at any time prior to Stated Maturity, each holder shall have the right, at such holder's option, to require the Company to repurchase for cash all of such holder's Debentures, or any portion thereof that is equal to \$1,000 principal amount or an integral multiple thereof, on the date specified in the Fundamental Change Repurchase Notice, which date shall not be later than thirty-five (35) days after the occurrence of such Fundamental Change but in no event prior to the date on which such Fundamental Change occurs (the "FUNDAMENTAL CHANGE REPURCHASE DATE"). The Company shall repurchase such Debentures at a price (the "FUNDAMENTAL CHANGE REPURCHASE PRICE") equal to 100% of the principal amount of the Debentures to be repurchased plus accrued and unpaid interest (including Contingent Interest and Additional Interest, if any), if any, to (but excluding) the Fundamental Change Repurchase Date plus the Make-Whole Premium, if applicable; PROVIDED that if such Fundamental Change Repurchase Date falls on an Interest Payment Date, then the interest payable on such Interest Payment Date shall be paid to the

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holders of record of the Debentures on the applicable Record Date instead of the holders surrendering the Debentures for repurchase on such date.

The Company's obligation to repurchase all or a portion of a holder's Debentures under this Section 3.05 shall be satisfied if (a) a third party makes the offer to repurchase the Debentures at the Fundamental Change Repurchase Price in the manner and at the times and otherwise in compliance in all material respects with the requirements set out in this Section 3.05 and (b) such third party (i) purchases all Debentures properly tendered and not withdrawn with respect to the applicable Fundamental Change and (ii) otherwise complies with the obligations of the Company in connection herewith.

(b) On or before the twenty-fifth (25th) Trading Day prior to each Fundamental Change Repurchase Date, the Company, or at its written request the Trustee in the name of and at the expense of the Company (which request must be received by the Trustee at least ten (10) Business Days prior to the date the Trustee is requested to give notice as described below, unless the Trustee shall agree to a shorter period), shall mail or cause to be mailed, by first class mail, to all holders of record on such date a notice (the "FUNDAMENTAL CHANGE REPURCHASE NOTICE") of the occurrence of such Fundamental Change and of the repurchase right at the option of the holders arising as a result thereof to each holder of Debentures at its last address as the same appears on the Debenture Register; PROVIDED that if the Company shall give such notice, it shall also give written notice of the Fundamental Change to the Trustee (and the Paying Agent, if the Trustee is not then the Paying Agent) at such time as it is mailed to Debentureholders; and FURTHER PROVIDED that, in any event, the notice shall be prepared by the Company. Such notice, if mailed in the manner herein provided, shall be conclusively presumed to have been duly given, whether or not the holder receives such notice. Each Fundamental Change Repurchase Notice shall state:

(i) the Fundamental Change Repurchase Price, excluding accrued and unpaid interest, the Conversion Rate at the time of such notice (and any applicable adjustments to such Conversion Rate) and, to the extent known at the time of such notice, the amount of interest (including Contingent Interest and Additional Interest, if any) that will be payable with respect to the Debentures on the Fundamental Change Repurchase Date;

(ii) the Make-Whole Premium, if any;

(iii) the events constituting the Fundamental Change and the date of the Fundamental Change;

(iv) the Fundamental Change Repurchase Date;

(v) the last date on which a holder may exercise the repurchase right;

(vi) the name and address of the Paying Agent and the Conversion Agent;

(vii) that Debentures as to which a Fundamental Change Repurchase Election has been given by the holder may be converted only if the election has been withdrawn by the holder in accordance with the terms of this Indenture; PROVIDED that the Debentures are otherwise convertible in accordance with Section 15.01;

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(viii) that the holder shall have the right to withdraw any Debentures surrendered prior to the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date (or any such later time as may be required by applicable law);

(ix) a description of the procedure which a Debentureholder must follow to exercise such repurchase right or to withdraw any surrendered Debentures;

(x) the CUSIP number or numbers of the Debentures (if then generally in use); and

(xi) briefly, the conversion rights of the Debentures and whether, at the time of such notice, the Debentures are eligible for conversion.

No failure of the Company to give the foregoing notices and no defect therein shall limit the Debentureholders' repurchase rights or affect the validity of the proceedings for the repurchase of the Debentures pursuant to this Section 3.05.

(c) Debentures shall be repurchased pursuant to this Section 3.05 at the option of the holder upon:

(i) delivery to the Trustee (or other Paying Agent appointed by the Company) by a holder of a duly completed notice (a "FUNDAMENTAL CHANGE REPURCHASE ELECTION") in the form set forth on the reverse of the Debenture at any time prior to the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date, subject to extension to comply with applicable law, stating:

(a) if certificated Debentures have been issued, the certificate numbers of the Debentures which the holder shall deliver to be repurchased;

(b) the portion of the principal amount of the Debentures that the holder shall deliver to be repurchased, which portion must be \$1,000 or an integral multiple thereof; and

(c) that such Debentures shall be repurchased as of the Fundamental Change Repurchase Date pursuant to the terms and conditions specified in the Debentures and in this Indenture; and

(ii) delivery or book-entry transfer of the Debentures to the Trustee (or other Paying Agent appointed by the Company) simultaneously with or at any time after delivery of the Fundamental Change Repurchase Election (together with all necessary endorsements) at the Corporate Trust Office of the Trustee (or other Paying Agent appointed by the Company) in the Borough of Manhattan, such delivery or transfer being a condition to receipt by the holder of the Fundamental Change Repurchase Price therefor; PROVIDED that such Fundamental Change Repurchase Price shall be so paid pursuant to this Section 3.05 only if the Debentures so delivered or transferred to the Trustee (or other Paying Agent appointed by the Company) shall conform in all respects

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to the description thereof in the related Fundamental Change Repurchase Election. All questions as to the validity, eligibility (including time of receipt) and acceptance of any Debenture for repurchase shall be determined

-- June
15, 2004

0.0%
14.3%
17.4%
15.9%
14.8%
13.9%
13.2%
12.6%
12.1%
11.6%
11.2%
10.9%
10.5%
10.2%
0.0%

June 15,
2005

0.0%
13.7%
16.5%
14.9%
13.6%
12.7%
12.0%
11.4%
10.9%
10.4%
10.1%
9.7%
9.4%
9.1%
0.0%

June 15,
2006

0.0%
12.9%
15.3%
13.5%
12.2%
11.2%
10.5%
9.9%
9.4%
9.0%
8.7%
8.4%
8.1%
7.9%
0.0%

June 15,
2007

0.0%
12.2%
14.2%
12.1%
10.6%
9.5%
8.8%
8.2%
7.8%
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6.9%
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6.5%
0.0%

June 15,
2008

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The exact Stock Price and repurchase dates may not be set forth in the table above, in which case:

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(A) If the Stock Price is between two Stock Price amounts shown on the table above or the Fundamental Change Repurchase Date is between two Effective Dates shown on the table above, the Additional Premium will be determined by a straight-line interpolation between the Additional Premium amounts set forth for the higher and lower Stock Price amounts and the two dates, as applicable, based on a 365-day year.

(B) If the Stock Price is equal to or in excess of \$116.00 per share of Common Stock (subject to adjustment), no Make-Whole premium will be paid.

(C) If the Stock Price is less than or equal to \$32.14 per share of Common Stock (subject to adjustment), no Make-Whole premium

will be paid..

(iii) The Make-Whole Premium so calculated payable to a holder of Debentures who elects to require the Company to repurchase such Debentures pursuant to this Section 3.05 will be payable in cash, shares of Common Stock or a combination thereof at the Company's option.

(iv) Notice of any Make-Whole Premium shall be included in the Fundamental Change Repurchase Notice described in Section 3.05(b) above and such notice shall include the Make-Whole Premium amount and procedure for delivery by the Company of such Make-Whole Premium.

SECTION 3.06. REPURCHASE OF DEBENTURES BY THE COMPANY AT OPTION OF HOLDERS ON SPECIFIED DATES. (a) On each of June 15, 2011, June 15, 2014, June 15, 2019, June 15, 2024 and June 15, 2029 (each, a "COMPANY REPURCHASE DATE"), each holder shall have the right, at such holder's option, to require the Company to repurchase for cash all of such holder's Debentures, or any portion thereof that is a multiple of \$1,000 principal amount. The Company shall repurchase such Debentures at a price (the "COMPANY REPURCHASE PRICE") equal to 100% of the principal amount of the Debentures to be repurchased plus accrued and unpaid interest (including Contingent Interest and Additional Interest, if any), if any, to (but excluding) the Company Repurchase Date; PROVIDED that if such Company Repurchase Date falls on an Interest Payment Date, then the interest (including Contingent Interest and Additional Interest, if any) payable on such Interest Payment Date shall be paid to the holders of record of the Debentures on the applicable Regular Record Date instead of the holders surrendering the Debentures for repurchase on such date.

(b) On or before the twenty-fifth (25th) Trading Day prior to each Company Repurchase Date, the Company, or at its written request the Trustee in the name of and at the expense of the Company (which request must be received by the Trustee at least ten (10) Business Days prior to the date the Trustee is requested to give notice as described below, unless the Trustee shall agree to a shorter period), shall mail or cause to be mailed, by first class mail, to the Paying Agent and all holders of record on such date a notice (the "COMPANY REPURCHASE NOTICE") to each holder of Debentures at its last address as the same appears on the Debenture Register and to any beneficial owner of Debentures as required by applicable law; PROVIDED that if the Company shall give such notice, it shall also give written notice to the Trustee (and the Paying Agent if the Trustee is not the Paying Agent) at such time as it is mailed to Debentureholders; and FURTHER PROVIDED that, in any event, the notice shall be prepared by the

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Company. Such notice, if mailed in the manner herein provided, shall be conclusively presumed to have been duly given, whether or not the holder receives such notice. Each Company Repurchase Notice shall state:

(i) the Company Repurchase Price, excluding accrued and unpaid interest, the Conversion Rate at the time of such notice (and any applicable adjustments to the Conversion Rate) and, to the extent known at the time of such notice, the amount of interest (including Contingent Interest and Additional Interest, if any) that will be payable with respect to the Debentures on the Company Repurchase Date;

(ii) the Company Repurchase Date;

(iii) the last date on which a holder may exercise the repurchase right;

(iv) the name and address of the Paying Agent and the Conversion Agent;

(v) that Debentures as to which a Company Repurchase Election has been given by the holder may be converted only if the election has been withdrawn by the holder in accordance with the terms of this Indenture; PROVIDED that the Debentures are otherwise convertible in accordance with Section 15.01;

(vi) that the holder shall have the right to withdraw any Debentures surrendered prior to the close of business on the Business Day immediately preceding the Company Repurchase Date (or any such later time as may be required by applicable law);

(vii) a description of the procedure which a Debentureholder must follow to exercise such repurchase right or to withdraw any surrendered Debentures;

(viii) the CUSIP number or numbers of the Debentures (if then

generally in use); and

(ix) briefly, the conversion rights of the Debentures and whether, at the time of such notice, the Debentures are eligible for conversion.

No failure of the Company to give the foregoing notices and no defect therein shall limit the Debentureholders' repurchase rights or affect the validity of the proceedings for the repurchase of the Debentures pursuant to this Section 3.06.

(c) Debentures shall be repurchased pursuant to this Section 3.06 at the option of the holder upon:

(i) delivery to the Trustee (or other Paying Agent appointed by the Company) by a holder of a duly completed notice (a "COMPANY REPURCHASE ELECTION") in the form set forth on the reverse of the Debenture at any time from the opening of business on the twentieth (20th) Business Day preceding the Company Repurchase Date until the close of business on the Business Day immediately preceding the Company Repurchase Date, subject to extension to comply with applicable law, stating:

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(1) if certificated Debentures have been issued, the certificate numbers of the Debentures which the holder shall deliver to be repurchased;

(2) the portion of the principal amount of the Debentures that the holder shall deliver to be repurchased, which portion must be \$1,000 or an integral multiple thereof; and

(3) that such Debentures shall be repurchased as of the Company Repurchase Date pursuant to the terms and conditions specified in the Debentures and in this Indenture; and

(ii) delivery or book entry transfer of the Debentures to the Trustee (or other Paying Agent appointed by the Company), simultaneously with or at any time after delivery of the Company Repurchase Election (together with all necessary endorsements) at the Corporate Trust Office of the Trustee (or other Paying Agent appointed by the Company) in the Borough of Manhattan, such delivery or transfer being a condition to receipt by the holder of the Company Repurchase Price therefor; PROVIDED that such Company Repurchase Price shall be so paid pursuant to this Section 3.06 only if the Debentures so delivered or transferred to the Trustee (or other Paying Agent appointed by the Company) shall conform in all respects to the description thereof in the related Company Repurchase Election. All questions as to the validity, eligibility (including time of receipt) and acceptance of any Debenture for repurchase shall be determined by the Company, whose determination shall be final and binding absent manifest error.

If the Debentures are not in certificated form, holders must provide notice of their election in accordance with the appropriate procedures of the Depository in a timely manner.

SECTION 3.07. RESERVED.

SECTION 3.08. CONDITIONS AND PROCEDURES FOR REPURCHASE AT OPTION OF HOLDERS. (a) The Company may repurchase from the holder thereof, pursuant to Section 3.05 or Section 3.06, a portion of a Debenture, if the principal amount of such portion is \$1,000 or a whole multiple of \$1,000. Provisions of this Indenture that apply to the repurchase of all of a Debenture also apply to the repurchase of such portion of such Debenture. Upon presentation of any Debenture repurchased in part only, the Company shall execute and the Trustee shall authenticate and make available for delivery to the holder thereof, at the expense of the Company, a new Debenture or Debentures, of any authorized denomination, in aggregate principal amount equal to the portion of the Debentures presented that is not repurchased.

(b) On or prior to a Repurchase Date, the Company will deposit with the Trustee or with one or more Paying Agents (or, if the Company or a Wholly Owned Subsidiary is acting as Paying Agent, set aside, segregate and hold in trust (or in the case of a Wholly Owned Subsidiary, the Company shall cause such Wholly Owned Subsidiary to so set aside, segregate and hold) as provided in Section 4.04) an amount of cash sufficient to repurchase on the Repurchase Date all of the Debentures (or portions thereof) to be repurchased on such date at the Repurchase Price; PROVIDED that if such deposit is made on the Repurchase Date, it must be

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received by the Trustee or Paying Agent, as the case may be, by 10:00 a.m., New York City time, on such date.

If the Trustee or other Paying Agent appointed by the Company, or the Company or a Wholly Owned Subsidiary, if it, or a Wholly Owned Subsidiary is acting as the Paying Agent, holds cash sufficient to pay the aggregate Repurchase Price of all of the Debentures (or portions thereof) that are to be repurchased as of the Repurchase Date, then on or after the Repurchase Date, (i) such Debentures to be repurchased will cease to be outstanding, (ii) interest on such Debentures to be repurchased will cease to accrue, whether or not book entry transfer of the Debentures has been made or the Debentures have been delivered to the Trustee or Paying Agent, and (iii) all other rights of the holders of such Debentures to be repurchased will terminate other than the right to receive the Repurchase Price upon transfer or delivery of the Debentures.

(c) Upon receipt by the Trustee (or other Paying Agent appointed by the Company) of a Repurchase Election, the holder of the Debenture in respect of which such Repurchase Election was given shall (unless such notice is validly withdrawn) thereafter be entitled to receive solely the Repurchase Price with respect to such Debenture. Such Repurchase Price shall be paid to such holder, subject to receipt of funds and/or Debentures by the Trustee (or other Paying Agent appointed by the Company), promptly (but in no event more than five (5) Business Days) following the later of (x) the Repurchase Date with respect to such Debenture (PROVIDED that the holder has satisfied the conditions in Section 3.05(c) or Section 3.06(c), as applicable) and (y) the time of book-entry transfer or delivery of such Debenture to the Trustee (or other Paying Agent appointed by the Company) by the holder thereof in the manner required by Section 3.05(c) or Section 3.06(c), as applicable. Debentures in respect of which a Repurchase Election has been given by the holder thereof may not be converted pursuant to Article 15 hereof on or after the date of the delivery of such Repurchase Election unless such notice has first been validly withdrawn.

(d) Notwithstanding anything herein to the contrary, any holder delivering to the Trustee (or other Paying Agent appointed by the Company) a Repurchase Election shall have the right to withdraw such election at any time prior to the close of business on the Business Day immediately preceding the Repurchase Date (or any such later time as may be required by applicable law) by delivery of a written notice of withdrawal to the Trustee (or other Paying Agent appointed by the Company) specifying:

(i) the certificate number, if any, of the Debentures in respect of which such notice of withdrawal is being submitted, or the appropriate Depository information if the Debentures in respect of which such notice of withdrawal is being submitted is represented by a Global Debenture,

(ii) the principal amount of the Debentures with respect to which such notice of withdrawal is being submitted, and

(iii) the principal amount, if any, of such Debentures which remain subject to the original Repurchase Election and which has been or will be delivered for repurchase by the Company.

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The Trustee (or other Paying Agent appointed by the Company) shall promptly notify the Company of the receipt by it of any Repurchase Election or written notice of withdrawal thereof.

(e) The Company will comply with the provisions of Rules 13e-4 and 14e-1 and any other tender offer rules under the Exchange Act to the extent then applicable in connection with the repurchase rights of the holders of Debentures in the event of a Fundamental Change Repurchase Date or on any Company Repurchase Date. If then required by applicable law, the Company will file a Schedule T0 or any other schedule required in connection with such repurchase.

(f) There shall be no repurchase of any Debentures pursuant to Section 3.05 or Section 3.06 if there has occurred at any time prior to, and is continuing on, the Repurchase Date an Event of Default (other than an Event of Default that is cured by the payment of the Repurchase Price with respect to such Debentures). The Paying Agent will promptly return to the respective holders thereof any Debentures (x) with respect to which a Repurchase Election has been withdrawn in compliance with this Indenture or (y) held by it during the continuance of an Event of Default (other than a default in the payment of the Repurchase Price with respect to such Debentures) in which case, upon such return, the Repurchase Election with respect thereto shall be deemed to have been withdrawn.

(g) The Trustee (or other Paying Agent appointed by the Company) shall

return to the Company any cash that remains unclaimed as provided in Section 12.03, for the payment of the Repurchase Price; PROVIDED that, to the extent that the aggregate amount of cash deposited by the Company pursuant to Section 3.08(b) exceeds the aggregate Repurchase Price of the Debentures or portions thereof which the Company is obligated to purchase as of the Repurchase Date, then, unless otherwise agreed in writing with the Company, promptly after the Business Day following the Repurchase Date, the Trustee shall return any such excess to the Company.

(h) In the case of a reclassification, change, consolidation, merger, combination, sale or conveyance to which Section 15.06 applies, in which the Common Stock of the Company is changed or exchanged as a result into the right to receive stock, securities or other property or assets (including cash), which includes shares of Common Stock of the Company or shares of common stock of another Person that are, or upon issuance will be, traded on a United States national securities exchange or approved for trading on an established automated over-the-counter trading market in the United States and such shares constitute at the time such change or exchange becomes effective in excess of 50% of the aggregate fair market value of such stock, securities or other property or assets (including cash) (as determined by the Company, which determination shall be conclusive and binding), then the Person formed by such consolidation or resulting from such merger or which acquires such assets, as the case may be, shall execute and deliver to the Trustee a supplemental indenture (accompanied by an Opinion of Counsel that such supplemental indenture complies with the Trust Indenture Act as in force at the date of execution of such supplemental indenture and complies with the terms hereof) modifying the provisions of this Indenture relating to the right of holders of the Debentures to cause the Company to repurchase the Debentures following a Fundamental Change and the provisions of this Indenture relating to the Company's option to deliver shares of Common Stock in payment of the Repurchase Price, including, without limitation, the applicable provisions of this Article 3

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and the definitions of Common Stock and Fundamental Change, as appropriate, as determined in good faith by the Company (which determination shall be conclusive and binding), to make such provisions correspondingly apply to such other Person if different from the Company and the common stock issued by such Person (in lieu of the Company and the Common Stock of the Company).

ARTICLE 4 PARTICULAR COVENANTS OF THE COMPANY

SECTION 4.01. PAYMENT OF PRINCIPAL AND INTEREST. The Company covenants and agrees that it will duly and punctually pay or cause to be paid the principal of (including any Redemption Price or Repurchase Price pursuant to Article 3) and interest (including Contingent Interest and Additional Interest, if any) on each of the Debentures at the places, at the respective times and in the manner provided herein and in the Debentures. The Company shall pay interest (including Contingent Interest and Additional Interest, if any) on overdue principal at the rate specified in the Debentures, and shall pay interest on overdue installments of interest at the same rate to the extent lawful.

SECTION 4.02. MAINTENANCE OF OFFICE OR AGENCY. The Company will maintain an office or agency in the Borough of Manhattan, The City of New York, where the Debentures may be surrendered for registration of transfer or exchange or presented for payment or for conversion, redemption or repurchase and where notices and demands to or upon the Company in respect of the Debentures and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency not designated or appointed by the Trustee. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office.

The Company may also from time to time designate co debenture registrars and one or more offices or agencies where the Debentures may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby initially designates the Trustee as Paying Agent, Debenture Registrar, Custodian and Conversion Agent, and each of the Corporate Trust Office and the office or agency of the Trustee in the Borough of Manhattan shall be considered as one such office or agency of the Company for each of the aforesaid purposes.

So long as the Trustee is the Debenture Registrar, the Trustee agrees to mail, or cause to be mailed, the notices set forth in Section 7.07(a) and in

Section 7.07(c). If co-debenture registrars have been appointed in accordance with this Section and Article 2, the Trustee shall mail such notices only to the Company and the holders of Debentures it can identify from its records.

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SECTION 4.03. APPOINTMENTS TO FILL VACANCIES IN TRUSTEE'S OFFICE. The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 7.07(b), a Trustee, so that there shall at all times be a Trustee hereunder.

SECTION 4.04. PROVISIONS AS TO PAYING AGENT. (a) If the Company shall appoint a Paying Agent other than the Trustee, the Company will cause such Paying Agent to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section 4.04:

(i) that it will hold all sums held by it as such agent for the payment of the principal of or interest (including Contingent Interest and Additional Interest, if any) on the Debentures (whether such sums have been paid to it by the Company or by any other obligor on the Debentures, or otherwise) in trust for the benefit of the holders of the Debentures;

(ii) that it will give the Trustee notice of any failure by the Company (or by any other obligor on the Debentures) to make any payment of the principal of or interest (including Contingent Interest and Additional Interest, if any) on the Debentures when the same shall be due and payable; and

(iii) that at any time during the continuance of an Event of Default, upon request of the Trustee, it will forthwith pay to the Trustee all sums so held in trust.

The Company shall, on or before each due date of the principal of or interest (including Contingent Interest and Additional Interest, if any) on the Debentures, deposit with the Paying Agent a sum (in funds which are immediately available on the due date for such payment) sufficient to pay such principal or interest (including Contingent Interest and Additional Interest, if any), and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of any failure to take such action; PROVIDED that if such deposit is made on the due date, such deposit shall be received by the Paying Agent by 10:00 a.m., New York City time, on such date.

(b) If the Company or a Wholly Owned Subsidiary shall act as Paying Agent, the Company will (or will cause such Wholly Owned Subsidiary to), on or before each due date of the principal of or interest (including Contingent Interest and Additional Interest, if any) on the Debentures, set aside, segregate and hold in trust for the benefit of the holders of the Debentures a sum sufficient to pay such principal or interest (including Contingent Interest and Additional Interest, if any) so becoming due and will promptly notify the Trustee of any failure to take such action and of any failure by the Company (or any other obligor under the Debentures) to make any payment of the principal of or interest (including Contingent Interest and Additional Interest, if any) on the Debentures when the same shall become due and payable.

(c) Anything in this Section 4.04 to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture, or for any other reason, pay or cause to be paid to the Trustee all sums held in trust by the Company, such Wholly Owned Subsidiary or such Paying Agent hereunder as required by this

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Section 4.04, such sums to be held by the Trustee upon the trusts herein contained and upon such payment by the Company, such Wholly Owned Subsidiary or such Paying Agent to the Trustee, the Company, such Wholly Owned Subsidiary or such Paying Agent shall be released from all further liability with respect to such sums.

(d) Anything in this Section 4.04 to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section 4.04 is subject to Sections 12.02 and 12.03.

The Trustee shall not be responsible for the actions of any other Paying Agents (including the Company or a Wholly Owned Subsidiary if acting as Paying Agent) and shall have no control of any funds held by such other Paying Agents.

SECTION 4.05. EXISTENCE. Subject to Article 11, the Company will do

or cause to be done all things necessary to preserve and keep in full force and effect its existence and rights (both organizational and statutory); PROVIDED that the Company shall not be required to preserve any such right if the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Debentureholders.

SECTION 4.06. RULE 144A INFORMATION REQUIREMENT. Within the period prior to the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision), the Company covenants and agrees that it shall, during any period in which it is not subject to Section 13 or 15(d) under the Exchange Act, make available to any holder or beneficial holder of Debentures or any Common Stock issued upon conversion or repurchase thereof which continue to be Restricted Securities in connection with any sale thereof, and any prospective purchaser of such Debentures or such Common Stock designated by such holder or beneficial holder, the information required pursuant to Rule 144A(d)(4) under the Securities Act upon the request of any holder or beneficial holder of such Debentures or such Common Stock and it will take such further action as any holder or beneficial holder of such Debentures or such Common Stock may reasonably request, all to the extent required from time to time to enable such holder or beneficial holder to sell such Debentures or such Common Stock without registration under the Securities Act within the limitation of the exemption provided by Rule 144A, as such Rule may be amended from time to time. Upon the request of any holder or any beneficial holder of such Debentures or such Common Stock, the Company will deliver to such holder or beneficial holder a written statement as to whether it has complied with such requirements.

SECTION 4.07. STAY, EXTENSION AND USURY LAWS. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on the Debentures as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture and the Company (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

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SECTION 4.08. COMPLIANCE CERTIFICATE. The Company shall deliver to the Trustee, within one hundred twenty (120) days after the end of each fiscal year of the Company (which fiscal year of the Company is presently the fifty-two (52) or fifty-three (53), as the case may be, weeks ending on the last Saturday of each November), a certificate signed by either the principal executive officer, principal financial officer or principal accounting officer of the Company, stating whether or not to the best knowledge of the signer thereof the Company is in default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Company shall be in default, specifying all such defaults and the nature and the status thereof of which the signer may have knowledge.

The Company will deliver to the Trustee, promptly upon becoming aware of (i) any default in the performance or observance of any covenant, agreement or condition contained in this Indenture or (ii) any Event of Default, an Officers' Certificate specifying with particularity such default or Event of Default and further stating what action the Company has taken, is taking or proposes to take with respect thereto.

Any notice required to be given under this Section 4.08 shall be delivered to a Trust Officer of the Trustee at its Corporate Trust Office.

SECTION 4.09. ADDITIONAL INTEREST NOTICE. (a) In the event that the Company is required to pay Additional Interest to holders of Debentures pursuant to the Registration Rights Agreement, the Company will provide written notice ("ADDITIONAL INTEREST NOTICE") to the Trustee of its obligation to pay Additional Interest no later than fifteen (15) days prior to the proposed payment date for the Additional Interest, and the Additional Interest Notice shall set forth the amount of Additional Interest to be paid by the Company on such payment date. The Trustee shall not at any time be under any duty or responsibility to any holder of Debentures to determine the Additional Interest, or with respect to the nature, extent or calculation of the amount of Additional Interest when made, or with respect to the method employed in such calculation of the Additional Interest.

SECTION 4.10. CONTINGENT DEBT TAX TREATMENT. The Company agrees, and

by acceptance of a beneficial ownership interest in the Debentures each holder and each beneficial owner of the Debentures will be deemed to have agreed, for United States federal income tax purposes (a) to treat the Debentures as indebtedness of the Company that is subject to Treasury regulations section 1.1275-4 (the "CONTINGENT DEBT REGULATIONS") and, for purposes of the Contingent Debt Regulations, to treat the fair market value of any Common Stock beneficially received upon any conversion of the Debentures as a contingent payment, (b) to accrue interest with respect to the Debentures as original issue discount on a constant yield to maturity basis using the comparable yield of 7.0% per annum compounded semi-annually and (c) to be bound by the "comparable yield" and the "projected payment schedule" within the meaning of the Contingent Debt Regulations, as determined by the Company. A holder or beneficial owner may obtain the issue price, amount of original issue discount, issue date, yield to maturity, comparable yield and projected payment schedule for the Debentures by submitting a written request for such information to the Company at the following address: Charles River Associates Incorporated, 200 Clarendon Street, T-33, Boston, Massachusetts 02116, Attention: Chief Financial Officer.

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ARTICLE 5

DEBENTUREHOLDERS' LISTS AND REPORTS BY THE COMPANY AND THE TRUSTEE

SECTION 5.01. DEBENTUREHOLDERS' LISTS. The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee, semiannually, not more than fifteen (15) days after each June 1 and December 1 in each year beginning with December 1, 2004, and at such other times as the Trustee may request in writing, within thirty (30) days after receipt by the Company of any such request (or such lesser time as the Trustee may reasonably request in order to enable it to timely provide any notice to be provided by it hereunder), a list in such form as the Trustee may reasonably require of the names and addresses of the holders of Debentures as of a date not more than fifteen (15) days (or such other date as the Trustee may reasonably request in order to so provide any such notices) prior to the time such information is furnished, except that no such list need be furnished by the Company to the Trustee so long as the Trustee is acting as the sole Debenture Registrar.

SECTION 5.02. PRESERVATION AND DISCLOSURE OF LISTS. (a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the holders of Debentures contained in the most recent list furnished to it as provided in Section 5.01 or maintained by the Trustee in its capacity as Debenture Registrar or co-debenture registrar in respect of the Debentures, if so acting. The Trustee may destroy any list furnished to it as provided in Section 5.01 upon receipt of a new list so furnished.

(b) The rights of Debentureholders to communicate with other holders of Debentures with respect to their rights under this Indenture or under the Debentures, and the corresponding rights and duties of the Trustee, shall be as provided by the Trust Indenture Act. The Company, the Trustee and the Debenture Registrar shall have the protection of Section 312(c) of the Trust Indenture Act.

(c) Every Debentureholder, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of any disclosure of information as to names and addresses of holders of Debentures made pursuant to the Trust Indenture Act.

SECTION 5.03. REPORTS BY TRUSTEE. (a) Within sixty (60) days after June 15 of each year commencing with the year 2005, the Trustee shall transmit to holders of Debentures such reports dated as of June 15 of the year in which such reports are made concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto. In the event that no events have occurred under the applicable sections of the Trust Indenture Act, the Trustee shall be under no duty or obligation to provide such reports.

(b) A copy of such report shall, at the time of such transmission to holders of Debentures, be filed by the Trustee with each stock exchange and automated quotation system upon which the Debentures are listed and with the Company. The Company will promptly notify the Trustee in writing when the Debentures are listed on any stock exchange or automated quotation system or delisted therefrom.

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SECTION 5.04. REPORTS BY THE COMPANY. The Company shall file with the Trustee (and the Commission at any time after this Indenture becomes qualified

under the Trust Indenture Act), and transmit to holders of Debentures, such information, documents and other reports and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant to such Act, whether or not the Debentures are governed by such Act; PROVIDED that any such information, document or report required to be filed with the Commission pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within fifteen (15) days after the same is so required to be filed with the Commission. Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on an Officers' Certificate).

ARTICLE 6

REMEDIES OF THE TRUSTEE AND DEBENTUREHOLDERS ON AN EVENT OF DEFAULT

SECTION 6.01. EVENTS OF DEFAULT. In case one or more of the following events (each, an "EVENT OF DEFAULT") (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) shall have occurred and be continuing:

(a) default in the payment of any installment of interest (including Contingent Interest and Additional Interest, if any) upon any of the Debentures, as and when the same shall become due and payable, and continuance of such default for a period of thirty (30) days;

(b) default in the payment of the principal of any of the Debentures, as and when the same shall become due and payable either at Stated Maturity or in connection with any redemption or repurchase, in each case pursuant to Article 3, by acceleration or otherwise;

(c) default in the Company's obligation to deliver shares of Common Stock, cash or other property upon conversion of any of the Debentures upon the exercise of a holder's rights pursuant to Article 15 and continuance of such default for ten (10) days or more;

(d) default in the Company's obligation to repurchase the Debentures at the option of a holder in connection with a Fundamental Change pursuant to Section 3.05 or on specified dates pursuant to Section 3.06;

(e) failure on the part of the Company to provide notice of the occurrence of a Fundamental Change within 25 days after the occurrence of such Fundamental Change as required by Section 3.05;

(f) failure on the part of the Company to comply with the provisions of Article 11;

(g) default in the Company's obligation to redeem any of the Debentures after it has exercised its option to redeem such Debentures;

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(h) failure on the part of the Company duly to comply with or observe any other of the covenants, warranties or agreements on the part of the Company in the Debentures or this Indenture (other than a covenant, warrant or agreement a default in whose performance or whose breach is elsewhere in this Section 6.01 specifically dealt with) and continuance of such failure for a period of sixty (60) days after the date on which written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Trustee or to the Company by the holders of at least 25% in aggregate principal amount of the Debentures at the time outstanding determined in accordance with Section 8.04;

(i) failure by the Company or any Subsidiary to pay any Indebtedness after final maturity or the acceleration of any such Indebtedness by the holders thereof because of a default and the total amount of such Indebtedness unpaid or accelerated exceeds \$10.0 million, or its foreign currency equivalent at the time, and such failure to pay is not cured or the acceleration is not rescinded or annulled within ten (10) days after written notice as provided herein;

(j) the entering of any judgment or decree for the payment of money in excess of \$10.0 million, or its foreign currency equivalent at the time, above the coverage under the applicable insurance policies and indemnities as to which the relevant insurer or indemnitee has not disclaimed responsibility, against the Company or any Subsidiary, which remains outstanding for a period of sixty (60) days following the entry of such judgment or decree and is not discharged

or waived or does not have the execution thereof effectively stayed (including by agreement) within ten (10) days after written notice to the Company from the Trustee or the holders of at least 25% in aggregate principal amount of the Debentures at the time outstanding determined in accordance with Section 8.04;

(k) the Company or any of its Subsidiaries shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to the Company or any Subsidiary or their debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company or any Subsidiary or any substantial part of the property of the Company or any Subsidiary, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against the Company or any Subsidiary, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay their debts as they become due;

(l) an involuntary case or other proceeding shall be commenced against the Company or any Subsidiary seeking liquidation, reorganization or other relief with respect to the Company or any Subsidiary or their debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company or any Subsidiary or any substantial part of the property of the Company or any Subsidiary, and such involuntary case or other proceeding remains undismissed or unstayed and in effect for a period of sixty (60) consecutive days;

then, and in each and every such case (other than an Event of Default specified in Section 6.01(k) or 6.01(l)), unless the principal of all of the Debentures shall have already become due and payable, either the Trustee or the holders of not less than 25% in aggregate principal amount of the Debentures then outstanding determined in accordance with Section 8.04, by notice in

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writing to the Company (and to the Trustee if given by Debentureholders), may declare the principal of all the Debentures and the interest accrued thereon (including Contingent Interest and Additional Interest, if any) to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Debentures contained to the contrary notwithstanding. If an Event of Default specified in Section 6.01(k) or 6.01(l) occurs, the principal of all the Debentures and the interest accrued thereon (including Contingent Interest and Additional Interest, if any) shall be immediately and automatically due and payable without necessity of further action. This provision, however, is subject to the conditions that if, at any time after the principal of the Debentures shall have been so declared due and payable, and before any judgment or decree for the payment of the monies due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay all matured installments of interest (including Contingent Interest and Additional Interest, if any) upon all Debentures and the principal of any and all Debentures which shall have become due otherwise than by acceleration (with interest on overdue installments of interest (to the extent that payment of such interest is enforceable under applicable law) and on such principal at the rate borne by the Debentures, to the date of such payment or deposit) and amounts due to the Trustee pursuant to Section 7.06, and if any and all defaults under this Indenture, other than the nonpayment of principal of and accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) on Debentures which shall have become due by acceleration, shall have been cured or waived pursuant to Section 6.07, then and in every such case the holders of a majority in aggregate principal amount of the Debentures then outstanding determined in accordance with Section 8.04, by written notice to the Company and to the Trustee, may waive all defaults or Events of Default and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or Event of Default, or shall impair any right consequent thereon. The Company shall notify in writing a Trust Officer of the Trustee, promptly upon becoming aware thereof, of any Event of Default as set forth in the second paragraph of Section 4.08.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of such waiver or rescission and annulment or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company, the holders of Debentures, and the Trustee shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Company, the holders of Debentures, and the Trustee shall continue as though no such proceeding had been taken.

SECTION 6.02. PAYMENTS OF DEBENTURES ON DEFAULT; SUIT THEREFOR. The

Company covenants that (a) in case default shall be made in the payment of any installment of interest (including Contingent Interest and Additional Interest, if any) upon any of the Debentures as and when the same shall become due and payable, and such default shall have continued for a period of thirty (30) days, or (b) in case default shall be made in the payment of the principal of any of the Debentures as and when the same shall have become due and payable, whether at maturity of the Debentures or in connection with any redemption, repurchase, acceleration, declaration or otherwise, then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holders of the Debentures, the whole amount that then shall have become due and payable on all such Debentures for principal or interest (including

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Contingent Interest and Additional Interest, if any), as the case may be, with interest upon the overdue principal and interest (to the extent that payment of such interest is enforceable under applicable law) upon the overdue installments of interest at the rate borne by the Debentures, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other amounts due the Trustee under Section 7.06. Until such demand by the Trustee, the Company may pay the principal of and interest (including Contingent Interest and Additional Interest, if any), on the Debentures to the holders, whether or not the Debentures are overdue.

In case the Company shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Company or any other obligor on the Debentures and collect in the manner provided by law out of the property of the Company or any other obligor on the Debentures wherever situated the monies adjudged or decreed to be payable.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of the Company or any other obligor on the Debentures under Title 11 of the United States Code, or any other applicable law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Company or such other obligor, the property of the Company or such other obligor, or in the case of any other judicial proceedings relative to the Company or such other obligor, or to the creditors or property of the Company or such other obligor, the Trustee, irrespective of whether the principal of the Debentures shall then be due and payable as therein expressed or by declaration, acceleration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 6.02, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal and interest (including Contingent Interest and Additional Interest, if any) owing and unpaid in respect of the Debentures, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the Debentureholders allowed in such judicial proceedings relative to the Company or any other obligor on the Debentures, its or their creditors, or its or their property, and to collect and receive any monies or other property payable or deliverable on any such claims, and to distribute the same after the deduction of any amounts due the Trustee under Section 7.06, and to take any other action with respect to such claims, including participating as a member of any official committee of creditors, as it reasonably deems necessary or advisable, and, unless prohibited by law or applicable regulations, any receiver, assignee or trustee in bankruptcy or reorganization, liquidator, custodian or similar official is hereby authorized by each of the Debentureholders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Debentureholders, to pay to the Trustee any amount due it for reasonable compensation, expenses, advances and disbursements, including counsel fees and expenses incurred by it up to the date of such distribution. To the extent that such payment of reasonable compensation, expenses, advances and disbursements out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a Lien on,

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and shall be paid out of, any and all distributions, dividends, monies, securities and other property which the holders of the Debentures may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

All rights of action and of asserting claims under this Indenture, or under any of the Debentures, may be enforced by the Trustee without the possession of any of the Debentures, or the production thereof at any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the holders of the Debentures.

In any proceedings brought by the Trustee (and in any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party), the Trustee shall be held to represent all the holders of the Debentures, and it shall not be necessary to make any holders of the Debentures parties to any such proceedings.

SECTION 6.03. APPLICATION OF MONIES COLLECTED BY TRUSTEE. Any monies collected by the Trustee pursuant to this Article 6 shall be applied in the order following, at the date or dates fixed by the Trustee for the distribution of such monies, upon presentation of the several Debentures, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 7.06;

SECOND: In case the principal of the outstanding Debentures shall not have become due and be unpaid, to the payment of interest (including Contingent Interest and Additional Interest, if any) on the Debentures in default in the order of the maturity of the installments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue installments of interest at the rate borne by the Debentures, such payments to be made ratably to the Persons entitled thereto;

THIRD: In case the principal of the outstanding Debentures shall have become due, by acceleration, declaration or otherwise, and be unpaid, to the payment of the whole amount then owing and unpaid upon the Debentures for principal and interest (including Contingent Interest and Additional Interest, if any), with interest on the overdue principal and interest (to the extent that such interest has been collected by the Trustee) upon overdue installments of interest at the rate borne by the Debentures, and in case such monies shall be insufficient to pay in full the whole amounts so due and unpaid, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest or of any Debenture over any other Debenture, ratably to the aggregate of such principal and interest; and

FOURTH: To the payment of the remainder, if any, to the Company or as a court of competent jurisdiction shall direct in writing.

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SECTION 6.04. PROCEEDINGS BY DEBENTUREHOLDER. No holder of any Debenture shall have any right by virtue of or by reference to any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture, or for the appointment of a receiver, trustee, liquidator, custodian or other similar official, or for any other remedy hereunder, except for default in the payment of principal or interest (including Contingent Interest and Additional Interest, if any), unless such holder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof, as hereinbefore provided, and unless also the holders of not less than 25% in aggregate principal amount of the Debentures then outstanding determined in accordance with Section 8.04 shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable security or indemnity satisfactory to the Trustee as it may require against the costs, expenses and liabilities of the Trustee to be incurred therein or thereby, and the Trustee for sixty (60) days after its receipt of such notice, request and offer of reasonable indemnity, shall have neglected or refused to institute any such action, suit or proceeding and no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 6.07 within sixty (60) days of such notice; it being understood and intended, and being expressly covenanted by the taker and holder of every Debenture with every other taker and holder and the Trustee, that no one or more holders of Debentures shall have any right in any manner whatever by virtue of or by reference to any provision of this Indenture to affect, disturb or prejudice the rights of any other holder of Debentures, or to obtain or seek to obtain priority over or preference to any other such holder, or to enforce

any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all holders of Debentures (except as otherwise provided herein). For the protection and enforcement of this Section 6.04, each and every Debentureholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Notwithstanding any other provision of this Indenture and any provision of any Debenture, the right of any holder of any Debenture to receive payment of the principal of (including any Redemption Price or Repurchase Price pursuant to Article 3 for) and accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) on such Debenture on or after the respective due dates expressed in such Debenture, or to institute suit for the enforcement of any such payment on or after such respective dates against the Company, shall not be impaired or affected without the consent of such holder.

Anything in this Indenture or the Debentures to the contrary notwithstanding, the holder of any Debenture, without the consent of either the Trustee or the holder of any other Debenture, on its own behalf and for its own benefit, may enforce, and may institute and maintain any proceeding suitable to enforce, its rights of conversion as provided herein.

SECTION 6.05. PROCEEDINGS BY TRUSTEE. In case of an Event of Default, the Trustee may, in its discretion, proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as are necessary to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

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SECTION 6.06. REMEDIES CUMULATIVE AND CONTINUING. Except as provided in Section 2.08, all powers and remedies given by this Article 6 to the Trustee or to the Debentureholders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other powers and remedies available to the Trustee or the holders of the Debentures, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any holder of any of the Debentures to exercise any right or power accruing upon any default or Event of Default occurring and continuing as aforesaid shall impair any such right or power, or shall be construed to be a waiver of any such default or any acquiescence therein, and, subject to the provisions of Section 6.04, every power and remedy given by this Article 6 or by law to the Trustee or to the Debentureholders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Debentureholders.

SECTION 6.07. DIRECTION OF PROCEEDINGS AND WAIVER OF DEFAULTS BY MAJORITY OF DEBENTUREHOLDERS. The holders of a majority in aggregate principal amount of the Debentures at the time outstanding determined in accordance with Section 8.04 shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee; PROVIDED that (a) such direction shall not be in conflict with any rule of law or with this Indenture, (b) the Trustee may take any other action which is not inconsistent with such direction and (c) the Trustee may decline to take any action that would benefit some Debentureholders to the detriment of other Debentureholders, or that may involve the Trustee in personal liability. The holders of a majority in aggregate principal amount of the Debentures at the time outstanding determined in accordance with Section 8.04 may, on behalf of the holders of all of the Debentures, waive any past default or Event of Default hereunder and its consequences, except (i) a default in the payment of interest (including Contingent Interest and Additional Interest, if any) on, or the principal of, the Debentures, (ii) a failure by the Company to convert any Debentures into Common Stock, (iii) a default in the payment of the Redemption Price pursuant to Section 3.03, (iv) a default in the payment of the Fundamental Change Repurchase Price pursuant to Section 3.05 or Company Repurchase Price pursuant to Section 3.06 or (v) a default in respect of a covenant or provision hereof which under Article 10 cannot be modified or amended without the consent of the holders of each or all Debentures then outstanding or affected thereby. Upon any such waiver, the Company, the Trustee and the holders of the Debentures shall be restored to their former positions and rights hereunder; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon. Whenever any default or Event of Default hereunder shall have been waived as permitted by this Section 6.07, said default or Event of Default shall for all purposes of the Debentures and this Indenture be deemed to have been cured and to be not continuing; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right

consequent thereon.

SECTION 6.08. NOTICE OF DEFAULTS. The Trustee shall, within ninety (90) days after the occurrence of a Default or, if later, within fifteen (15) days after such Default is known to a Trust Officer or after written notice of the occurrence of such Default is received by the Trustee, mail to all Debentureholders, as the names and addresses of such holders appear upon the Debenture Register, notice of all Defaults known to a Trust Officer, unless such Default shall have been cured or waived before the giving of such notice; PROVIDED that except in the case of Default in the payment of the principal of (including any Redemption Price or Repurchase Price

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pursuant to Article 3 for) or interest (including Contingent Interest and Additional Interest, if any) on any of the Debentures, the Trustee shall be protected in withholding such notice if and so long as a trust committee of directors and/or Trust Officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Debentureholders.

SECTION 6.09. UNDERTAKING TO PAY COSTS. All parties to this Indenture agree, and each holder of any Debenture by its acceptance thereof shall be deemed to have agreed, that any court may, in its discretion, require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; PROVIDED that the provisions of this Section 6.09 (to the extent permitted by law) shall not apply to any suit instituted by the Trustee, to any suit instituted by any Debentureholder, or group of Debentureholders, holding in the aggregate more than ten (10) percent in principal amount of the Debentures at the time outstanding determined in accordance with Section 8.04, or to any suit instituted by any Debentureholder for the enforcement of the payment of the principal of (including any Redemption Price or Repurchase Price pursuant to Article 3 for) or interest (including Contingent Interest and Additional Interest, if any) on any Debenture on or after the due date expressed in such Debenture or to any suit for the enforcement of the right to convert any Debenture in accordance with the provisions of Article 15.

ARTICLE 7 THE TRUSTEE

SECTION 7.01. DUTIES OF TRUSTEE. (a) If an Event of Default known to the Trustee has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default known to the Trustee:

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of certificates or opinions specifically required by any provision hereof to be furnished to it, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

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(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own wilful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made

in good faith by a Trust Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.07; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section.

(e) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company.

(f) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section and to the provisions of the Trust Indenture Act.

SECTION 7.02. RIGHTS OF TRUSTEE. (a) The Trustee may conclusively rely and shall be protected in acting or refraining from acting on any document believed by it, in good faith, to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officers' Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; PROVIDED, HOWEVER, that the Trustee's conduct does not constitute wilful misconduct or negligence.

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(e) The Trustee may consult with counsel of its selection, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Debentures shall be full and complete authorization and protection from liability in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, debenture, note or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(g) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the holders pursuant to this Indenture, unless such holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(h) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(i) The Trustee may request that the Company deliver an Officers'

Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any Person authorized to sign an Officers' Certificate, including any Person specified as so authorized in any such certificate previously delivered and not superseded.

(j) The grant of any permissive rights, power or authority hereunder to the Trustee shall not be construed to be a duty.

SECTION 7.03. INDIVIDUAL RIGHTS OF TRUSTEE. The Trustee in its individual or any other capacity may become the owner or pledgee of Debentures and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent or Debenture Registrar may do the same with like rights. However, the Trustee must comply with Sections 7.09 and 7.10.

SECTION 7.04. TRUSTEE'S DISCLAIMER. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Debentures, it shall not be accountable for the Company's use of the proceeds from the Debentures, and it shall not be responsible for any statement of the Company in this Indenture or in any document issued in connection with the sale of the Debentures or in the Debentures other than the Trustee's certificate of authentication. The Trustee shall not be charged with knowledge of any Default or

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Event of Default under Section 6.01, or other matter, unless either (a) a Trust Officer shall have actual knowledge thereof or (b) the Trustee shall have received notice thereof in accordance with Section 16.04 from the Company or any holder.

SECTION 7.05. REPORTS BY TRUSTEE TO HOLDERS. Within thirty (30) days after each June 15 beginning with the June 15 following the date of this Indenture, the Trustee shall mail to each holder a brief report dated as of such June 15 that complies with Section 313(a) of the Trust Indenture Act if and to the extent required thereby. The Trustee shall also comply with Section 313(b) of the Trust Indenture Act.

A copy of each report at the time of its mailing to holders shall be filed with the Commission and each stock exchange (if any) on which the Debentures are listed. The Company agrees to notify promptly the Trustee whenever the Debentures become listed on any stock exchange and of any delisting thereof.

SECTION 7.06. COMPENSATION AND INDEMNITY. The Company shall pay to the Trustee from time to time such reasonable compensation for its services hereunder as the Company and the Trustee shall from time to time agree in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services as the Company and the Trustee shall, from time to time, agree in writing. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts. The Company shall indemnify the Trustee or any predecessor Trustee and their agents against any and all loss, liability, claim, damage or expense (including reasonable attorneys' fees) incurred by or in connection with the administration of this trust and the performance of its duties hereunder. The Trustee shall notify the Company of any claim for which it may seek indemnity promptly upon obtaining actual knowledge thereof. The Company shall defend the claim and the indemnified party shall provide reasonable cooperation at the Company's expense in the defense. Such indemnified parties may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel; PROVIDED, HOWEVER, that the Company shall not be required to pay the fees and expenses of such counsel if it assumes such indemnified parties' defense unless, in such indemnified parties' reasonable judgment, there is a conflict of interest between the Company and such parties in connection with such defense. The Company need not reimburse any expense or indemnify against any loss, liability or expense incurred by an indemnified party through such party's own wilful misconduct, negligence or bad faith. The Company need not pay for any settlement made without its written consent, which consent shall not be unreasonably withheld.

To secure the Company's payment obligations in this Section, the Trustee shall have a lien prior to the Debentures on all money or property held or collected by the Trustee other than money or property held in trust to pay principal of and interest (including Contingent Interest and Additional Interest, if any) on particular Debentures.

The Company's indemnification and payment obligations pursuant to this Section shall survive the satisfaction or discharge of this Indenture, any rejection or termination of this Indenture under any Bankruptcy Law or the resignation or removal of the Trustee. Without

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prejudice to any other rights available to the Trustee under applicable law, when the Trustee incurs expenses after the occurrence of a Default specified in Section 6.01(l) or 6.01(m) with respect to the Company, the expenses are intended to constitute expenses of administration under the Bankruptcy Law.

SECTION 7.07. REPLACEMENT OF TRUSTEE. (a) The Trustee may resign at any time by so notifying the Company. The holders of a majority in principal amount of the Debentures then outstanding hereunder determined in accordance with Section 8.04 may remove the Trustee by so notifying the Trustee and may appoint a successor Trustee. The Company shall remove the Trustee if:

- (i) the Trustee fails to comply with Section 7.09;
- (ii) the Trustee is adjudged bankrupt or insolvent;
- (iii) a receiver or other public officer takes charge of the Trustee or its property; or
- (iv) the Trustee otherwise becomes incapable of acting.

(b) If the Trustee resigns or is removed by the Company or by the holders of a majority in principal amount of the Debentures then outstanding determined in accordance with Section 8.04 and such holders do not reasonably promptly appoint a successor Trustee, or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Company shall promptly appoint a successor Trustee.

(c) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.06.

(d) If a successor Trustee does not take office within sixty (60) days after the retiring Trustee resigns or is removed, the retiring Trustee, at the Company's expense, or the holders of 10% in principal amount of the Debentures then outstanding determined in accordance with Section 8.04 may petition at the expense of the Company any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee fails to comply with Section 7.01, unless the Trustee's duty to resign is stayed as provided in Section 310(b) of the Trust Indenture Act, any holder who has been a bona fide holder of a Debenture for at least six (6) months may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) Notwithstanding the replacement of the Trustee pursuant to this Section, the Company's obligations under Section 7.06 shall continue for the benefit of the retiring Trustee.

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SECTION 7.08. SUCCESSOR TRUSTEE BY MERGER. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Debentures shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Debentures so authenticated; and in case at that time any of the Debentures shall not have been authenticated, any successor to the Trustee may authenticate such Debentures either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Debentures or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 7.09. ELIGIBILITY; DISQUALIFICATION. The Trustee shall at all times satisfy the requirements of Section 310(a) of the Trust Indenture Act. The Trustee shall have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with Section 310(b) of the Trust Indenture Act, subject to its right to apply for a stay of its duty to resign under the penultimate paragraph of Section 310(b) of the Trust Indenture Act; PROVIDED, HOWEVER, that there shall be excluded from the operation of Section 310(b)(1) of the Trust Indenture Act any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Company are outstanding if the requirements for such exclusion set forth in Section 310(b)(1) of the Trust Indenture Act are met.

SECTION 7.10. PREFERENTIAL COLLECTION OF CLAIMS AGAINST COMPANY. The Trustee shall comply with Section 311(a) of the Trust Indenture Act, excluding any creditor relationship listed in Section 311(b) of the Trust Indenture Act. A Trustee who has resigned or been removed shall be subject to Section 311(a) of the Trust Indenture Act to the extent indicated.

ARTICLE 8 THE DEBENTUREHOLDERS

SECTION 8.01. ACTION BY DEBENTUREHOLDERS. Whenever in this Indenture it is provided that the holders of a specified percentage in aggregate principal amount of the Debentures may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action, the holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by Debentureholders in person or by agent or proxy appointed in writing, (b) by the record of the holders of Debentures voting in favor thereof at any meeting of Debentureholders duly called and held in accordance with the provisions of Article 9 or (c) by a combination of such instrument or instruments and any such record of such a meeting of Debentureholders. Whenever the Company or the Trustee solicits the taking of any action by the holders of the Debentures, the Company or the Trustee may fix in advance of such solicitation, a date as the

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record date for determining holders entitled to take such action. The record date shall not be more than fifteen (15) days prior to the date of commencement of solicitation of such action.

SECTION 8.02. PROOF OF EXECUTION BY DEBENTUREHOLDERS. Subject to the provisions of Section 7.01, 7.02 and 9.05, proof of the execution of any instrument by a Debentureholder or its agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The holding of Debentures shall be proved by the registry of such Debentures or by a certificate of the Debenture Registrar.

The record of any Debentureholders' meeting shall be proved in the manner provided in Section 9.06.

SECTION 8.03. WHO ARE DEEMED ABSOLUTE OWNERS. The Company, the Trustee, any Paying Agent, any Conversion Agent and any Debenture Registrar may deem the Person in whose name a Debenture shall be registered upon the Debenture Register to be, and may treat it as, the absolute owner of such Debenture (whether or not such Debenture shall be overdue and notwithstanding any notation of ownership or other writing thereon made by any Person other than the Company or any Debenture Registrar) for the purpose of receiving payment of or on account of the principal of and interest on such Debenture, for conversion of such Debenture and for all other purposes; and none of the Company, the Trustee, any Paying Agent or any Conversion Agent nor any Debenture Registrar shall be affected by any notice to the contrary. All such payments so made to any such holder, or upon his order, shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for monies payable upon such Debenture.

SECTION 8.04. COMPANY OWNED DEBENTURES DISREGARDED. In determining whether the holders of the requisite aggregate principal amount of Debentures have concurred in any direction, consent, waiver or other action under this Indenture, Debentures which are owned by the Company or any other obligor on the Debentures or any Affiliate of the Company shall be disregarded and deemed not to be outstanding solely for the purpose of any such determination; PROVIDED that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent, waiver or other action, only Debentures which a Trust Officer knows are so owned shall be so disregarded. Debentures so owned which have been pledged in good faith may be regarded as outstanding for

the purposes of this Section 8.04 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Debentures and that the pledgee is not the Company, any other obligor on the Debentures or any Affiliate of the Company. In the case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall fully protect the Trustee. Upon request of the Trustee, the Company shall furnish to the Trustee promptly an Officers' Certificate listing and identifying all Debentures, if any, known by the Company to be owned or held by or for the account of any of the above described Persons, and, subject to Section 7.01, the Trustee shall be entitled to accept such Officers' Certificate as conclusive evidence of the facts therein set forth and of the fact that all Debentures listed therein are outstanding for the purpose of any such determination.

SECTION 8.05. REVOCATION OF CONSENTS, FUTURE HOLDERS BOUND. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 8.01, of the taking of

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any action by the holders of the percentage in aggregate principal amount of the Debentures specified in this Indenture in connection with such action, any holder of a Debenture which is shown by the evidence to be included in the Debentures the holders of which have consented to such action may, by filing written notice with the Trustee at its Corporate Trust Office and upon proof of holding as provided in Section 8.02, revoke such action so far as concerns such Debenture. Except as aforesaid, any such action taken by the holder of any Debenture shall be conclusive and binding upon such holder and upon all future holders and owners of such Debenture and of any Debentures issued in exchange or substitution therefor, irrespective of whether any notation in regard thereto is made upon such Debenture or any Debenture issued in exchange or substitution therefor.

ARTICLE 9 MEETINGS OF DEBENTUREHOLDERS

SECTION 9.01. PURPOSE OF MEETINGS.

A meeting of Debentureholders may be called at any time and from time to time pursuant to the provisions of this Article 9 for any of the following purposes:

(a) to give any notice to the Company or to the Trustee or to give any directions to the Trustee permitted under this Indenture, or to consent to the waiving of any default or Event of Default hereunder and its consequences, or to take any other action authorized to be taken by Debentureholders pursuant to any of the provisions of Article 6;

(b) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article 7;

(c) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 10.02; or

(d) to take any other action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of the Debentures under any other provision of this Indenture or under applicable law.

Nothing in this Article 9 shall be construed (i) to prevent or preclude the Trustee from otherwise calling or conducting any meeting of holders of Debentures at which a formal vote shall not be conducted (such as, but not limited to, an informational meeting), in any alternative manner that the Trustee shall deem appropriate or (ii) to require that a meeting be called or conducted in order to obtain, or in connection with, any particular request, demand, authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by holders of Debentures.

SECTION 9.02. CALL OF MEETINGS BY TRUSTEE. The Trustee may at any time call a meeting of Debentureholders to take any action specified in Section 9.01, to be held at such time and at such place as the Trustee shall determine; PROVIDED that any such meeting may be conducted by telephone conference in a manner reasonable designed to be substantially consistent with the procedures set forth in this Article 9. Notice of every meeting of the Debentureholders, setting forth the time and the place of such meeting and in general terms the

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action proposed to be taken at such meeting and the establishment of any Record Date pursuant to Section 8.01, shall be mailed to holders of Debentures at their addresses as they shall appear on the Debenture Register. Such notice shall also

be mailed to the Company. Such notices shall be mailed not less than twenty (20) nor more than ninety (90) days prior to the date fixed for the meeting.

Any meeting of Debentureholders shall be valid without notice if the holders of all Debentures then outstanding are present in person or by proxy or if notice is waived before or after the meeting by the holders of all Debentures outstanding, and if the Company and the Trustee are either present by duly authorized representatives or have, before or after the meeting, waived notice.

SECTION 9.03. CALL OF MEETINGS BY COMPANY OR DEBENTUREHOLDERS. In case at any time the Company, pursuant to a resolution of the Board of Directors, or the holders of at least 10% in aggregate principal amount of the Debentures then outstanding determined in accordance with Section 8.04, shall have requested the Trustee to call a meeting of Debentureholders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have mailed the notice of such meeting within twenty (20) days after receipt of such request, then the Company or such Debentureholders may determine the time and the place for such meeting and may call such meeting to take any action authorized in Section 9.01, by mailing notice thereof as provided in Section 9.02.

SECTION 9.04. QUALIFICATIONS FOR VOTING. To be entitled to vote at any meeting of Debentureholders a Person shall (a) be a holder of one or more Debentures on the Record Date pertaining to such meeting or (b) be a Person appointed by an instrument in writing as proxy by a holder of one or more Debentures on the Record Date pertaining to such meeting. The only Persons who shall be entitled to be present or to speak at any meeting of Debentureholders shall be the Persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel. Notwithstanding the foregoing or any other term to the contrary in this Article 9, nothing in this Article 9 shall preclude or prevent the Trustee from calling or conducting any meeting of Debentureholders (whether pursuant to this Article 9 or otherwise) at which the Company is not allowed or entitled to be present.

SECTION 9.05. REGULATIONS. Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Debentureholders, in regard to proof of the holding of Debentures and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Debentureholders as provided in Section 9.03, in which case the Company or the Debentureholders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the holders of a

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majority in principal amount of the Debentures represented at the meeting and entitled to vote at the meeting.

Subject to the provisions of Section 8.04, at any meeting each Debentureholder or proxyholder shall be entitled to one vote for each \$1,000 principal amount of Debentures held or represented by him; PROVIDED that no vote shall be cast or counted at any meeting in respect of any Debenture challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Debentures held by him or instruments in writing as aforesaid duly designating him as the proxy to vote on behalf of other Debentureholders. Any meeting of Debentureholders duly called pursuant to the provisions of Section 9.02 or 9.03 may be adjourned from time to time by the holders of a majority of the aggregate principal amount of Debentures represented at the meeting, whether or not constituting a quorum, and the meeting may be held as so adjourned without further notice.

SECTION 9.06. VOTING. The vote upon any resolution submitted to any meeting of Debentureholders shall be by written ballot on which shall be subscribed the signatures of the holders of Debentures or of their representatives by proxy and the outstanding principal amount of the Debentures held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Debentureholders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes

on any vote by ballot taken thereat and affidavits by one or more Persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was mailed as provided in Section 9.02. The record shall show the principal amount of the Debentures voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company (except in the case of a meeting at which the Company was not allowed to be present) and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

SECTION 9.07. NO DELAY OF RIGHTS BY MEETING. Nothing contained in this Article 9 shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Debentureholders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Debentureholders under any of the provisions of this Indenture or of the Debentures.

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ARTICLE 10 SUPPLEMENTAL INDENTURES

SECTION 10.01. SUPPLEMENTAL INDENTURES WITHOUT CONSENT OF DEBENTUREHOLDERS. The Company and the Trustee may, from time to time, and at any time enter into an indenture or indentures supplemental hereto so as to amend this Indenture or the Debentures without notice to or consent of any Debentureholder for one or more of the following purposes:

(a) to make provision with respect to the conversion rights of the holders of Debentures pursuant to the requirements of Section 15.06 or the repurchase obligations of the Company pursuant to the requirements of Section 3.08(h);

(b) to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Debentures, any property or assets;

(c) to add guarantees or guarantors with respect to the Debentures;

(d) to secure the Debentures;

(e) to evidence the succession of another Person to the Company, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of the Company pursuant to Article 11;

(f) to surrender any right or power conferred upon the Company under this Indenture;

(g) to add to the covenants of the Company such further covenants, restrictions or conditions for the benefit of the holders of Debentures, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions or conditions a Default or an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; PROVIDED that in respect of any such additional covenant, restriction or condition, such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default;

(h) to provide for uncertificated Debentures in addition to, or in place of, certificated Debentures (PROVIDED, HOWEVER, that the uncertificated Debentures are issued in registered form for purposes of Section 163(f) of the Internal Revenue Code of 1986, as amended), in a manner such that the uncertificated Debentures are described in Section 163(f)(2)(b) of the Internal Revenue Code of 1986, as amended;

(i) to cure any ambiguity or omission or to correct or supplement any provision contained herein or in any supplemental indenture that may be defective or inconsistent with any other provisions contained herein or in any supplemental indenture;

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(j) to evidence and provide for the acceptance of appointment of a

successor Trustee with respect to this Indenture and the Debentures;

(k) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualifications of this Indenture or any supplemental indenture under the Trust Indenture Act, or under any similar federal statute hereafter enacted;

(l) to increase the Conversion Rate or increase the consideration payable to any holder of Debentures, PROVIDED that no such increase individually or in the aggregate with all other such increases has or will have an adverse effect on the interests of the Debentureholders;

(m) to make other changes to this Indenture or forms or terms of the Debentures, PROVIDED that no such change individually or in the aggregate with all other such changes has or will have an adverse effect on the rights of the Debentureholders; or

(n) to comply with any requirement of the SEC in connection with the qualification of the Debenture on any supplemental Debenture under the Trust Indenture Act.

Upon the written request of the Company, accompanied by a copy of the resolutions of the Board of Directors certified by the Company's Secretary or Assistant Secretary authorizing the execution of any supplemental indenture, the Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations that may be therein contained and to accept the conveyance, transfer, assignment, mortgage or pledge of any property or asset thereunder, but the Trustee shall not be obligated to, but may in its discretion, enter into any supplemental indenture that affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section 10.01 may be executed by the Company and the Trustee without the consent of the holders of any of the Debentures at the time outstanding, notwithstanding any of the provisions of Section 10.02.

Notwithstanding any other provision of this Indenture or the Debentures, the Registration Rights Agreement and the obligation to pay Additional Interest thereunder may be amended, modified or waived in accordance with the provisions of the Registration Rights Agreement.

After a supplemental indenture under this Section 10.01 becomes effective, the Company shall mail to Debentureholders a notice briefly describing such supplemental indenture. The failure to give such notice to all Debentureholders, or any defect therein, shall not impair or affect the validity of a supplemental indenture under this Section 10.01.

SECTION 10.02. SUPPLEMENTAL INDENTURE WITH CONSENT OF DEBENTUREHOLDERS. With the consent (evidenced as provided in Article 8) of the holders of at least a majority in aggregate principal amount of the Debentures at the time outstanding determined in accordance with Section 8.04, the Company and the Trustee may, from time to time and at any time, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or any

supplemental indenture or of modifying in any manner the rights of the holders of the Debentures; PROVIDED that without the consent of each Debentureholder affected thereby no such supplemental indenture shall (i) change the Stated Maturity of any Debenture, or reduce the stated rate or extend the stated time for payment of interest (including Contingent Interest and Additional Interest, if any) on any Debenture, or reduce the principal amount of any Debenture, or reduce any amount payable on redemption or repurchase of any Debenture or change the time at which any Debenture may be redeemed or repurchased, or impair the right of any Debentureholder to receive payment of principal of and interest (including Contingent Interest and Additional Interest, if any) on such holder's Debentures on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Debentures, or make the principal of or interest (including Contingent Interest and Additional Interest, if any) on any Debenture payable in any coin or currency other than that provided in the Debentures, or affect the obligation of the Company to redeem any Debenture on a Redemption Date in a manner adverse to such Debentureholder, or affect the obligation of the Company to repurchase any Debenture upon the happening of a Fundamental Change in a manner adverse to such Debentureholder, or affect the obligation of the Company to repurchase any Debenture on a Company Repurchase Date in a manner adverse to such Debentureholder, or impair the right to convert the Debentures into shares of

Common Stock subject to the terms set forth herein, including Section 15.06, or reduce the number of shares of Common Stock or other property receivable upon conversion, or modify any of the provisions of this Article 10 or Section 6.07, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the holder of each Debenture so affected, or change any obligation of the Company to maintain an office or agency in the places and for the purposes set forth in Section 4.02, reduce the quorum or voting requirements set forth in Article 9 or (ii) reduce the aforesaid percentage of Debentures, the holders of which are required to consent to any such supplemental indenture.

Upon the written request of the Company, accompanied by a copy of the resolutions of the Board of Directors certified by its Secretary or Assistant Secretary authorizing the execution of any such supplemental indenture and an Officers' Certificate and Opinion of Counsel as provided in Section 10.05, and upon the filing with the Trustee of evidence of the consent of Debentureholders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Debentureholders under this Section 10.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

After a supplemental indenture under this Section 10.02 becomes effective, the Company shall mail to Debentureholders a notice briefly describing such supplemental indenture. The failure to give such notice to all Debentureholders, or any defect therein, shall not impair or affect the validity of a supplemental indenture under this Section 10.02.

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SECTION 10.03. EFFECT OF SUPPLEMENTAL INDENTURE. Any supplemental indenture executed pursuant to the provisions of this Article 10 shall comply with the Trust Indenture Act, as then in effect, PROVIDED that this Section 10.03 shall not require such supplemental indenture or the Trustee to be qualified under the Trust Indenture Act prior to the time such qualification is in fact required under the terms of the Trust Indenture Act or this Indenture has been qualified under the Trust Indenture Act, nor shall it constitute any admission or acknowledgment by any party to such supplemental indenture that any such qualification is required prior to the time such qualification is in fact required under the terms of the Trust Indenture Act or this Indenture has been qualified under the Trust Indenture Act. Upon the execution of any supplemental indenture pursuant to the provisions of this Article 10, this Indenture shall be and shall be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the holders of Debentures shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments and all the terms and conditions of any such supplemental indenture shall be and shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 10.04. NOTATION ON DEBENTURES. Debentures authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article 10 may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Debentures so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may, at the Company's expense, be prepared and executed by the Company, authenticated by the Trustee (or an authenticating agent duly appointed by the Trustee pursuant to Section 16.13) and delivered in exchange for the Debentures then outstanding, upon surrender of such Debentures then outstanding. Failure to make the appropriate notation or to issue a new Debenture shall not affect the validity of such supplemental indenture.

SECTION 10.05. TRUSTEE TO SIGN SUPPLEMENTAL INDENTURES. The Trustee shall sign any supplemental indenture authorized pursuant to this Article 10 if the supplemental indenture does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may but need not sign it. In signing such supplemental indenture, the Trustee shall be provided with receive indemnity reasonably satisfactory to it and (subject to Section 7.01) shall be fully protected in relying upon an Officers' Certificate and an Opinion of Counsel stating that such supplemental indenture is authorized or permitted by this Indenture and is in compliance with the requirements of Section 10.03; and in the case of a supplemental indenture pursuant to Section 10.01(l) or Section 10.01(m), the Trustee shall be entitled to receive and shall

be fully protected in relying upon an Opinion of Counsel as to whether such supplemental indenture has an adverse effect on the rights or interests of Debentureholders.

ARTICLE 11
CONSOLIDATION, MERGER, SALE, CONVEYANCE AND LEASE

SECTION 11.01. COMPANY MAY CONSOLIDATE ON CERTAIN TERMS. Subject to the provisions of Section 11.02, the Company shall not consolidate or merge with or into, or convey, transfer or lease, in one transaction or a series of related transactions, directly or indirectly, all or

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substantially all its assets to any Person unless (i) the resulting, surviving or transferee Person (the "Successor Company") is the Company, or the resulting, surviving or transferee Person is a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia; (ii) upon any such consolidation, merger, sale, conveyance, transfer or lease, the due and punctual payment of the principal of and interest (including Contingent Interest and Additional Interest, if any) on all of the Debentures, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed by the Company, shall be expressly assumed, by supplemental indenture reasonably satisfactory in form to the Trustee, executed and delivered to the Trustee by the Person (if other than the Company) formed by such consolidation, or into which the Company shall have been merged, or by the Person that shall have acquired or leased such property, and such supplemental indenture shall provide for the applicable conversion rights set forth in Section 15.06 and (iii) immediately after giving effect to the transaction described above, no Event of Default, and no event which, after notice or passage of time or both, would be an Event of Default, shall have occurred and be continuing.

SECTION 11.02. SUCCESSOR TO BE SUBSTITUTED. (a) In case of any such consolidation, merger, sale, conveyance, transfer or lease and upon the assumption by the Successor Company, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the due and punctual payment of the principal of and interest (including Contingent Interest and Additional Interest, if any) on all of the Debentures and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Company, as described in Section 11.01(a), the Successor Company shall succeed to and be substituted for the Company, with the same effect as if it had been named herein as the party of this first part. The Successor Company thereupon may cause to be signed, and may issue either in its own name or in the name of Charles River Associates Incorporated any or all of the Debentures, issuable hereunder that theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of the Successor Company instead of the Company and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver, or cause to be authenticated and delivered, any Debentures that previously shall have been signed and delivered by the officers of the Company to the Trustee for authentication, and any Debentures that the Successor Company thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Debentures so issued shall in all respects have the same legal rank and benefit under this Indenture as the Debentures theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Debentures had been issued at the date of the execution hereof. In the event of any such consolidation, merger, sale, conveyance or transfer (but not in the case of a lease), the Person named as the "COMPANY" in the first paragraph of this Indenture or any successor that shall thereafter have become such in the manner prescribed in this Article 11 may be dissolved, wound up and liquidated at any time thereafter and such Person shall be released from its liabilities as obligor and maker of the Debentures and from its obligations under this Indenture.

In case of any such consolidation, merger, sale, conveyance, transfer or lease, such changes in phraseology and form (but not in substance) may be made in the Debentures thereafter to be issued as may be appropriate.

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SECTION 11.03. OPINION OF COUNSEL TO BE GIVEN TRUSTEE. In the event of any such consolidation, merger, sale, conveyance, transfer or lease, the Trustee shall receive an Officers' Certificate and an Opinion of Counsel, each stating that any such consolidation, merger, sale, conveyance, transfer or lease and any such supplemental indenture relating to such assumption complies with the provisions of this Article 11, and such Officers' Certificate and Opinion of Counsel shall be conclusive evidence as to such compliance with this Article 11.

ARTICLE 12
SATISFACTION AND DISCHARGE OF INDENTURE

SECTION 12.01. DISCHARGE OF INDENTURE. When (a) the Company shall deliver to the Trustee for cancellation all Debentures theretofore authenticated (other than any Debentures that have been destroyed, lost or stolen and in lieu of or in substitution for which other Debentures shall have been authenticated and delivered) and not theretofore canceled, or (b) all the Debentures not theretofore canceled or delivered to the Trustee for cancellation shall have become due and payable and the Company shall deposit with the Trustee, in trust, cash or, if expressly permitted or required by the terms of the Debentures or this Indenture, Common Stock or a combination thereof sufficient to pay all amounts due and owing on Debentures (other than any Debentures that shall have been mutilated, destroyed, lost or stolen and in lieu of or in substitution for which other Debentures shall have been authenticated and delivered) not theretofore canceled or delivered to the Trustee for cancellation, accompanied by a verification report, as to the sufficiency of the deposited amount, from an independent certified accountant or other financial professional satisfactory to the Trustee, and if in either case the Company shall also pay or cause to be paid all other sums payable hereunder by the Company, then this Indenture shall cease to be of further effect (except as to (i) remaining rights of registration of transfer, substitution and exchange and conversion of Debentures, (ii) rights hereunder of Debentureholders to receive payments of principal of and interest (including Contingent Interest and Additional Interest, if any) on the Debentures and the other rights of Debentureholders, as beneficiaries hereof with respect to the amounts, if any, so deposited with the Trustee, (iii) the obligations of the Company under Section 7.06 hereof and (iv) the rights, powers and immunities of the Trustee hereunder and the duties of the Trustee under Sections 12.02 and 12.04), and the Trustee, on written demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel as required by Section 16.06 and at the cost and expense of the Company, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture; the Company, however, hereby agrees to reimburse the Trustee for any costs or expenses thereafter reasonably and properly incurred by the Trustee and to compensate the Trustee for any services thereafter reasonably and properly rendered by the Trustee in connection with this Indenture or the Debentures.

SECTION 12.02. APPLICATION OF TRUST MONEY. Subject to the provisions of Section 12.04, all money deposited with the Trustee for payment of the Debentures pursuant to Section 12.01 shall be held in trust for the sole benefit of the Debentureholders and such monies shall be applied by the Trustee, in accordance with the provisions of the Debentures and this Indenture, to the payment, either directly or through any Paying Agent, to the Persons entitled thereto, of the principal of and interest (including Contingent Interest and Additional Interest, if any) on the Debentures for whose payment such money has been deposited with the Trustee. The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed

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or assessed against all money deposited with the Trustee pursuant to Section 12.01 (other than income taxes and franchise taxes incurred or payable by the Trustee and such other taxes, fees or charges incurred or payable by the Trustee that are not directly the result of the deposit of such money with the Trustee).

SECTION 12.03. PAYING AGENT TO REPAY MONIES HELD. Upon the satisfaction and discharge of this Indenture, all monies then held by any Paying Agent of the Debentures (other than the Trustee) shall, upon written request of the Company, be repaid to it or paid to the Trustee, and thereupon such Paying Agent shall be released from all further liability with respect to such monies.

SECTION 12.04. RETURN OF UNCLAIMED MONIES. Subject to the requirements of applicable law, any monies deposited with or paid to the Trustee for payment of the principal of or interest on Debentures and not applied but remaining unclaimed by the holders of Debentures for two years after the date upon which the principal of or interest on such Debentures, as the case may be, shall have become due and payable, shall be repaid to the Company by the Trustee on demand and all liability of the Trustee shall thereupon cease with respect to such monies; and the holder of any of the Debentures shall thereafter look only to the Company for any payment that such holder may be entitled to collect unless an applicable abandoned property law designates another Person.

ARTICLE 13
IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS

SECTION 13.01. INDENTURE AND DEBENTURES SOLELY CORPORATE OBLIGATIONS. No recourse for the payment of the principal of or interest (including Contingent Interest and Additional Interest, if any) on any Debenture, or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company in this Indenture

or in any supplemental indenture or in any Debenture, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, employee, agent, officer, director or subsidiary, as such, past, present or future, of the Company or of any successor Person, either directly or through the Company or any successor Person thereto, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Debentures.

ARTICLE 14 CONTINGENT INTEREST

SECTION 14.01. CONTINGENT INTEREST. Additional interest ("CONTINGENT INTEREST") will accrue on each Debenture during the period commencing June 20, 2011 and ending December 14, 2011, if the average Trading Price of the Debentures during the Applicable Five-Day Trading Period immediately preceding June 20, 2011 equals or exceeds 125% of the principal amount of the Debentures. Contingent Interest will accrue on each Debenture during an Interest Period, beginning with the Interest Period commencing on December 15, 2011, if the average Trading Price of the Debentures during the Applicable Five-Day Trading Period

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immediately preceding the applicable Interest Period equals or exceeds 125% of the principal amount of the Debentures. If Contingent Interest accrues during an Interest Period pursuant to the preceding sentence, the amount of Contingent Interest payable with respect to such Interest Period per \$1,000 principal amount of Debentures shall equal 0.25% of the average Trading Price during the Applicable Five-Day Trading Period with respect to such Interest Period.

The Trustee's sole responsibility pursuant to this Section 14.01 shall be to obtain the bids for determining the Trading Price of the Debentures for each Trading Day during the Applicable Five-Day Trading Period and to provide such information to the Company, to the extent that the Trustee is then the Bid Solicitation Agent. The Company shall select (with written notice to the Trustee) the independent nationally recognized securities dealers (none of which shall be the Company or an Affiliate thereof) from which the secondary market bids are to be obtained by the Trustee, and the Company shall determine the Trading Price and whether holders are entitled to receive Contingent Interest, and if so, provide notice pursuant to Section 14.03. Notwithstanding any term contained in this Indenture or any other document to the contrary, the Trustee shall have no responsibilities, duties or obligations for or with respect to (i) determining whether the Company must pay Contingent Interest or (ii) determining the amount of Contingent Interest, if any, payable by the Company.

SECTION 14.02. PAYMENT OF CONTINGENT INTEREST. Contingent Interest for any Interest Period shall be paid on the immediately succeeding Interest Payment Date to the Person in whose name any Debenture (or its Predecessor Debenture) is registered on the Debenture Register at the close of business on the corresponding Regular Record Date. Contingent Interest due under this Section 14.02 shall be treated for all purposes of this Indenture like any other interest accruing on the Debentures.

SECTION 14.03. CONTINGENT INTEREST NOTIFICATION.

(a) As soon as practicable following the first Business Day of an Interest Period for which Contingent Interest will be payable pursuant to Section 14.01, the Company shall deliver notice to the Trustee and issue a press release stating that Contingent Interest will be paid on the Debentures and identifying the Interest Period and publish the information on its website on the World Wide Web.

(b) On any Interest Payment Date on which Contingent Interest is payable pursuant to this Article 4, the Company shall deliver notice to the Trustee, issue a press release stating the amount of such Contingent Interest and setting the forth the manner in which such amount was calculated and publish such information on its website on the World Wide Web.

ARTICLE 15 CONVERSION OF DEBENTURES

SECTION 15.01. RIGHT TO CONVERT. (a) Subject to and upon compliance with the provisions of this Indenture, prior to June 15, 2034, the holder of any Debenture shall have the right, at such holder's option, to convert the principal amount of such Debenture, or any portion of such principal amount which is an integral multiple of \$1,000, into fully paid and non-assessable shares of Common Stock (as such shares shall then be constituted) at the Conversion

Rate in effect at such time, by surrender of the Debenture so to be converted in whole or in part, together with any required funds, under the circumstances described in this Section 15.01 and in the manner provided in Section 15.02. The Debentures shall be convertible only during the following periods upon the occurrence of one of the following events:

(i) prior to February 16, 2029, during any fiscal quarter of the Company after the fiscal quarter of the Company ending September 3, 2004, if the Last Reported Sale Price of the Common Stock for at least twenty (20) Trading Days during the period of thirty (30) consecutive Trading Days ending on the last Trading Day of the preceding fiscal quarter equals or exceeds 125% of the Conversion Price on such Trading Day and, on or after February 17, 2029, at any time after the Last Reported Sale Price of the Common Stock is equal to or more than 125% of the Conversion Price;

(ii) in the event that the Company calls the Debentures for redemption, at any time prior to the close of business on the second Business Day immediately preceding the Redemption Date; PROVIDED that only those Debentures that are called for redemption may be converted following such an event;

(iii) as provided in Section (b) of this Section 15.01;

(iv) during the five (5) Business Day period immediately after any three (3) consecutive Trading Day period in which the Trading Price per \$1,000 principal amount of the Debentures for each day of such three (3) day measurement period was less than 98% of the product of the average of the Last Reported Sale Price of the Common Stock for each day during such three (3) day measurement period and the Conversion Rate, as determined following a request by a holder of Debentures in accordance with the procedures described below; or

(v) upon the occurrence of certain reductions in credit ratings as follows:

(A) in the event that the Debentures are assigned a credit rating by either Moody's Investor Service, Inc. ("MOODY'S") or from Standard & Poor's Ratings Services ("STANDARD & POOR'S") when the long-term credit rating assigned to the debentures by either Moody's or Standard & Poor's is two or more levels below the initial credit rating assigned by Moody's or Standard & Poor's, as the case may be; or

(B) if after either Moody's or Standard & Poor's has assigned the debentures a credit rating, such rating is discontinued, suspended or withdrawn by such rating agency.

Notwithstanding the foregoing, if, on the date of any conversion pursuant to Section 15.01(a)(iv) on or after June 15, 2029, the Last Reported Sale Price of the Common Stock on the Trading Day prior to the date of such conversion is greater than 100% but less than 125% of the Conversion Price, the holders of Debentures surrendered for conversion shall receive, in lieu of Common Stock based on the Conversion Rate, cash or Common Stock or a combination of cash or Common Stock, at the Company's option, with a value equal to the principal amount of the Debentures to be converted plus accrued and unpaid interest (including

Contingent Interest and Additional Interest, if any), if any, to (but excluding) the Conversion Date (a "PRINCIPAL VALUE CONVERSION"). Any Common Stock delivered upon a Principal Value Conversion will be valued at the average of the Last Reported Sale Price of the Common Stock for a five (5) Trading Day period starting the third Trading Day following the Conversion Date. If a holder of Debentures surrenders its Debentures for a Principal Value Conversion, the Company shall notify such holder by the second Trading Day following the Conversion Date that it is a Principal Value Conversion and whether the Company will pay such holder all or a portion of such principal amount and interest (including Contingent Interest and Additional Interest, if any) in cash, Common Stock or a combination of cash and Common Stock, and in what percentage. The Company shall pay such holder any portion of such principal amount and interest (including Contingent Interest and Additional Interest, if any) to be paid in cash and deliver Common Stock with respect to any portion of such principal amount and interest to be paid in Common Stock, no later than the third Business Day following the determination of the average Last Reported Sale Price of the Common Stock. The Company shall pay such holder any portion of such principal

amount and interest to be paid in cash, no later than the third (3rd) Business Day following the determination of the average Last Reported Sale Price of the Common Stock.

The Company or its designated agent shall determine on a daily basis during the time period specified in clause (i) above whether the Debentures shall be convertible as a result of the occurrence of an event specified in clause (i) above and, if the Debentures shall be so convertible, the Company shall promptly deliver to the Trustee (or other Conversion Agent appointed by the Company) written notice thereof. Whenever the Debentures shall become convertible pursuant to this Section 15.01, the Company or, at the Company's request, the Trustee in the name and at the expense of the Company, shall notify the holders of the event triggering such convertibility in the manner provided in Section 16.04, and the Company shall also publicly announce such information by publication on the Company's web site or through such other public medium as it may use at such time. Any notice so given shall be conclusively presumed to have been duly given, whether or not the holder receives such notice.

The Trustee (or other Conversion Agent appointed by the Company) shall have no obligation to determine the Trading Price under this Section 15.01 unless the Company has requested in writing such a determination; and the Company shall have no obligation to make such request unless a holder provides it with reasonable evidence that the Trading Price per \$1,000 principal amount of Debentures would be less than 98% of the product of the Last Reported Sale Price of the Common Stock and the Conversion Rate. If such evidence is provided, the Company shall instruct the Trustee (or other Conversion Agent) in writing to determine the Trading Price of the Debentures beginning on the next Trading Day and on each successive Trading Day until, and only until, the Trading Price per \$1,000 principal amount of Debentures is greater than or equal to 98% of the product of the Last Reported Sale Price of the Common Stock and the Conversion Rate.

The Trustee shall be entitled at its sole discretion to consult with the Company and to request the assistance of the Company in connection with the Trustee's duties and obligations pursuant to this Section 15.01(a), and the Company agrees, if requested by the Trustee, to cooperate with, and provide assistance to, the Trustee in carrying out its duties under

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this Section 15.01; PROVIDED, HOWEVER, that nothing herein shall be construed to relieve the Trustee of its duties pursuant to this Section 15.01(a).

(b) In addition, if:

(i) (A) the Company distributes to all holders of shares of the Common Stock any rights, warrants, options or other securities entitling them (for a period of not more than forty-five (45) days after the date of issuance thereof) to subscribe for or purchase shares of Common Stock, or securities convertible into shares of Common Stock (for a period of not more than forty-five (45) days after the date of issuance thereof), in either case at a price per share or conversion price per share less than the average of the Last Reported Sale Prices of the Common Stock for the five (5) Trading Days immediately preceding the declaration date of the distribution, or (B) the Company distributes to all holders of shares of Common Stock assets (including cash), evidences of indebtedness or other property or rights to subscribe for or purchase securities of the Company (other than those described in clause (A) above), which distribution has a per share value as determined by the Company's Board of Directors and set forth in a Board Resolution exceeding 5% of the average of the Last Reported Sale Prices of the Common Stock for the five (5) Trading Days immediately preceding the declaration date of such distribution, then, in either case, the Debentures may be surrendered for conversion at any time on and after the date that the Company gives notice to the holders of such distribution, which notice shall be given not less than twenty (20) days prior to the Ex Dividend Date for such distribution, until the earlier of the close of business on the Business Day immediately preceding the Ex Dividend Date or the date the Company publicly announces that such distribution will not take place; PROVIDED, that no holder of a Debenture may exercise its right to convert if the holder will otherwise participate in such distribution without conversion;

(ii) the Company consolidates with or merges with or into another Person or is a party to a binding share exchange, in each case pursuant to which the Common Stock would be converted into cash or property other than securities, then the Debentures may be surrendered for conversion at any time from and after the date which is fifteen (15) days prior to the anticipated effective date of the transaction and until and including the date which is fifteen (15) days after the actual effective date of such transaction; and

(iii) the Company engages in a reclassification of the Common Stock or is a party to a consolidation, merger, binding share exchange or transfer of all or substantially all of its assets, in each case pursuant to which the Common Stock is converted into cash, securities or other property, then at the effective time of such transaction, the right to convert a Debenture into shares of Common Stock will be changed into a right to convert such Debenture into the kind and amount of cash, securities or other property which a holder would have received if the holder had converted its Debentures into shares of Common Stock immediately prior to the applicable Record Date for such transaction. If the Company engages in any transaction described in the preceding sentence, the Conversion Rate will not otherwise be adjusted.

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The Board of Directors shall determine the anticipated effective date of any transaction described in Section 15.01(b)(ii), and such determination shall be conclusive and binding on the holders and shall be publicly announced by the Company by publication on its web site or through such other public medium as it may use at that time not later than two (2) Business Days prior to the first fifteen (15) day period referred to therein.

If any transaction set forth in clause (i), (ii) or (iii) above also constitutes a Fundamental Change for which a Make-Whole Premium would have been payable upon the election of a holder of Debentures to require the repurchase of such Debentures pursuant to Section 3.05, a holder who instead elects to convert its Debentures pursuant to this Section 15.01 will be entitled to receive (x) at the option of the Company, shares of Common Stock, cash or a combination thereof in respect of the Conversion Obligation, plus (y) the Make-Whole Premium, which may be paid in cash, shares of Common Stock, or a combination thereof.

(c) A Debenture in respect of which a holder is electing to exercise its option to require repurchase upon a Fundamental Change pursuant to Section 3.05 or repurchase pursuant to Section 3.06 may be converted only if such holder withdraws its election in accordance with Section 3.08(d). A holder of Debentures is not entitled to any rights of a holder of Common Stock until such holder has converted its Debentures to Common Stock, and only then to the extent such Debentures are deemed to have been converted to Common Stock under this Article 15.

SECTION 15.02. EXERCISE OF CONVERSION PRIVILEGE; ISSUANCE OF COMMON STOCK ON CONVERSION; NO ADJUSTMENT FOR INTEREST OR DIVIDENDS; SETTLEMENT OF CASH OR COMMON STOCK UPON CONVERSION. (a) In order to exercise the conversion privilege with respect to any Debenture in certificated form, the Company must receive at the office or agency of the Company maintained for that purpose or, at the option of such holder, the Corporate Trust Office, such Debenture with the original or facsimile of the form entitled "FORM OF CONVERSION NOTICE" on the reverse thereof, duly completed and manually signed, together with such Debentures duly endorsed for transfer, accompanied by the funds, if any, required by paragraph (d) of this Section 15.02. Such notice shall also state the name or names (with address or addresses) in which the certificate or certificates for shares of Common Stock which shall be issuable on such conversion shall be issued, and shall be accompanied by transfer or similar taxes, if required pursuant to Section 15.07.

In order to exercise the conversion privilege with respect to any interest in a Global Debenture, the beneficial holder must complete, or cause to be completed, the appropriate instruction form for conversion pursuant to the Depository's book-entry conversion program, deliver, or cause to be delivered, by book-entry delivery an interest in such Global Debenture, furnish appropriate endorsements and transfer documents if required by the Company or the Trustee or the Conversion Agent, and pay the funds, if any, required by this Section 15.02 and any transfer or similar taxes if required pursuant to Section 15.07.

(b) As promptly as practicable after satisfaction of the requirements for conversion set forth above, subject to compliance with any restrictions on transfer if shares issuable on conversion are to be issued in a name other than that of the Debentureholder (as if such transfer were a transfer of the Debenture (or portion thereof) so converted), the Company

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shall issue and shall deliver to such Debentureholder at the office or agency maintained by the Company for that purpose or, at the option of such holder, the Corporate Trust Office, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of such Debenture or portion thereof as determined by the Company in accordance with the provisions of this Article 15 and a check or cash (or wire transfer of immediately available funds

to the accounts specified by the Depository Trust Company) in respect of all or any portion of the Company's Conversion Obligation being satisfied in cash or any fractional interest in respect of a share of Common Stock arising upon conversion, calculated by the Company as provided in Section 15.03. In case any Debenture of a denomination greater than \$1,000 shall be surrendered for partial conversion, subject to Section 2.02, the Company shall execute and the Trustee shall authenticate and deliver to the holder of the Debenture so surrendered, without charge to such holder, a new Debenture or Debentures in authorized denominations in an aggregate principal amount equal to the unconverted portion of the surrendered Debenture.

(c) Each conversion shall be deemed to have been effected as to any such Debenture (or portion thereof) on the first date on which the requirements set forth above in this Section 15.02 have been satisfied as to such Debenture (or portion thereof) (such date, the "CONVERSION DATE"), and the Person in whose name any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become on said date the holder of record of the shares represented thereby; PROVIDED that any such surrender on any date when the stock transfer books of the Company shall be closed shall constitute the Person in whose name the certificates are to be issued as the record holder thereof for all purposes on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Rate in effect on the date upon which such requirements shall have been satisfied.

(d) Notwithstanding paragraph (f) below, any Debenture or portion thereof surrendered for conversion during the period from the close of business on any Regular Record Date to the close of business on the Business Day preceding the following Interest Payment Date that has not been called for redemption during such period shall be accompanied by payment, in immediately available funds or other funds acceptable to the Company, of an amount equal to the interest (including Contingent Interest and Additional Interest, if any) otherwise payable on such Interest Payment Date on the principal amount being converted; PROVIDED that no such payment need be made (1) if the Company has specified a Redemption Date that is after a Regular Record Date and on or prior to a date that is two (2) Business Days after the corresponding Interest Payment Date, (2) if the Company has specified a Repurchase Date following a Fundamental Change that is after a Regular Record Date and on or prior to a date that is one (1) Business Day after the corresponding Interest Payment Date or (3) to the extent of any overdue interest (including Contingent Interest and Additional Interest, if any), if any overdue interest exists at the time of conversion with respect to such Debenture. Except as provided above in this Section 15.02, no payment or other adjustment shall be made for interest (including Contingent Interest and Additional Interest, if any) accrued on any Debenture (or portion thereof) converted or for dividends on any shares issued upon the conversion of such Debenture (or portion thereof) as provided in this Article 15.

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(e) Upon the conversion of an interest in a Global Debenture, the Trustee (or other Conversion Agent appointed by the Company), or the Custodian at the direction of the Trustee (or other Conversion Agent appointed by the Company), shall make a notation on such Global Debenture as to the reduction in the principal amount represented thereby. The Company shall notify the Trustee in writing of any conversions of Debentures effected through any Conversion Agent other than the Trustee.

(f) Upon the conversion of a Debenture (or portion thereof), that portion of the accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) with respect to the converted Debenture (or portion thereof) to (but excluding) the Conversion Date shall not be canceled, extinguished or forfeited, but rather shall be deemed to be paid in full to the holder thereof through delivery of the Common Stock (together with the cash payment, if any, in lieu of fractional shares) (or cash or a combination of cash and Common Stock) in exchange for the Debenture (or portion thereof) being converted pursuant to the provisions hereof; and the fair market value of such shares of Common Stock (together with any such cash payment in lieu of fractional shares) (or cash or a combination of cash and Common Stock) shall be treated as issued, to the extent thereof, first in exchange for and in satisfaction of the Company's obligation to pay the principal amount of the converted Debenture (or portion thereof) and the accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) to (but excluding) the Conversion Date, and the balance, if any, of such fair market value of such Common Stock (and any such cash payment) (or cash or a combination of cash and Common Stock) shall be treated as issued in exchange for and in satisfaction of the right to convert the Debenture (or portion thereof) being converted pursuant to the provisions hereof.

(g) In the event that the Company receives a Form of Conversion Notice on or prior to (1) the date on which the Company gives a Redemption Notice with

respect to the applicable Debenture or (2) the date that is ten (10) days prior to the Stated Maturity (the "FINAL NOTICE DATE"), the following procedures shall apply:

(i) If the Company elects to satisfy all or any portion of its obligation to convert the Debentures (the "CONVERSION OBLIGATION") in cash, the Company shall notify holders through the Trustee of the dollar amount to be satisfied in cash (which must be expressed either as 100% of the Conversion Obligation or as a fixed dollar amount) at any time on or before the date that is two (2) Business Days following the Conversion Date (the "CASH SETTLEMENT NOTICE PERIOD"), unless the Company already has informed holders of its election in connection with its Redemption of the Debentures under Section 3.01. If the Company timely elects to pay cash for any portion of the Common Stock otherwise issuable to holders upon conversion, holders may retract the Conversion Notice at any time during the two (2) Business Days following the final day of the Cash Settlement Notice Period (the "CONVERSION RETRACTION PERIOD"). No such retraction can be made (and a Form of Conversion Notice shall be irrevocable) if the Company does not elect to deliver cash (other than cash in lieu of fractional shares) in lieu of all or a portion of the Common Stock otherwise to be issued. Upon the expiration of a Conversion Retraction Period, a Form of Conversion Notice shall be irrevocable. If the Company elects to satisfy all or any portion of the Conversion Obligation in cash, and the applicable Form of Conversion Notice has not been retracted, then settlement (in cash or

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in cash and shares of Common Stock) will be made through the Conversion Agent no later than the tenth (10th) Business Date following the Conversion Date to holders timely surrendering Debentures.

(ii) If the Company does not elect to satisfy any part of the Conversion Obligation in cash (other than cash in lieu of any fractional shares), delivery of the Common Stock into which the Debentures are converted (and cash in lieu of any fractional shares) shall occur through the Conversion Agent no later than the fifth (5th) Business Date following the Conversion Date to holders timely surrendering Debentures.

(h) Settlement amounts will be computed as follows:

(i) If the Company elects to satisfy the entire Conversion Obligation in Common Stock, it shall deliver to holders that have delivered the Conversion Notice giving rise to the Conversion Obligation a number of shares of Common Stock equal to (i) the aggregate principal amount of Debentures to be converted divided by 1,000, multiplied by (ii) the Conversion Rate. In addition, the Company shall pay cash for any fractional shares of Common Stock based on the Last Reported Sale Price of the Common Stock on the Trading Day immediately preceding the Conversion Date.

(ii) If the Company elects to satisfy the entire Conversion Obligation in cash, it shall deliver to holders that have delivered the Conversion Notice giving rise to the Conversion Obligation cash in an amount equal to the product of:

(A) a number equal to (i) the aggregate principal amount of Debentures to be converted divided by 1,000, multiplied by (ii) the Conversion Rate; and

(B) the average of the Last Reported Sale Prices of the Common Stock for the five (5) consecutive Trading Days (x) immediately following the date of the Company's notice of its election to deliver cash, if the Company has not given a Redemption Notice, or (y) ending on the third (3rd) Trading Day prior to the Conversion Date, in the case of a conversion following a Redemption Notice specifying that the Company intends to deliver cash upon conversion (each a "CASH SETTLEMENT AVERAGING PERIOD").

(iii) If the Company elects to satisfy a fixed portion (other than 100%) of the Conversion Obligation in cash, it will deliver to holders the specified cash amount (the "CASH AMOUNT") and a number of shares of Common Stock equal to the greater of (i) zero and (ii) the excess, if any, of the number of shares of Common Stock calculated as if the Company elected to satisfy the entire Conversion Obligation in shares over the number of shares equal to the sum, for each day of the applicable Cash Settlement Averaging Period, of (x) 20% of the Cash Amount, divided by (y) the Last Reported Sale Price of the Common Stock. In addition, the Company shall pay cash for all fractional shares of Common Stock based on the Last Reported Sale Price of the Common Stock on the Trading Day immediately preceding the Conversion Date.

In no event shall the amount of cash delivered upon conversion of Debentures exceed \$1,000 per \$1,000 principal amount of Debentures to be converted. Any such excess amount shall be paid by the Company in shares of Common Stock.

The Company must determine whether or not it will satisfy all or a portion of the Conversion Obligation in cash at the time it issues a Redemption Notice and such notices will state the amount of the Conversion Obligation to be settled in cash. If a Form of Conversion Notice is received from holders of Debentures subject to a Redemption Notice after the date that a Redemption Notice has been issued, such holders may not retract their Conversion Notice. Settlement (in cash and/or Common Stock) will occur no later than the fifth (5th) Business Date following the Conversion Date.

(i) The Company may irrevocably elect, in its sole discretion and without the consent of holders of the Debentures, by notice to the Trustee and the holders of the Debentures, to satisfy in cash 100% of the principal amount of the Debentures converted after the date of such election. Notwithstanding such election, the Company may 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 this Section 15.02.

SECTION 15.03. CASH PAYMENTS IN LIEU OF FRACTIONAL SHARES. No fractional shares of Common Stock or scrip certificates representing fractional shares shall be issued upon conversion of Debentures. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of full shares that shall be issuable upon conversion shall be computed on the basis of the aggregate principal amount of the Debentures (or specified portions thereof to the extent permitted hereby) so surrendered. If any fractional share of stock would be issuable upon the conversion of any Debenture or Debentures, the Company shall make an adjustment and payment therefor in cash to the holder thereof at the Last Reported Sale Price of the Common Stock on the last Trading Day immediately preceding the day on which the Debentures (or the specified portions thereof) are deemed to have been converted.

SECTION 15.04. CONVERSION RATE. Each \$1,000 principal amount of the Debentures shall be convertible into the number of shares of Common Stock specified in the form of Debenture (herein called the "CONVERSION RATE") set forth in Exhibit A hereto (initially 25.00 shares), subject to adjustment as provided in this Article 15. References to Conversion Rate, applicable Conversion Rate, current Conversion Rate and Conversion Rate then in effect mean the Conversion Rate in effect on the relevant date.

SECTION 15.05. ADJUSTMENT OF CONVERSION RATE. The Conversion Rate shall be adjusted from time to time by the Company as follows:

(a) If shares of Common Stock are issued as a dividend or distribution on shares of Common Stock, or if a share split or share combination is effected, the Conversion Rate will be adjusted based on the following formula:

$$CR' = CR \text{ SUB}(\theta) \times \frac{OS'}{OS \text{ SUB}(\theta)}$$

where,

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CR SUB(θ) = the Conversion Rate in effect immediately prior to such event

CR' = the Conversion Rate in effect immediately after such event

OS SUB(θ) = the number of shares of Common Stock outstanding immediately prior to such event

OS' = the number of shares of Common Stock outstanding immediately after such event

An adjustment made pursuant to this subsection (a) shall become effective on the date immediately after (x) the date fixed for the determination of stockholders entitled to receive such dividend or other distribution or (y) the date on which such split or combination becomes effective, as applicable. If any dividend or distribution described in this subsection (a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate that would then be in effect if such dividend or distribution

had not been declared.

(b) If any rights, warrants, options or other securities are issued to all or substantially all of the holders of shares of Common Stock entitling them for a period of not more than forty-five (45) days after the date of issuance thereof to subscribe for or purchase shares of Common Stock, or securities convertible into shares of Common Stock within forty-five (45) days after the date of issuance thereof, in either case at an exercise price per share or a conversion price per share less than the Last Reported Sale Price of the Common Stock on the Business Day immediately preceding the time of announcement of such issuance, the Conversion Rate will be adjusted based on the following formula:

$$CR' = CR \text{ SUB}(\theta) \times \frac{OS \text{ SUB}(\theta) + X}{OS \text{ SUB}(\theta) + Y}$$

where,

CR SUB(θ) = the Conversion Rate in effect immediately prior to such event

CR' = the Conversion Rate in effect immediately after such event

OS SUB(θ) = the number of shares of Common Stock outstanding immediately prior to such event

X = the total number of shares of Common Stock issuable pursuant to such rights, warrants, options, other securities or convertible securities

Y = the number of shares of Common Stock equal to the aggregate exercise price or conversion price payable to exercise or convert such rights, warrants, options, other securities or convertible securities divided by the average of the Last Reported Sale Prices of the Common Stock for the ten (10) consecutive Trading Days prior to the Business Day immediately preceding the date of announcement of the issuance of such rights, warrants, options, other securities or convertible securities

An adjustment made pursuant to this subsection (b) shall be made successively whenever such rights, warrants, options, other securities or convertible securities are issued, and

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shall become effective on the day following the date of announcement of such issuance. If, at the end of the period during which such rights, warrants, options, other securities or convertible securities are exercisable or convertible, not all rights, warrants, options, other securities or convertible securities have been exercised or converted, as the case may be, the adjusted Conversion Rate shall be immediately readjusted to what it would have been based upon the number of additional shares of Common Stock actually issued (or the number of shares of Common Stock actually issued upon conversion of convertible securities actually issued).

For purposes of Section 15.01(b) and this Section 15.05(b), in determining whether such rights, warrants, options, other securities or convertible securities entitle the holder to subscribe for or purchase or exercise a conversion right for shares of Common Stock at less than the average Last Reported Sale Price of the Common Stock, and in determining the aggregate exercise or conversion price payable for such shares of Common Stock, there shall be taken into account any consideration received by the Company for such rights, warrants, options, other securities or convertible securities and any amount payable on exercise or conversion thereof, with the value of such consideration, if other than cash, to be determined by the Board of Directors.

(c) If shares of the Company's capital stock, evidences of the Company's indebtedness or other assets or property of the Company or its subsidiaries are distributed to all or substantially all of the holders of shares of Common Stock, excluding:

(i) dividends, distributions and rights, warrants, options, other securities or convertible securities referred to in clause (a) or (b) above;

(ii) dividends or distributions in cash referred to in clause (d)

below; and

(iii) spin-offs described below in this clause (c).

then the Conversion Rate will be adjusted based on the following formula:

$$CR' = CR \text{ SUB}(\theta) \times \frac{SP \text{ SUB}(\theta)}{SP \text{ SUB}(\theta) - FMV}$$

where,

- CR SUB(θ) = the Conversion Rate in effect immediately prior to such distribution
- CR' = the Conversion Rate in effect immediately after such distribution
- SP SUB(θ) = the average of the Last Reported Sale Prices of the Common Stock for the ten (10) consecutive Trading Days prior to the Business Day immediately preceding the record date for such distribution
- FMV = the fair market value (as determined in good faith by the Board of Directors of the Company) of the shares of capital stock, evidences of indebtedness, assets or property distributed with respect to each outstanding share of Common Stock on the record date for such distribution

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An adjustment made pursuant to the above paragraph shall be made successively whenever any such distribution is made and shall become effective on the day immediately after the dated fixed for the determination of shareholders entitled to receive such distribution.

With respect to an adjustment pursuant to this clause (c) where there has been a payment of a dividend or other distribution on the Common Stock of shares of capital stock of any class or series, or similar equity interest, of or relating to a subsidiary or other business unit of the Company (referred to as a "SPIN-OFF"), the Conversion Rate in effect immediately before the close of business on the record date fixed for determination of stockholders entitled to receive the distribution will be increased based on the following formula:

$$CR' = CR \text{ SUB}(\theta) \times \frac{FMV \text{ SUB}(\theta) + MP}{MP \text{ SUB}(\theta)}$$

where,

- CR SUB(θ) = the Conversion Rate in effect immediately prior to such distribution
- CR' = the Conversion Rate in effect immediately after such distribution
- FMV SUB(θ) = the average of the Last Reported Sale Prices of the capital stock or similar equity interest distributed to holders of shares of Common Stock applicable to one share of Common Stock over the first ten (10) consecutive Trading Days after the effective date of the spin-off
- MP SUB(θ) = the average of the Last Reported Sale Prices of the Common Stock over the first 10 consecutive Trading Days after the effective date of the spin-off

The adjustment to the Conversion Rate under the preceding paragraph will occur on the tenth (10th) Trading Day after the effective date of the spin-off.

If any such dividend or distribution described in this subsection (c) is declared but not paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(d) If any cash dividend or distribution is paid or made during any of the Company's quarterly fiscal periods to all or substantially all of the holders of Common Stock, the Conversion Rate will be adjusted based on the

following formula:

$$CR' = CR_{SUB(0)} \times \frac{SP_{SUB(0)}}{SP_{SUB(0)} - C}$$

where,

CR SUB(0) = the Conversion Rate in effect immediately prior to the record date for such distribution

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CR' = the Conversion Rate in effect immediately after the record date for such distribution

SP SUB(0) = the average of the Last Reported Sale Prices of the Common Stock for the ten (10) consecutive Trading Days prior to the Business Day immediately preceding the record date of such distribution

C = the amount in cash per share the Company distributes to holders of shares of Common Stock

An adjustment made pursuant to this subsection (d) shall become effective on the date immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution. If any dividend or distribution described in this subsection (d) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(e) The Conversion Rate will be increased if the Company or any of its subsidiaries purchases shares of Common Stock pursuant to a tender offer or exchange offer which involves an aggregate consideration per share of Common Stock that exceeds the Last Reported Sale Price of the Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to the tender offer or exchange offer (the "EXPIRATION TIME"). The Conversion Rate will be increased based on the following formula:

$$CR' = CR_{SUB(0)} \times \frac{AC + (SP' \times OS')}{OS_{SUB(0)} \times SP'}$$

where,

CR SUB(0) = the Conversion Rate in effect on the date such tender offer or exchange offer expires

CR' = the Conversion Rate in effect on the day next succeeding the date such tender offer or exchange offer expires

AC = the aggregate value of all cash and other consideration (as determined by the Board of Directors) paid or payable for all shares of Common Stock that the Company or one of its subsidiaries purchases in the tender offer or exchange offer

OS SUB(0) = the number of shares of Common Stock outstanding immediately prior to the date such tender offer or exchange offer expires

OS' = the number of shares of Common Stock outstanding immediately after the date such tender offer or exchange offer expires

SP' = the average of the Last Reported Sale Prices of the Common Stock for the ten (10) consecutive Trading Days commencing on the Trading Day next

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succeeding the date such tender offer or exchange offer expires

Any adjustment made pursuant to this subsection (e) shall become effective on the date immediately following the Expiration Time. If the Company is obligated to purchase shares of Common Stock pursuant to any such tender or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion

Rate shall again be adjusted to be the Conversion Rate that would be in effect if such tender or exchange offer had not been made.

(f) The reclassification of Common Stock into securities other than Common Stock (other than any reclassification upon an event to which Section 15.06 applies) shall be deemed to involve (a) a distribution of such securities other than Common Stock to all holders of Common Stock (and the effective date of such reclassification shall be deemed to be "the date fixed for the determination of shareholders entitled to receive such distribution" within the meaning of Section 15.05(c)), and (b) a subdivision, split or combination, as the case may be, of the number of shares of Common Stock outstanding immediately prior to such reclassification into the number of shares of Common Stock outstanding immediately thereafter (and the effective date of such reclassification shall be deemed to be "the day upon which such split or combination becomes effective" within the meaning of Section 15.05(a)).

(g) Notwithstanding the foregoing provisions of Section 15.05, no adjustment shall be made thereunder, nor shall an adjustment be made to the ability of a holder of a Debenture to convert, for any distribution described therein if the holder will otherwise participate in the distribution without conversion of such holder's Debentures.

(h) The Company may make such increases in the Conversion Rate, in addition to those required by clauses (a) through (f) of this Section 15.05, as the Board of Directors deems advisable to avoid or diminish any income tax to holders of shares of capital stock of the Company (or rights to acquire such capital stock) resulting from any dividend or distribution of such capital stock (or rights to acquire common stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the increase is irrevocable during the period and the Board of Directors shall have made a determination that such increase would be in the best interests of the Company, which determination shall be conclusive. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to holders of record of the Debentures a notice of the increase at least fifteen (15) days prior to the date the increased Conversion Rate takes effect and in accordance with applicable law and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment to the Conversion Rate need be made:

(i) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on

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securities of the Company and the investment of additional optional amounts in shares of Common Stock under any plan;

(ii) upon the issuance of any shares of Common Stock or options or rights to purchase shares of Common Stock pursuant to any present or future employee, director or consultant incentive benefit plan or program of or assumed by the Company or any of its subsidiaries;

(iii) upon the issuance of any shares of Common Stock pursuant to any option, warrant, right, or exercisable, exchangeable or convertible security not described in paragraph (ii) above and outstanding as of the Original Issuance Date;

(iv) upon the repurchase by the Company of shares of Common Stock from its employee protection and deferred compensation trusts or members of its senior management upon their resignation or termination of employment;

(v) for a change in the par value of the Common Stock; or

(vi) for accrued and unpaid interest (including Contingent Interest and Additional Interest, if any).

No adjustment to the Conversion Rate will be required pursuant to this Indenture in connection with any event, transaction or other occurrence unless the terms of this Indenture specifically require that such an adjustment be made in connection with such event, transaction or other occurrence.

(j) All adjustments to the Conversion Rate under this Article 15 shall be made by the Company and shall be calculated to the nearest one ten thousandth (1/10,000) of a share.

(k) Whenever the Conversion Rate is adjusted as herein provided, the Company shall promptly file with the Trustee and any Conversion Agent other than the Trustee an Officers' Certificate setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Unless and until a Trust Officer of the Trustee shall have received such Officers' Certificate, the Trustee shall not be deemed to have knowledge of any adjustment of the Conversion Rate and may assume that the last Conversion Rate of which it has knowledge is still in effect. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Rate setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Rate to the holder of each Debenture at its last address appearing on the Debenture Register provided for in Section 2.04, within twenty (20) days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(l) In any case in which this Section 15.05 provides that an adjustment shall become effective immediately after (1) a record date or Stock Record Date for an event, (2) the date fixed for the determination of stockholders entitled to receive a dividend or distribution pursuant to Section 15.05(a), (3) a date fixed for the determination of stockholders entitled to receive rights, warrants, options or other securities pursuant to Section 15.05(b) or (4) the

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Expiration Time for any tender or exchange offer pursuant to Section 15.05(e), (each a "DETERMINATION DATE"), the Company may elect to defer until the occurrence of the applicable Adjustment Event (as hereinafter defined) (x) issuing to the holder of any Debenture (or portion thereof) converted after such Determination Date and before the occurrence of such Adjustment Event, the additional shares of Common Stock or other securities issuable upon such conversion by reason of the adjustment required by such Adjustment Event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (y) paying to such holder any amount in cash in lieu of any fraction pursuant to Section 15.03; PROVIDED that in the case of an adjustment made pursuant to Section 15.05(d) with respect to a distribution of shares of capital stock of, or similar equity interest in, a subsidiary or other business unit of the Company, the Company may defer the issuance of such additional shares and cash payment, if any, until the third (3rd) Business Day immediately following the last day of the twenty (20) consecutive Trading Day period commencing on the fifth (5th) Trading Day after the Ex Dividend Date. For purposes of this Section 15.05(l), the term "ADJUSTMENT EVENT" shall mean:

(i) in any case referred to in clause (1) hereof, the occurrence of such event;

(ii) in any case referred to in clause (2) hereof, the date any such dividend or distribution is paid or made;

(iii) in any case referred to in clause (3) hereof, the date of expiration of such rights, warrants, options or other securities (or the conversion period of any convertible securities issued upon exercise thereof); and

(iv) in any case referred to in clause (4) hereof, the date a sale or exchange of Common Stock pursuant to such tender or exchange offer is consummated and becomes irrevocable.

(m) For purposes of this Section 15.05, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(n) Notwithstanding anything in this Indenture to the contrary, in no event shall the Conversion Rate be adjusted so that the Conversion Price would be less than \$0.01.

SECTION 15.06. EFFECT OF RECLASSIFICATION, CONSOLIDATION, MERGER OR SALE. If any of the following events occur, namely (i) any reclassification or change of the outstanding shares of Common Stock (other than a subdivision or combination to which Section 15.05(a) applies), (ii) any consolidation, merger or combination of the Company with another Person as a result of which holders of Common Stock shall be entitled to receive stock, other securities or other property or assets (including cash) with respect to or in exchange for such Common Stock or (iii) any sale or conveyance of all or substantially all of the properties and assets of the Company to any other Person as a result of which holders of Common Stock shall be entitled to receive stock, other securities or

other property or assets (including cash) with respect to or in exchange for such Common Stock, then the Company or the successor or purchasing Person, as

the case may be, shall execute with the Trustee a supplemental indenture (which shall comply with the Trust Indenture Act as in force at the date of execution of such supplemental indenture) providing that each Debenture shall be convertible into the kind and amount of shares of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance by a holder of a number of shares of Common Stock issuable upon conversion of such Debentures (assuming, for such purposes, a sufficient number of treasury shares and authorized and unissued shares of Common Stock are available to convert all such Debentures) immediately prior to such reclassification, change, consolidation, merger, combination, sale or conveyance assuming such holder of Common Stock did not exercise his rights of election, if any, as to the kind or amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance (PROVIDED that, if the kind or amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance is not the same for each share of Common Stock in respect of which such rights of election shall not have been exercised (a "NON-ELECTING SHARE"), then for the purposes of this Section 15.06 the kind and amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance for each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 15.

The Company shall cause notice of the execution of such supplemental indenture to be mailed to each holder of Debentures, at its address appearing on the Debenture Register provided for in Section 2.04, within twenty (20) days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

The above provisions of this Section shall similarly apply to successive reclassifications, changes, consolidations, mergers, combinations, sales and conveyances.

If this Section 15.06 applies to any event or occurrence, Section 15.05 shall not apply.

SECTION 15.07. TAXES ON SHARES ISSUED. The issue of stock certificates on conversions of Debentures shall be made without charge to the converting Debentureholder for any documentary, stamp or similar issue or transfer tax in respect of the issue thereof. The Company shall not, however, be required to pay any such tax which may be payable in respect of any transfer involved in the issue and delivery of such certificates in any name other than that of the holder of any Debenture converted, and the Company shall not be required to issue or deliver any such stock certificate unless and until the Person or Persons requesting the issue thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

SECTION 15.08. RESERVATION OF SHARES, SHARES TO BE FULLY PAID; COMPLIANCE WITH GOVERNMENTAL REQUIREMENTS; LISTING OF COMMON STOCK. The Company shall provide, free from preemptive rights, out of its authorized but unissued shares or shares held in treasury,

sufficient shares of Common Stock to provide for the conversion of the Debentures from time to time as such Debentures are presented for conversion.

Before taking any action which would cause an adjustment increasing the Conversion Rate to an amount that would cause the Conversion Price to be reduced below the then par value, if any, of the shares of Common Stock issuable upon conversion of the Debentures, the Company will take all corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue such shares of Common Stock at such adjusted Conversion Rate.

The Company covenants that all shares of Common Stock which may be issued upon conversion of Debentures will upon issue be fully paid and nonassessable by the Company and free from all taxes, Liens and charges with respect to the issue thereof.

Subject to the terms of the Registration Rights Agreement, the Company covenants that, if any shares of Common Stock to be provided for the purpose of conversion of Debentures hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be validly issued upon conversion, the Company will in good faith and as expeditiously as possible, to the extent then permitted by the rules and interpretations of the Commission (or any successor thereto), endeavor to secure such registration or approval, as the case may be.

The Company further covenants that, if at any time the Common Stock shall be listed on the Nasdaq National Market or any national securities exchange or other automated quotation system, the Company will, if permitted by the rules of such market, exchange or automated quotation system, list and keep listed, so long as the Common Stock shall be so listed on such market, exchange or automated quotation system, all Common Stock issuable upon conversion of the Debentures; PROVIDED that if the rules of such market, exchange or automated quotation system permit the Company to defer the listing of such Common Stock until the first conversion of the Debentures into Common Stock in accordance with the provisions of this Indenture, the Company covenants to list such Common Stock issuable upon conversion of the Debentures in accordance with the requirements of such market, exchange or automated quotation system at such time.

SECTION 15.09. RESPONSIBILITY OF TRUSTEE. The Trustee and any other Conversion Agent shall not at any time be under any duty or responsibility to any holder of Debentures to determine the Conversion Rate or whether any facts exist which may require any adjustment of the Conversion Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. The Trustee and any other Conversion Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at any time be issued or delivered upon the conversion of any Debenture; and the Trustee and any other Conversion Agent make no representations with respect thereto. Neither the Trustee nor any Conversion Agent shall be responsible for any failure of the Company to issue, transfer or deliver any shares of Common Stock or stock certificates or other securities or property or cash upon the surrender of any Debenture for the purpose of conversion or to comply with any of the

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duties, responsibilities or covenants of the Company contained in this Article 15. Without limiting the generality of the foregoing, neither the Trustee nor any Conversion Agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 15.06 relating either to the kind or amount of shares of stock or securities or property (including cash) receivable by Debentureholders upon the conversion of their Debentures after any event referred to in such Section 15.06 or to any adjustment to be made with respect thereto, but, subject to the provisions of Section 7.02, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto.

SECTION 15.10. NOTICE TO HOLDERS PRIOR TO CERTAIN ACTIONS.

In case:

(a) the Company shall declare a dividend (or any other distribution) on its Common Stock that would require an adjustment in the Conversion Rate pursuant to Section 15.05; or

(b) the Company shall authorize the granting to the holders of all or substantially all of the shares of Common Stock of rights, warrants, options or other securities to subscribe for or purchase any share of any class of capital stock of the Company or any other rights, warrants, options or other securities of the Company; or

(c) of any reclassification or reorganization of the Common Stock (other than a subdivision or combination of the outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Company is a party and for which approval of any stockholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company; or

(d) of the voluntary or involuntary dissolution, liquidation or winding up of the Company;

the Company shall cause to be filed with the Trustee and to be mailed to each holder of Debentures at its address appearing on the Debenture Register provided for in Section 2.04, as promptly as possible but in any event at least ten (10) days prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or grant, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or grant are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend,

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distribution, grant, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up.

SECTION 15.11. SHAREHOLDER RIGHTS PLAN. If the Company adopts a rights plan while Debentures remain outstanding, Debentureholders will receive, upon conversion of their Debentures, in addition to shares of Common Stock, rights under the Company's stockholder rights agreement unless, prior to conversion, the rights have expired, terminated or been redeemed or unless the rights have separated from the Common Stock. If the rights provided for in the rights plan adopted by the Company have separated from the Common Stock in accordance with the provisions of the applicable stockholder rights agreement so that the Debentureholders would not be entitled to receive any rights in respect of Common Stock issuable upon conversion of the Debentures, the Conversion Rate will be adjusted at the time of separation as if the Company had distributed, to all holders of Common Stock, shares of capital stock, evidences of indebtedness or other assets or property pursuant to Section 15.05(c), subject to readjustment upon the subsequent expiration, termination or redemption of the rights. In lieu of any such adjustment, the Company may amend such applicable stockholder rights agreement to provide that upon conversion of the Debentures the holders will receive, in addition to shares of Common Stock issuable upon such conversion, the rights which would have attached to such shares of Common Stock if the rights had not become separated from the Common Stock under such applicable stockholder rights agreement. To the extent that the Company adopts any future stockholder rights agreement, upon conversion of the Debentures into shares of Common Stock, a Debentureholder shall receive, in addition to shares of Common Stock, the rights under the future stockholder rights agreement whether or not the rights have separated from shares of Common Stock at the time of conversion and no adjustment will be made in accordance with Section 15.05(c) or otherwise.

ARTICLE 16 MISCELLANEOUS PROVISIONS

SECTION 16.01. INTENTIONALLY OMITTED.

SECTION 16.02. PROVISIONS BINDING ON SUCCESSORS. All the covenants, stipulations, promises and agreements by the Company contained in this Indenture shall bind its successors and assigns whether so expressed or not. All agreements of the Trustee in this Indenture shall bind its successors and assigns whether so expressed or not.

SECTION 16.03. OFFICIAL ACTS BY SUCCESSOR CORPORATION. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any Person that shall at the time be the lawful sole successor of the Company.

SECTION 16.04. ADDRESSES FOR NOTICES, ETC. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the holders of Debentures on the Company shall be deemed to have been sufficiently given or made, for all purposes, if given or served by being deposited postage prepaid by registered or certified mail in a post office letter box or sent by telecopier transmission addressed as follows:

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Charles River Associates Incorporated, 200 Clarendon Street, T-33, Boston, Massachusetts 02116, Attention: Chief Financial Officer, Facsimile: (617) 425-3790. Any notice, direction, request or demand hereunder to or upon the

Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or served by being deposited, postage prepaid, by registered or certified mail in a post office letter box or sent by telecopier transmission addressed to the Corporate Trust Office of the Trustee, Facsimile: (617) 603-6683 (PROVIDED, HOWEVER, that any such notice, direction, request or demand shall not be deemed to have been received by the Trustee, and the Trustee shall not be charged with notice thereof, until actually received by the Trustee at such address).

The Company or the Trustee, by notice to the other and the Debentureholders, may designate additional or different addresses for subsequent notices or communications.

Any notice or communication mailed to a Debentureholder shall be mailed to him by first class mail, postage prepaid, at his address as it appears on the Debenture Register and shall be sufficiently given to him if so mailed within the time prescribed. Any notice so given will be deemed to have been given to such Debentureholder on the date of such mailing.

Failure to mail a notice or communication to a Debentureholder or any defect in it shall not affect its sufficiency with respect to other Debentureholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 16.05. GOVERNING LAW. This Indenture and each Debenture shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of the State of New York (including Section 5-1401 of the New York General Obligations Law or any successor to such statute).

SECTION 16.06. EVIDENCE OF COMPLIANCE WITH CONDITIONS PRECEDENT, CERTIFICATES TO TRUSTEE. Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture shall include: (1) a statement that each Person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statement or opinion contained in such certificate or opinion is based; (3) a statement that, in the opinion of each such Person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of each such Person, such condition or covenant has been complied with.

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SECTION 16.07. LEGAL HOLIDAYS. In any case in which the date of maturity of interest on or principal of the Debentures or the Redemption Date of any Debenture or any Repurchase Date with respect to any Debenture will not be a Business Day, then payment of such interest on or principal of the Debentures need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the Redemption Date or the Repurchase Date, as the case may be, and no interest (including Contingent Interest and Additional Interest, if any) shall accrue for the period from and after such date.

SECTION 16.08. COMPANY RESPONSIBLE FOR MAKING CALCULATIONS. Unless otherwise specified in this Indenture, the Company will be responsible for making all calculations called for under the Debentures. These calculations include, but are not limited to, determination of the Last Reported Sale Price of the Common Stock and the Closing Trading Price of the Common Stock, the amount of accrued and unpaid interest payable on the Debentures and the Conversion Rate of the Debentures. The Company will make these calculations in good faith and, absent manifest error, these calculations will be final and binding on the Debentureholders. Promptly after the calculation thereof, the Company will provide to each of the Trustee and the Conversion Agent an Officers' Certificate setting forth a schedule of its calculations, and each of the Trustee and the Conversion Agent is entitled to conclusively rely upon the accuracy of such calculations without independent verification. The Trustee will forward the Company's calculations to any holder upon the request of such holder.

SECTION 16.09. TRUST INDENTURE ACT. This Indenture is hereby made

subject to, and shall be governed by, the provisions of the Trust Indenture Act required to be part of and to govern indentures qualified under the Trust Indenture Act, which are incorporated by reference in and made a part of this Indenture; PROVIDED that this Section 16.09 shall not require this Indenture or the Trustee to be qualified under the Trust Indenture Act prior to the time such qualification is in fact required under the terms of the Trust Indenture Act, nor shall it constitute any admission or acknowledgment by any party to this Indenture that any such qualification is required prior to the time such qualification is in fact required under the terms of the Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in an indenture qualified under the Trust Indenture Act, such required provision shall control. The following Trust Indenture Act terms have the following meanings: "Commission" means the Commission; "indenture securities" means the Debentures; "indenture security holder" means a Debentureholder; "indenture to be qualified" means this Indenture; "indenture trustee" means the Trustee; and "obligor" on the indenture securities means the Company and any other obligor on the indenture securities.

SECTION 16.10. NO SECURITY INTEREST CREATED. Except as provided in Section 7.06, nothing in this Indenture or in the Debentures, expressed or implied, shall be construed to constitute a security interest under the Uniform Commercial Code or similar legislation, as now or hereafter enacted and in effect, in any jurisdiction in which property of the Company or its subsidiaries is located.

SECTION 16.11. BENEFITS OF INDENTURE. Nothing in this Indenture or in the Debentures, express or implied, shall give to any Person, other than the parties hereto, any Paying Agent, any authenticating agent, any Debenture Registrar and their successors hereunder

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and the holders of Debentures any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 16.12. TABLE OF CONTENTS, HEADINGS, ETC. The table of contents, cross-reference sheet and the titles and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

SECTION 16.13. AUTHENTICATING AGENT. The Trustee may appoint an authenticating agent that shall be authorized to act on its behalf, and subject to its direction, in the authentication and delivery of Debentures in connection with the original issuance thereof and transfers and exchanges of Debentures hereunder, including under Sections 2.03, 2.07, 2.08, 2.10, 3.02 and 3.08, as fully to all intents and purposes as though the authenticating agent had been expressly authorized by this Indenture and those Sections to authenticate and deliver Debentures. For all purposes of this Indenture, the authentication and delivery of Debentures by the authenticating agent shall be deemed to be authentication and delivery of such Debentures "by the Trustee" and a certificate of authentication executed on behalf of the Trustee by an authenticating agent shall be deemed to satisfy any requirement hereunder or in the Debentures for the Trustee's certificate of authentication. Such authenticating agent shall at all times be a Person eligible to serve as trustee hereunder pursuant to Section 7.09.

Any corporation into which any authenticating agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any authenticating agent shall be a party, or any corporation succeeding to the corporate trust business of any authenticating agent, shall be the successor of the authenticating agent hereunder, if such successor corporation is otherwise eligible under this Section 16.13, without the execution or filing of any paper or any further act on the part of the parties hereto or the authenticating agent or such successor corporation.

Any authenticating agent may at any time resign by giving written notice of resignation to the Trustee and to the Company. The Trustee may at any time terminate the agency of any authenticating agent by giving written notice of termination to such authenticating agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any authenticating agent shall cease to be eligible under this Section, the Trustee shall either promptly appoint a successor authenticating agent or itself assume the duties and obligations of the former authenticating agent under this Indenture and, upon such appointment of a successor authenticating agent, if made, shall give written notice of such appointment of a successor authenticating agent to the Company and shall mail notice of such appointment of a successor authenticating agent to all holders of Debentures as the names and addresses of such holders appear on the Debenture Register.

The Company agrees to pay to the authenticating agent from time to time such reasonable compensation for its services as shall be agreed upon in writing between the Company and the authenticating agent.

The provisions of Sections 7.02, 7.03, 7.04 and 8.03 and this Section 16.13 shall be applicable to any authenticating agent.

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SECTION 16.14. EXECUTION IN COUNTERPARTS. This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

SECTION 16.15. SEVERABILITY. In case any provision in this Indenture or in the Debentures shall be invalid, illegal or unenforceable, then (to the extent permitted by law) the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

ARTICLE 17 SUBORDINATION

SECTION 17.01. AGREEMENT TO SUBORDINATE. The Company agrees, and each holder of Debentures by accepting a Debenture agrees, that the Indebtedness evidenced by the Debenture is subordinated in right of payment, to the extent and in the manner provided in this Article 17, to the prior payment in full in cash or other consideration satisfactory to holders of Senior Debt of all Senior Debt (whether outstanding on the date hereof or hereafter created, incurred, assumed or guaranteed), and that the subordination is for the benefit of the holders of Senior Debt.

SECTION 17.02. LIQUIDATION, DISSOLUTION, BANKRUPTCY. Upon any distribution to creditors of the Company in a liquidation or dissolution of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property, in an assignment for the benefit of creditors or any marshaling of the Company's assets and liabilities:

(a) holders of Senior Debt shall be entitled to receive payment in full of all obligations due in respect of such Senior Debt (including interest after the commencement of any such proceeding at the rate specified in the applicable Senior Debt) in cash or other consideration satisfactory to the holders of the Senior Debt before holders of Debentures shall be entitled to receive any payment with respect to the Debentures; and

(b) until all Senior Debt is paid in full in cash or other consideration satisfactory to the holders of the Senior Debt, any distribution to which holders of Debentures would be entitled but for this Article 17 shall be made to holders of Senior Debt, as their interests may appear.

SECTION 17.03. DEFAULT ON SENIOR DEBT AND/OR DESIGNATED SENIOR DEBT.

(a) In the event of any default in payment of the principal of or premium, if any, or interest on, or any other payment obligation under any Senior Debt beyond any applicable grace period with respect thereto (a "PAYMENT DEFAULT"), then, until all such payments due in respect of such Senior Debt have been paid in full in cash or other consideration satisfactory to holders of Senior Debt or such default shall have been cured or waived or shall have ceased to exist, no payment shall be made by the Company with respect to the principal of or interest (including Contingent Interest and Additional Interest, if any) on the Debentures or to acquire

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any of the Debentures (including any purchase pursuant to the purchase right of a holder upon a Fundamental Change).

(b) In addition, if the Trustee shall receive written notice from one or more holders of Designated Senior Debt or one or more representatives of such holder or holders that there has occurred and is continuing under such Designated Senior Debt, or any agreement pursuant to which such Designated Senior Debt is issued, any default (other than a Payment Default), which default shall not have been cured or waived, giving the holders of such Designated Senior Debt the right to declare such Designated Senior Debt immediately due and payable (a "PAYMENT BLOCKAGE NOTICE"), then, anything contained in this Indenture to the contrary notwithstanding, no payment on account of the principal of or interest (including Contingent Interest and Additional Interest, if any) on the Securities, and no repurchase or other acquisition of the

Securities, shall be made by or on behalf of the Company during the period (the "PAYMENT BLOCKAGE PERIOD") commencing on the date of receipt of the Payment Blockage Notice and ending on the earlier of 179 calendar days thereafter or the date on which such non-Payment Default is cured or waived.

Notwithstanding the provisions described in the immediately preceding sentence (but subject to the provisions contained in Section 17.1 and the first sentence of this Section 17.3), unless the holder(s) of such Designated Senior Debt or the representative(s) of such holder(s) shall have accelerated the maturity of such Designated Senior Debt, the Company may resume payments on the Debentures after the end of such Payment Blockage Period. No new Payment Blockage Period may be commenced unless 360 calendar days have elapsed since the effectiveness of the prior Payment Blockage Notice. No default under Designated Senior Debt that is not a Payment Default that existed or was continuing on the date of delivery of any Payment Blockage Notice delivered to the Trustee shall be, or be made, the basis of a subsequent Payment Blockage Notice.

SECTION 17.04. ACCELERATION OF DEBENTURES. If payment of the Debentures is to be accelerated because of an Event of Default (other than an Event of Default with respect to the Company specified in Section 6.01(k) or (l)), the Company shall promptly notify holders of Designated Senior Debt or trustee(s) of such Designated Senior Debt before the acceleration. In the event of the acceleration of the Debentures because of an Event of Default, the Company may not make any payment or distribution to the Trustee or any Debentureholder in respect of obligations with respect to the Debentures until ten (10) days after holders of Designated Senior Debt or trustee(s) of such Designated Senior Debt receive notice of such acceleration pursuant to the immediately preceding sentence and thereafter only to the extent such payment or distribution is not otherwise prohibited by the terms of this Article 17.

SECTION 17.05. WHEN DISTRIBUTION MUST BE PAID OVER. In the event that the Trustee, any holder of Debentures or any other person receives any payment or distribution of assets of the Company of any kind with respect to the Debentures in contravention of any terms contained in this Indenture, whether in cash, property or securities, including, without limitation, by way of set-off or otherwise, then such payment or distribution shall be held by the recipient in trust for the benefit of holders of Senior Debt, and shall be immediately paid over and delivered to the holders of Senior Debt or their representative(s), to the extent necessary to make payment in full in cash or other consideration satisfactory to such holders of all Senior Debt remaining

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unpaid, after giving effect to any concurrent payment or distribution or provision therefor, to or for the holders of Senior Debt; provided, that the foregoing shall apply to the Trustee only if a Trust Officer has actual knowledge (as determined in accordance with Section 17.11) that such payment or distribution is prohibited by this Indenture.

With respect to the holders of Senior Debt, the Trustee undertakes to perform only such obligations on the part of the Trustee as are specifically set forth in this Article 17, and no implied covenants or obligations with respect to the holders of Senior Debt shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Debt, and shall not be liable to any such holders if the Trustee shall pay over or distribute to or on behalf of holders of Debentures or the Company or any other person money or assets to which any holders of Senior Debt shall be entitled by virtue of this Article 17, except if such payment or distribution is made as a result of the willful misconduct of the Trustee in breach of the express terms of this Article 17 applicable to the Trustee.

SECTION 17.06. NOTICE BY COMPANY. The Company shall promptly notify the Trustee of any facts known to the Company that would cause a payment of any obligations with respect to the Debentures or the purchase of any Debentures by the Company to violate this Article 17, but failure to give such notice shall not affect the subordination of the Debentures to the Senior Debt as provided in this Article 17.

SECTION 17.07. SUBROGATION. After all Senior Debt is paid in full and until the Debentures are paid in full, holders of Debentures shall be subrogated (equally and ratably with all other indebtedness pari passu with the Debentures) to the rights of holders of Senior Debt to receive distributions applicable to Senior Debt to the extent that distributions otherwise payable to the holders of Debentures have been applied to the payment of Senior Debt. A distribution made under this Article 17 to holders of Senior Debt that otherwise would have been made to holders of Debentures is not, as between the Company and holders of Debentures, a payment by the Company on the Debentures.

SECTION 17.08. RELATIVE RIGHTS. This Article 17 defines the relative rights of holders of Debentures and holders of Senior Debt. Nothing contained in

this Indenture shall otherwise:

(a) impair, as between the Company and holders of Debentures, the obligation of the Company, which is absolute and unconditional, to pay principal of or premium, if any, and interest (including Contingent Interest and Additional Interest, if any) on the Debentures in accordance with their terms;

(b) affect the relative rights of holders of Debentures and creditors (other than with respect to Senior Debt) of the Company, other than their rights in relation to holders of Senior Debt; or

(c) prevent the Trustee or any holder of Debentures from exercising its available remedies upon a Default or Event of Default, subject to the notice requirements of Section 6.01 and to the rights of holders and owners of Senior Debt to receive distributions and payments otherwise payable to holders of Debentures.

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If the Company fails because of this Article 17 to pay principal of, premium, if any, or interest (including Contingent Interest and Additional Interest, if any) on a Debenture on the due date, the failure is still a Default or Event of Default.

SECTION 17.09. SUBORDINATION MAY NOT BE IMPAIRED BY COMPANY. No right of any holder of Senior Debt to enforce the subordination of the indebtedness evidenced by the Debentures shall be impaired by any act or failure to act by the Company or any holder of Debentures or by the failure of the Company or any such holder to comply with this Indenture.

SECTION 17.10. DISTRIBUTION OR NOTICE TO REPRESENTATIVE. Whenever a distribution is to be made or a notice given to holders of Senior Debt, the distribution may be made and the notice given to their representative(s).

Upon any payment or distribution of assets of the Company referred to in this Article 17, the Trustee and the holders of Debentures shall be entitled to rely upon any order or decree made by any court of competent jurisdiction or upon any certificate or instruction of any such representative of any holder of Senior Debt or of the liquidating trustee or agent or other person making any distribution to the Trustee or to the holders of Debentures for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of the Senior Debt and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 17.

In the event that the Trustee determines, in good faith, that evidence is required with respect to the right of any Person as a holder of Senior Debt to participate in any payment or distribution pursuant to this Article 17, the Trustee may (but shall not be obligated to) request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of the Senior Debt held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and other facts pertinent to the rights of such Person under this Article 17. If such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment. The provisions of Section 7.02 shall be applicable to all actions or omissions of the Trustee pursuant to this Article 17.

SECTION 17.11. RIGHTS OF TRUSTEE AND PAYING AGENT. The Company shall give prompt written notice to the Trustee of any fact known to the Company that would prohibit the making of any payment to or by the Trustee in respect of the Debentures. Notwithstanding the provisions of this Article 17 or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts that would prohibit the making of any payment or distribution by the Trustee (other than pursuant to Section 17.4), and the Trustee may continue to make payments on the Debentures, unless a Trust Officer shall have received at least two (2) Business Days prior to the date of such payment or distribution written notice of facts that would cause such payment or distribution with respect to the Debentures to violate this Article e17. Only the Company or the holder or representative of any class of Senior Debt may give such notice.

Nothing contained in this Article 17 shall apply to or impair the claims of, or payments to, the Trustee under or pursuant to Section 7.06.

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The Trustee in its individual or any other capacity may hold Senior

Debt with the same rights it would have if it were not Trustee.

SECTION 17.12. AUTHORIZATION TO EFFECT SUBORDINATION. Each holder of a Debenture by such holder's acceptance thereof authorizes and directs the Trustee on the holder's behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article 17, and appoints the Trustee to act as the holder's attorney-in-fact for any and all such purposes. If the Trustee does not file a proper proof of claim or proof of debt in the form required in any proceeding referred to in Section 6.02 at least thirty (30) days before the expiration of the time to file such claim, the holders of any Senior Debt or their representatives are hereby authorized to file an appropriate claim for and on behalf of the holders of the Debentures.

SECTION 17.13. ARTICLE APPLICABLE TO PAYING AGENTS. In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee.

SECTION 17.14. SENIOR DEBT ENTITLED TO RELY. Each holder by accepting a Debenture acknowledges and agrees that the foregoing subordination provisions are, and are intended to be, an inducement and a consideration to each holder of Senior Debt, whether such Senior Debt was created or acquired before or after the issuance of the Securities, to acquire and continue to hold, or to continue to hold, such Senior Debt and such holder of Senior Debt shall be deemed conclusively to have relied on such subordination provisions in acquiring and continuing to hold, or in continuing to hold, such Senior Debt.

SECTION 17.15. PERMITTED PAYMENTS. Notwithstanding anything to the contrary contained in this Article 17, the holders of Debentures may receive and retain at any time on or prior to the Stated Maturity (i) securities that are subordinated to at least the same extent as the Debentures to (a) Senior Debt and (b) any securities issued in exchange for Senior Debt and (ii) payments and other distributions made from any trust created pursuant to Section 12.01.

SECTION 17.16. NO WAIVER OF SUBORDINATION PROVISIONS. No right of any present or future holder of any Senior Debt to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company, or by any non-compliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Debt may, at any time and from time to time, without the consent of or notice to the Trustee or the holders of the Debentures, without incurring responsibility to the holders of the Debentures and without impairing or releasing the subordination provided in this Article 17 or the obligations hereunder of the holders of the Debentures to the holders of Senior Debt, do any one or more of the following, subject to any rights of the Company in respect thereof: (i) change

the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Debt, or otherwise amend or supplement in any manner Senior Debt or any instrument evidencing the same or any agreement under which Senior Debt is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Debt; (iii) release any person liable in any manner for the collection of Senior Debt; and (iv) exercise or refrain from exercising any rights against the Company and any other person.

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IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed.

CHARLES RIVER ASSOCIATES INCORPORATED

By: /s/ James C. Burrows

Name: James C. Burrows

Title: President and Chief Executive Officer

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

By: /s/ Chi C. Ma

Name: Chi C. Ma
Title: Vice President

APPENDIX A

PROVISIONS RELATING TO DEBENTURES

1. DEFINITIONS

1.1 DEFINITIONS

Except as defined in this Appendix A, terms used in this Appendix A shall have the meanings indicated in the Indenture to which this Appendix A is attached. Unless otherwise indicated, references to Sections means Sections of this Appendix. For the purposes of this Appendix A, the following terms shall have the meanings indicated below:

"DEFINITIVE DEBENTURE" means a certificated Debenture (bearing the Restricted Securities Legend if the transfer of such Debenture is restricted by applicable law) that does not include the Global Debentures Legend.

"GLOBAL DEBENTURES LEGEND" means the legend set forth under that caption in Exhibit A to this Indenture.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"RESTRICTED SECURITIES LEGEND" means the legend set forth in Section 2.3(d)(i).

"SECURITIES CUSTODIAN" means the custodian with respect to a Global Debenture (as appointed by the Depositary) or any successor Person thereto, who shall initially be the Trustee.

"SHELF REGISTRATION STATEMENT" means a registration statement filed by the Company in connection with an offer and sale of Debentures pursuant to the Registration Rights Agreement.

"TRANSFER RESTRICTED DEBENTURES" means Definitive Debentures and any other Debentures that bear or are required by the terms of this Indenture to bear the Restricted Securities Legend.

1.2 OTHER DEFINITIONS

"AGENT MEMBERS"..... Section 2.1(c)
"GLOBAL DEBENTURE"..... Section 2.1(b)

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2. THE DEBENTURES

2.1 FORM AND DATING

(a) The Debentures will be (i) offered and sold by the Company pursuant to the Purchase Agreement and (ii) resold, initially only to QIBs in reliance on Rule 144A. The Debentures may thereafter be transferred to, among others, QIBs.

(b) GLOBAL DEBENTURES. Debentures shall be issued initially in the form of one or more permanent global Debentures in definitive, fully registered form (collectively, the "GLOBAL DEBENTURE"), without interest coupons and bearing the Global Debentures Legend and Restricted Securities Legend, which shall be deposited on behalf of the purchasers of the Debentures represented thereby with the Securities Custodian and registered in the name of the Depositary or a nominee of the Depositary, duly executed by the Company and authenticated by the Trustee as provided in this Indenture. The aggregate principal amount of the Global Debentures may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depositary or its nominee and on the schedules thereto as hereinafter provided.

(c) BOOK-ENTRY PROVISIONS. This Section 2.1(c) shall apply only to a

Global Debenture deposited with or on behalf of the Depository.

The Company shall execute and the Trustee shall, in accordance with this Section 2.1(c) and Section 2.2 and pursuant to an order of the Company signed by two Officers, authenticate and deliver one or more Global Debentures that (i) shall be registered in the name of the Depository for such Global Debenture or Global Debentures or the nominee of the Depository and (ii) shall be delivered by the Trustee to the Depository or pursuant to the Depository's instructions or held by the Trustee as Securities Custodian.

Members of, or participants in, the Depository ("AGENT MEMBERS") shall have no rights under this Indenture with respect to any Global Debenture held on their behalf by the Depository or by the Trustee as Securities Custodian or under such Global Debenture, and the Depository may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of such Global Debenture for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository (or, if registered in the name thereof, its nominee) or impair, as between the Depository and its Agent Members, the operation of customary practices of the Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Debenture.

(d) DEFINITIVE DEBENTURES. Except as provided in Section 2.3 or 2.4, owners of beneficial interests in Global Debentures will not be entitled to receive physical delivery of certificated Debentures.

2.2 AUTHENTICATION. The Trustee shall authenticate and make available for delivery upon a written order of the Company signed by two Officers Debentures for original issue on the date hereof in an aggregate principal amount of up to \$75,000,000 (or up to

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\$90,000,000 if the Initial Purchasers' option to purchase additional Debentures set forth in the Purchase Agreement is exercised in full).

2.3 TRANSFER AND EXCHANGE. (a) TRANSFER AND EXCHANGE OF DEFINITIVE DEBENTURES. When Definitive Debentures are presented to the Debenture Registrar with a request:

(i) to register the transfer of such Definitive Debentures; or

(ii) to exchange such Definitive Debentures for an equal principal amount of Definitive Debentures of other authorized denominations,

the Debenture Registrar shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; PROVIDED, HOWEVER, that the Definitive Debentures surrendered for transfer or exchange:

(1) shall be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Debenture Registrar, duly executed by the holder thereof or its attorney duly authorized in writing; and

(2) in the case of Transfer Restricted Debentures, are accompanied by the following additional information and documents, as applicable:

(A) if such Definitive Debentures are being delivered to the Debenture Registrar by a holder for registration in the name of such holder, without transfer, a certification from such holder to that effect (in the form set forth on the reverse side of the Debenture); or

(B) if such Definitive Debentures are being transferred to the Company, a certification to that effect (in the form set forth on the reverse side of the Debenture); or

(C) if such Definitive Debentures are being transferred pursuant to an exemption from registration in accordance with Rule 144 under the Securities Act or in reliance upon another exemption from the registration requirements of the Securities Act, (x) a certification to that effect (in the form set forth on the reverse side of the Debenture) and (y) if the Company so requests, an opinion of counsel or other evidence reasonably satisfactory to it as to the compliance with the restrictions set forth in the legend set forth in Section 2.3(d)(i).

(b) RESTRICTIONS ON TRANSFER OF A DEFINITIVE DEBENTURE FOR A

BENEFICIAL INTEREST IN A GLOBAL DEBENTURE. A Definitive Debenture may not be exchanged for a beneficial interest in a Global Debenture except upon satisfaction of the requirements set forth below. Upon receipt by the Trustee of a Definitive Debenture, duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Debenture Registrar, together with:

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(i) certification (in the form set forth on the reverse side of the Debenture) that such Definitive Debenture is being transferred to a QIB in accordance with Rule 144A; and

(ii) written instructions directing the Trustee to make, or to direct the Securities Custodian to make, an adjustment on its books and records with respect to such Global Debenture to reflect an increase in the aggregate principal amount of the Debentures represented by the Global Debenture, such instructions to contain information regarding the Depository account to be credited with such increase, then the Trustee shall cancel such Definitive Debenture and cause, or direct the Securities Custodian to cause, in accordance with the standing instructions and procedures existing between the Depository and the Securities Custodian, the aggregate principal amount of Debentures represented by the Global Debenture to be increased by the aggregate principal amount of the Definitive Debenture to be exchanged and shall credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the Global Debenture equal to the principal amount of the Definitive Debenture so canceled. If no Global Debentures are then outstanding and the Global Debenture has not been previously exchanged for Definitive Debentures pursuant to Section 2.4, the Company shall issue and the Trustee shall authenticate, upon written order of the Company in the form of an Officers' Certificate, a new Global Debenture in the appropriate principal amount.

(c) TRANSFER AND EXCHANGE OF GLOBAL DEBENTURES. (i) The transfer and exchange of Global Debentures or beneficial interests therein shall be effected through the Depository, in accordance with this Indenture (including applicable restrictions on transfer set forth herein, if any) and the procedures of the Depository therefor. A transferor of a beneficial interest in a Global Debenture shall deliver a written order given in accordance with the Depository's procedures containing information regarding the participant account of the Depository to be credited with a beneficial interest in such Global Debenture or another Global Debenture and such account shall be credited in accordance with such order with a beneficial interest in the applicable Global Debenture and the account of the Person making the transfer shall be debited by an amount equal to the beneficial interest in the Global Debenture being transferred.

(ii) If the proposed transfer is a transfer of a beneficial interest in one Global Debenture to a beneficial interest in another Global Debenture, the Debenture Registrar shall reflect on its books and records the date and an increase in the principal amount of the Global Debenture to which such interest is being transferred in an amount equal to the principal amount of the interest to be so transferred, and the Debenture Registrar shall reflect on its books and records the date and a corresponding decrease in the principal amount of Global Debenture from which such interest is being transferred.

(iii) Notwithstanding any other provisions of this Appendix (other than the provisions set forth in Section 2.4), a Global Debenture may not be transferred as a whole except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

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(iv) In the event that a Global Debenture is exchanged for Definitive Debentures pursuant to Section 2.4 prior to the effectiveness of a Shelf Registration Statement with respect to such Definitive Debentures, such Definitive Debentures may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of this Section 2.3 (including the certification requirements set forth on the reverse of the Initial Debentures intended to ensure that such transfers comply with Rule 144A or such other applicable exemption from registration under the Securities Act, as the case may be) and such other procedures as may from time to time be adopted by the Company.

(d) LEGEND.

(i) Except as permitted by the following paragraphs (ii) and (iii), each Debenture certificate evidencing the Global Debentures and the Definitive Debentures (and all Debentures issued in exchange therefor or in substitution thereof) shall bear a legend in substantially the following form (each defined term in the legend being defined as such for purposes of the legend only):

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("Rule 144A")); (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THIS SECURITY UNDER RULE 144(k) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION), ONLY (A) TO CHARLES RIVER ASSOCIATES INCORPORATED (THE "ISSUER"), (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT (AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER), (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, IN COMPLIANCE WITH RULE 144A TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF

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COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM; AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE EARLIER OF THE TRANSFER OF THIS SECURITY PURSUANT TO CLAUSE 2(B) ABOVE OR UPON ANY TRANSFER OF THIS SECURITY UNDER RULE 144 UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION)."

Each Definitive Debenture shall bear the following additional legend:

"IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS."

Until the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision), any stock certificate representing Common Stock issued upon conversion of any Debenture shall bear a legend in substantially the following form, unless such Common Stock has been sold pursuant to a registration statement that has been declared effective under the Securities Act (and which continues to be effective at the time of such transfer) or pursuant to Rule 144 under the Securities Act or any similar provision then in force, or such Common Stock has been issued upon conversion of Debentures that have been transferred pursuant to a registration statement that has been declared effective under the Securities Act or pursuant to Rule 144 under the Securities Act or any similar provision then in force, or unless otherwise agreed by the Company in writing with written notice thereof to the transfer agent:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")); (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THIS SECURITY UNDER RULE 144(k) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION), ONLY (A) TO CHARLES RIVER ASSOCIATES INCORPORATED (THE "ISSUER"), (B) PURSUANT TO A REGISTRATION

STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT (AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER), (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, IN COMPLIANCE WITH RULE 144A TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM; AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE EARLIER OF THE TRANSFER OF THIS SECURITY PURSUANT TO CLAUSE 2(B) ABOVE OR UPON ANY TRANSFER OF THIS SECURITY UNDER RULE 144 UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION)."

(ii) Upon any sale or transfer of a Transfer Restricted Debenture that is a Definitive Debenture, the Debenture Registrar shall permit the holder thereof to exchange such Transfer Restricted Debenture for a Definitive Debenture that does not bear the legends set forth above and rescind any restriction on the transfer of such Transfer Restricted Debenture if the holder certifies in writing to the Debenture Registrar that its request for such exchange was made in reliance on Rule 144 (such certification to be in the form set forth on the reverse of the Debenture).

(iii) After a transfer of any Debentures during the period of the effectiveness of a Shelf Registration Statement with respect to such Debentures pursuant to the terms of such Shelf Registration Statement, all requirements pertaining to the Restricted Securities Legend on such Debentures shall cease to apply and the requirements that any such Debentures be issued in global form shall continue to apply.

(iv) Each Debenture certificate evidencing the Global Debentures and the Definitive Debentures (and all Debentures issued in exchange therefor or in substitution thereof) shall bear an additional legend in substantially the following form (each defined term in the legend being defined as such for purposes of the legend only).

"THE ISSUER AGREES, AND BY ACCEPTANCE OF A BENEFICIAL OWNERSHIP INTEREST IN THIS SECURITY EACH BENEFICIAL HOLDER OF SUCH SECURITY WILL BE DEEMED TO HAVE AGREED, FOR UNITED STATES FEDERAL INCOME TAX PURPOSES (1) TO TREAT THE SECURITY AS INDEBTEDNESS OF THE ISSUER THAT IS SUBJECT TO TREAS. REG. SEC. 1.1275-4 (THE "CONTINGENT PAYMENT REGULATIONS") AND, FOR PURPOSES OF THE CONTINGENT PAYMENT REGULATIONS, TO TREAT THE

FAIR MARKET VALUE OF ANY COMMON STOCK BENEFICIALLY RECEIVED BY A BENEFICIAL HOLDER UPON ANY CONVERSION OF THE SECURITY AS A CONTINGENT PAYMENT AND (2) TO BE BOUND BY THE ISSUER'S DETERMINATION OF THE "COMPARABLE YIELD" AND THE "PROJECTED PAYMENT SCHEDULE" WITHIN THE MEANING OF THE CONTINGENT PAYMENT REGULATIONS, WITH RESPECT TO THE SECURITY. A HOLDER OF THIS SECURITY MAY OBTAIN THE ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE, YIELD TO MATURITY, COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE FOR THE SECURITY BY SUBMITTING A WRITTEN REQUEST FOR SUCH INFORMATION TO THE ISSUER AT THE FOLLOWING ADDRESS: CHARLES RIVER ASSOCIATES INCORPORATED, 200 CLARENDON STREET, T-33, BOSTON, MASSACHUSETTS 02116, ATTENTION: CHIEF FINANCIAL OFFICER."

(e) CANCELLATION OR ADJUSTMENT OF GLOBAL DEBENTURE. At such time as all beneficial interests in a Global Debenture have either been exchanged for Definitive Debentures, transferred, redeemed, repurchased or canceled, such Global Debenture shall be returned by the Depositary to the Trustee or retained by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Debenture is exchanged for Definitive Debentures, transferred in exchange for an interest in another Global Debenture, redeemed, repurchased or canceled, the principal amount of Debentures represented by such Global Debenture shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the Securities Custodian for such Global Debenture) with respect to such Global Debenture, by the Trustee or the Securities Custodian, to reflect such reduction.

(f) OBLIGATIONS WITH RESPECT TO TRANSFERS AND EXCHANGES OF DEBENTURES.

(i) To permit registrations of transfers and exchanges, the Company

shall execute, and the Trustee shall authenticate, Definitive Debentures and Global Debentures at the Debenture Registrar's request.

(ii) No service charge shall be made for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax, assessments, or similar governmental charge payable in connection therewith (other than any such transfer taxes, assessments or similar governmental charge payable upon exchanges pursuant to Sections 2.07, 3.03 and 10.04 of this Indenture).

(iii) Prior to the due presentation for registration of transfer of any Debenture, the Company, the Trustee, the Paying Agent or the Debenture Registrar may deem and treat the Person in whose name a Debenture is registered as the absolute owner of such Debenture for the purpose of receiving payment of principal of and interest on such Debenture and for all other purposes whatsoever, whether or not such Debenture is overdue, and none of the Company, the Trustee, the Paying Agent or the Debenture Registrar shall be affected by notice to the contrary.

(iv) All Debentures issued upon any transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Debentures surrendered upon such transfer or exchange.

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(g) NO OBLIGATION OF THE TRUSTEE.

(i) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Debenture, a member of, or a participant in, the Depository or any other Person with respect to the accuracy of the records of the Depository or its nominee or of any participant or member thereof, with respect to any ownership interest in the Debentures or with respect to the delivery to any participant, member, beneficial owner or other Person (other than the Depository) of any notice (including any notice of redemption or repurchase) or the payment of any amount, under or with respect to the Debentures. All notices and communications to be given to the holders and all payments to be made to holders under the Debentures shall be given or made only to the registered holders (which shall be the Depository or its nominee in the case of a Global Debenture). The rights of beneficial owners in any Global Debenture shall be exercised only through the Depository subject to the applicable rules and procedures of the Depository. The Trustee may rely and shall be fully protected in relying upon information furnished by the Depository with respect to its members, participants and any beneficial owners.

(ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Debenture (including any transfers between or among Depository participants, members or beneficial owners in any Global Debenture) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

2.4 DEFINITIVE DEBENTURES

(a) A Global Debenture deposited with the Depository or with the Trustee as Securities Custodian pursuant to Section 2.1 shall be transferred to the beneficial owners thereof in the form of Definitive Debentures in an aggregate principal amount equal to the principal amount of such Global Debenture, in exchange for such Global Debenture, only if such transfer complies with Section 2.3 and (i) the Depository notifies the Company that it is unwilling or unable to continue as a depository for such Global Debenture or if at any time the Depository ceases to be a "clearing agency" registered under the Exchange Act, and a successor depository is not appointed by the Company within 90 days of such notice or after the Company becomes aware of such cessation, (ii) an Event of Default has occurred and is continuing or (iii) the Company, in its sole discretion, notifies the Trustee in writing that it elects to cause the issuance of Definitive Debentures under this Indenture.

(b) Any Global Debenture that is transferable to the beneficial owners thereof pursuant to this Section 2.4 shall be surrendered by the Depository to the Trustee, to be so transferred, in whole or from time to time in part, without charge, and the Trustee shall authenticate and deliver, upon such transfer of each portion of such Global Debenture, an equal aggregate principal amount of Definitive Debentures of authorized denominations. Any portion of a Global Debenture transferred pursuant to this Section shall be executed, authenticated and delivered only in denominations of \$1,000 principal amount and any integral multiple thereof and registered in such names as the Depository

shall direct. Any certificated Debenture in the

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form of a Definitive Debenture delivered in exchange for an interest in the Global Debenture shall, except as otherwise provided by Section 2.3(d), bear the Restricted Securities Legend.

(c) Subject to the provisions of Section 2.4(b), the registered holder of a Global Debenture may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a holder is entitled to take under this Indenture or the Debentures.

(d) In the event of the occurrence of any of the events specified in Section 2.4(a)(i), (ii) or (iii), the Company will promptly make available to the Trustee a reasonable supply of Definitive Debentures in fully registered form without interest coupons.

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EXHIBIT A

[FORM OF FACE OF DEBENTURE]

[Global Debentures Legend]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO DTC, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

[Restricted Securities Legend]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")); (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THIS SECURITY UNDER RULE 144(k) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION), ONLY (A) TO CHARLES RIVER ASSOCIATES INCORPORATED (THE "ISSUER"), (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT (AND WHICH CONTINUES TO

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BE EFFECTIVE AT THE TIME OF SUCH TRANSFER), (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, IN COMPLIANCE WITH RULE 144A TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM; AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE EARLIER OF THE TRANSFER OF THIS SECURITY PURSUANT TO CLAUSE 2(B) ABOVE OR UPON ANY TRANSFER OF THIS SECURITY UNDER RULE 144 UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION).

[Each Definitive Debenture shall bear the following additional legend:]

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

[Each Debenture shall bear the following additional legend:]

THE ISSUER AGREES, AND BY ACCEPTANCE OF A BENEFICIAL OWNERSHIP INTEREST IN THIS SECURITY EACH BENEFICIAL HOLDER OF SUCH SECURITY WILL BE DEEMED TO HAVE AGREED, FOR UNITED STATES FEDERAL INCOME TAX PURPOSES (1) TO TREAT THE SECURITY AS INDEBTEDNESS OF THE ISSUER THAT IS SUBJECT TO TREAS. REG. SEC. 1.1275-4 (THE "CONTINGENT PAYMENT REGULATIONS") AND, FOR PURPOSES OF THE CONTINGENT PAYMENT REGULATIONS, TO TREAT THE FAIR MARKET VALUE OF ANY COMMON STOCK BENEFICIALLY RECEIVED BY A BENEFICIAL HOLDER UPON ANY CONVERSION OF THE SECURITY AS A CONTINGENT PAYMENT AND (2) TO BE BOUND BY THE ISSUER'S DETERMINATION OF THE "COMPARABLE YIELD" AND THE "PROJECTED PAYMENT SCHEDULE" WITHIN THE MEANING OF THE CONTINGENT PAYMENT REGULATIONS, WITH RESPECT TO THE SECURITY. A HOLDER OF THIS SECURITY MAY OBTAIN THE ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE, YIELD TO MATURITY, COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE FOR THE SECURITY BY SUBMITTING A WRITTEN REQUEST FOR SUCH INFORMATION TO THE ISSUER AT THE FOLLOWING ADDRESS: CHARLES RIVER ASSOCIATES INCORPORATED, 200 CLARENDON STREET, T-33, BOSTON, MASSACHUSETTS 02116, ATTENTION: CHIEF FINANCIAL OFFICER.

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CHARLES RIVER ASSOCIATES INCORPORATED

2.875% CONVERTIBLE SUBORDINATED DEBENTURE

CUSIP:

No. \$

Charles River Associate Incorporated, a corporation duly organized and validly existing under the laws of the Commonwealth of Massachusetts (herein called the "COMPANY", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to CEDE & CO. or its registered assigns [the principal sum of [] dollars] [the principal sum set forth on Schedule I hereto]1 on June 15, 2034 at the office or agency of the Company maintained for that purpose in accordance with the terms of the Indenture, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest, semiannually on June 15 and December 15 of each year, commencing December 15, 2004, on said principal sum at said office or agency, in like coin or currency, at the rate per annum of 2.875%, from the June 15 or December 15, as the case may be, next preceding the date of this Debenture to which interest has been paid or duly provided for, unless the date hereof is a date to which interest has been paid or duly provided for, in which case from the date of this Debenture, or unless no interest has been paid or duly provided for on this Debenture, in which case from June 21, 2004 until payment of said principal sum has been made or duly provided for. Except as otherwise provided in the Indenture, the interest payable on the Debenture pursuant to the Indenture on any June 15 or December 15 will be paid to the Person entitled thereto as it appears in the Debenture Register at the close of business on the Regular Record Date, which shall be the June 1 or December 15 (whether or not a Business Day) next preceding such June 15 or December 15, as provided in the Indenture; PROVIDED that any such interest not punctually paid or duly provided for shall be payable as provided in the Indenture.

The Company promises to pay interest at the rate of 2.875% per annum, compounded semiannually. The Company shall pay interest on overdue principal at the rate borne by the Debentures plus 1% per annum, and it shall pay interest on overdue installments of interest at such higher rate to the extent lawful.

Interest on the Debentures shall be computed on the basis of a 360 day year of twelve 30 day months.

Reference is made to the further provisions of this Debenture set forth on the reverse hereof, including, without limitation, provisions giving the holder of this Debenture the right to convert this Debenture into Common Stock of the Company on the terms and subject to the limitations referred to on the reverse hereof and as more fully specified in the Indenture. Under the circumstances described in the Indenture, the Company may fulfill all or part of its conversion obligation by delivering cash in lieu of shares of Common Stock or a combination of cash and shares of Common Stock.

(1) For Global Debentures only.

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This Debenture shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with and governed by the laws of the State of New York (including Section 5-1401 of the New York General Obligations Law or any successor to such statute).

The Company has caused CUSIP numbers to be printed on the Debentures and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to holders. No representation is made as to the accuracy of such numbers either as printed on the Debentures or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

Subject to certain limitations imposed by the Trust Indenture Act and the Indenture, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Debentures and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

This Debenture shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Trustee or a duly authorized authenticating agent under the Indenture.

If and to the extent that any provision of this Debenture limits, qualifies or conflicts with a provision of the Indenture, such Indenture provision shall control.

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Additional provisions of this Security are set forth on the other side of this Security.

IN WITNESS WHEREOF, the parties have caused this instrument to be duly executed.

CHARLES RIVER ASSOCIATES
INCORPORATED

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated:

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

U.S. BANK NATIONAL ASSOCIATION
as Trustee, certifies
that this is one of the
Securities referred to
in the Indenture.

By: _____
Authorized Signatory

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[FORM OF REVERSE OF DEBENTURE]

CHARLES RIVER ASSOCIATES INCORPORATED

2.875% CONVERTIBLE SUBORDINATED DEBENTURE

This Debenture is one of a duly authorized issue of Debentures of the

Company, designated as its 2.875% Convertible Subordinated Debentures (herein called the "DEBENTURES" or the "SECURITIES"), limited in aggregate principal amount up to \$75,000,000 (or up to \$90,000,000 if the Initial Purchasers' option to purchase additional Debentures set forth in the Purchase Agreement is exercised in full), issued and to be issued under and pursuant to an Indenture dated as of June 21, 2004 (herein called the "INDENTURE"), between the Company and U.S. Bank National Association, as trustee (herein called the "TRUSTEE"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the holders of the Debentures.

The terms of the Debentures include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbb) as in effect on the date of the Indenture (the "Trust Indenture Act"). Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture. The Debentures are subject to all such terms, and Debentureholders are referred to the Indenture and the Trust Indenture Act for a statement of those terms. The Debentures are general obligations of the Company. In the event of a conflict between the terms of the Indenture or the Registration Rights Agreement and the terms of the Debentures, the terms of the Indenture or the Registration Rights Agreement and not the Debentures shall govern.

Initially, the Trustee will act as Paying Agent and Debenture Registrar. The Company may appoint and change any Paying Agent or Debenture Registrar without notice. The Company or any of its domestically incorporated Wholly Owned Subsidiaries may act as Paying Agent or Debenture Registrar.

Under the Indenture, Events of Default include, among other things, (i) default for 30 days in payment of interest (including Contingent Interest and Additional Interest, if any) on the Debentures; (ii) default in payment of principal on the Debentures when the same becomes due at Stated Maturity, upon declaration of acceleration or otherwise, or failure by the Company to purchase or redeem Debentures when required; (iii) failure by the Company to deliver shares, cash or other property on conversion of the Debentures in accordance with the Indenture; (iv) failure by the Company to comply with other agreements in the Indenture or the Debentures, in certain cases subject to notice and lapse of time; (v) certain accelerations (including failure to pay within any grace period after final maturity) of other Indebtedness of the Company if the amount accelerated (or so unpaid) exceeds \$10.0 million; (vi) certain events of bankruptcy or insolvency with respect to the Company or any Subsidiary and (vii) certain judgments or decrees for the payment of money in excess of \$10.0 million. In case an Event of Default shall have occurred and be continuing, the principal of and accrued and unpaid interest (including Additional Interest, if any) on all Debentures may be declared by either the Trustee or the holders of not less than 25% in aggregate principal amount of the Debentures then outstanding,

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and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture. Certain events of bankruptcy or insolvency are Events of Default which will result in the Debentures being due and payable immediately upon the occurrence of such Events of Default.

Debentureholders may not enforce the Indenture or the Debentures except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Debentures unless it receives indemnity or security reasonably satisfactory to it. Subject to certain limitations, holders of a majority in principal amount of the Debentures may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Debentureholders notice of any continuing Default (except a Default in payment of principal or interest (including Contingent Interest and Additional Interest, if any) on any Debenture) if it determines that withholding notice is in the interest of the holders.

A director, officer, employee or stockholder, as such, of the Company or the Trustee shall not have any liability for any obligations of the Company under the Debentures or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Debenture, each Debentureholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Debentures.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of at least a majority in aggregate principal amount of the Debentures at the time outstanding, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental

indenture or modifying in any manner the rights of the holders of the Debentures; PROVIDED that without the consent of each Debentureholder affected thereby no such supplemental indenture shall (i) extend the Stated Maturity of any Debenture, or reduce the rate or extend the stated time for payment of interest (including Contingent Interest and Additional Interest, if any) on any Debenture, or reduce the principal amount of any Debenture or reduce any amount payable upon redemption or repurchase of any Debenture, or change the time at which any Debenture may be redeemed or repurchased, or impair the right of any Debentureholder to receive payment of principal of and interest (including Contingent Interest and Additional Interest, if any) on such holder's Debentures on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Debentures, or make the principal of or interest (including Contingent Interest and Additional Interest, if any) on any Debenture payable in any coin or currency other than that provided in the Debentures, or affect the obligation of the Company to redeem any Debenture on a Redemption Date in a manner adverse to such Debentureholder, or affect the obligation of the Company to repurchase any Debenture upon a Fundamental Change in a manner adverse to such Debentureholder, or affect the obligation of the Company to repurchase any Debenture on a Company Repurchase Date in a manner adverse to such Debentureholder, or impair the right to convert the Debentures into shares of Common Stock subject to the terms set forth in the Indenture, including Section 15.06 thereof, or reduce the number of shares of Common Stock or other property receivable upon conversion, or modify any of the provisions of Article 10 or Section 6.07 thereof, except to increase any such percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Debenture so affected, or change any obligation of the Company to maintain an office or agency in the places and for the purposes set forth in

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Section 4.02 thereof, or reduce the quorum or voting requirements set forth in Article 9 thereof or (ii) reduce the aforesaid percentage of Debentures, the holders of which are required to consent to any such supplemental indenture. Subject to the provisions of the Indenture, the holders of a majority in aggregate principal amount of the Debentures at the time outstanding may on behalf of the holders of all of the Debentures waive any past default or Event of Default under the Indenture and its consequences except (A) a default in the payment of interest (including Contingent Interest and Additional Interest, if any) on, or the principal of, the Debentures, (B) a failure by the Company to convert any Debentures into Common Stock, (C) a default in the payment of the Redemption Price pursuant to Article 3 of the Indenture, (D) a default in the payment of the Company Repurchase Price or Fundamental Change Repurchase Price pursuant to Article 3 of the Indenture or (E) a default in respect of a covenant or provision of the Indenture which under Article 10 of the Indenture cannot be modified or amended without the consent of the holders of each or all Debentures then outstanding or affected thereby. Any such consent or waiver by the holder of this Debenture (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Debenture and any Debentures which may be issued in exchange or substitution hereof, irrespective of whether or not any notation thereof is made upon this Debenture or such other Debentures.

No reference herein to the Indenture and no provision of this Debenture or of the Indenture shall alter or impair the obligations of the Company, which are absolute and unconditional, to pay the principal of and interest (including Contingent Interest and Additional Interest, if any) on this Debenture at the place, at the respective times, at the rate and in the coin or currency herein prescribed.

Holders must surrender Debentures to a Paying Agent to collect principal payments. The Company will pay principal and interest (including Contingent Interest and Additional Interest, if any) in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Debentures represented by a Global Debenture (including principal and interest (including Additional Interest, if any)) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company. The Company will make all payments in respect of a Definitive Debenture (including principal and interest (including Contingent Interest and Additional Interest, if any)) by mailing a check to the registered address of each holder thereof; PROVIDED, that payments on a certificated Debenture will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion). The Company may also pay interest (including Contingent Interest and Additional Interest, if any) by check mailed to the address of a holder as it appears in the Debenture Register, PROVIDED, that holders with an aggregate principal amount of Debentures in excess of \$2

million, may be paid, at their written election, by wire transfer in immediately available funds. However, payments to the Depositary will be made by wire transfer of immediately available funds to the account of Depositary or its nominee.

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The Debentures are issuable in fully registered form, without coupons, in denominations of \$1,000 principal amount and any multiple of \$1,000. At the office or agency of the Company referred to on the face hereof, and in the manner and subject to the limitations provided in the Indenture, without payment of any service charge but with payment of a sum sufficient to cover any tax, assessment or other governmental charge that may be imposed in connection with any registration or exchange of Debentures, Debentures may be exchanged for a like aggregate principal amount of Debentures of any other authorized denominations. The Debenture Registrar may require a holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture.

The Company promises to pay interest on the principal amount of this Debenture at the rate per annum shown above; PROVIDED, that Contingent Interest will accrue on this Debenture as set forth in the Indenture and if a Registration Default (as defined in the Registration Rights Agreement) occurs, Additional Interest will accrue on this Debenture as set forth in the Registration Rights Agreement. The Company will pay interest semiannually in arrears on June 15 and December 15 of each year, commencing December 15, 2004. Interest on the Debentures will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from June 21, 2004. The Company will pay interest on the Debentures (except defaulted interest) to the Persons who are registered holders of Debentures at the close of business on the June 1 or December 1 next preceding the interest payment date even if Debentures are canceled after the record date and on or before the interest payment date.

The Debentures are not redeemable prior to June 20, 2011. At any time on or after June 20, 2011 and prior to Stated Maturity, the Debentures may be redeemed at the option of the Company, in whole or in part, in cash, upon mailing a notice of such redemption not less than thirty (30) days but not more than sixty (60) days before the Redemption Date to the holders of Debentures at their last registered addresses, all as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of Debentures to be redeemed plus accrued and unpaid interest (including Contingent Interest and Additional Interest, if any), if any, to but excluding the Redemption Date; PROVIDED that if the Redemption Date is on June 15 or December 15, then the interest payable on such date shall be paid to the holder of record on the preceding June 1 or December 1, respectively.

The Debentures will be redeemable in multiples of \$1,000 principal amount.

The Company may not give notice of any redemption of the Debentures if a default in the payment of interest (including Contingent Interest and Additional Interest, if any) on the Debentures has occurred and is continuing.

The Debentures are not subject to redemption through the operation of any sinking fund.

Subject to the terms and conditions of the Indenture, the Company shall become obligated to repurchase for cash, at the option of the holder, all or any portion of the Debentures held by such holder if a Fundamental Change occurs at any time prior to maturity of the Debentures, on a Fundamental Change Repurchase Date specified by the Company (which shall

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be no later than thirty-five (35) Business Days after the occurrence of such Fundamental Change), at a Fundamental Change Repurchase Price equal to 100% of the principal amount thereof, plus accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) to (but excluding) the Fundamental Change Repurchase Date plus the Make-Whole Premium, if applicable; PROVIDED that if such Fundamental Change Repurchase Date falls after a record date and on or prior to the corresponding Interest Payment Date, the interest payable on such Interest Payment Date shall be paid to the holder of record of this Debenture on the applicable record date instead of the holders surrendering such Debentures for repurchase on such date. The Company shall mail to all holders of record of such Debentures a notice of the occurrence of a Fundamental Change and of the repurchase right arising as a result thereof on or before the twenty-fifth (25th) Business Day prior to each Fundamental Change Repurchase Date. To exercise such right, a holder shall deliver to the to the Trustee (or other Paying Agent appointed by the Company) such Debentures with the form

entitled "FORM OF FUNDAMENTAL CHANGE REPURCHASE ELECTION" on the reverse thereof duly completed, together with the Debentures, duly endorsed for transfer, at any time from the opening of business on the date that is twenty-five (25) Business Days prior to such Fundamental Change Repurchase Date until the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date, as set forth in the Indenture.

If a Fundamental Change (except for any Fundamental Change relating solely to paragraph (b) of the definition thereof) occurs at any time prior to June 15, 2011, then the Fundamental Change Repurchase Price will include the Make-Whole Premium, calculated as provided in Section 3.05 of the Indenture, payable in cash. If the holder of any Debentures elects to surrender the Debentures for conversion pursuant to Section 15.01 of the Indenture in connection with such Fundamental Change, such holder will be entitled to receive (x) at the option of the Company, shares of Common Stock, cash or a combination thereof in respect of the Conversion Obligation, plus (y) the Make-Whole Premium, which may be paid in cash, shares of Common Stock, or a combination thereof.

Subject to the terms and conditions of the Indenture, the Company shall become obligated to repurchase, at the option of the holder, all or any portion of the Debentures held by such holder on June 15, 2011, June 15, 2014, June 15, 2019, June 15, 2024 and June 15, 2029, in integral multiples of \$1,000 at a Company Repurchase Price of 100% of the principal amount thereof, plus any accrued and unpaid interest (including Contingent Interest and Additional Interest, if any), if any, on such Debentures to but excluding the Company Repurchase Date. To exercise such right, a holder shall deliver to the Trustee (or other Paying Agent appointed by the Company) such Debenture with the form entitled "FORM OF COMPANY REPURCHASE ELECTION" on the reverse thereof duly completed, together with the Debenture, duly endorsed for transfer, at any time from the opening of business on the date that is twenty (20) Business Days prior to such Company Repurchase Date until the close of business on the Business Day immediately preceding the Company Repurchase Date, as set forth in the Indenture.

Debentureholders have the right to withdraw any Repurchase Election by delivering to the Trustee (or other Paying Agent appointed by the Company) a written notice of withdrawal up to the close of business on the Business Day immediately preceding the Repurchase Date, all as provided in the Indenture.

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If cash or securities sufficient to pay the Repurchase Price or Redemption Price with respect to all Debentures or portions thereof to be repurchased or redeemed as of any Repurchase Date or Redemption Date are deposited with the Trustee (or other Paying Agent appointed by the Company), then on and after such Repurchase Date or Redemption Date, interest (including Contingent Interest and Additional Interest, if any) will cease to accrue on such Debentures (or portions thereof), and the holders thereof shall have no other rights as such other than the right to receive the Repurchase Price or Redemption Price upon surrender of such Debentures.

Subject to the occurrence of certain events and in compliance with the provisions of the Indenture, prior to Stated Maturity, the holder hereof has the right, at its option, to convert each \$1,000 principal amount of the Debentures into 25.00 shares (the "CONVERSION RATE") of the Company's Common Stock (at a Conversion Price of \$40.00 per share), as such shares shall be constituted at the date of conversion and subject to adjustment from time to time as provided in the Indenture, upon surrender of this Debenture with the form entitled "FORM OF CONVERSION NOTICE" on the reverse hereof duly completed, to the Company at the office or agency of the Company maintained for that purpose in accordance with the terms of the Indenture or, at the option of such holder, the Corporate Trust Office, and, unless the shares issuable on conversion are to be issued in the same name as this Debenture, duly endorsed by, or accompanied by instruments of transfer in form satisfactory to the Company duly executed by, the holder or by its duly authorized attorney. The Company will notify the holder thereof of any event triggering the right to convert the Debentures in accordance with the Indenture.

If the Company (i) is a party to a consolidation, merger, binding share exchange or combination, (ii) reclassifies the Common Stock or (iii) sells or conveys its properties and assets substantially as an entirety to any Person, the right to convert a Debenture into shares of Common Stock may be changed into a right to convert it into securities, cash or other assets of the Company or such other Person, in each case in accordance with the Indenture.

No adjustment in respect of interest on any Debenture converted or dividends on any shares issued upon conversion of such Debenture will be made upon any conversion except as set forth in the next sentence. If this Debenture (or portion hereof) is surrendered for conversion during the period from the

close of business on any record date for the payment of interest to the close of business on the Business Day preceding the following Interest Payment Date and has not been called for redemption by the Company on a Redemption Date that occurs during such period, this Debenture (or portion hereof being converted) must be accompanied by payment, in immediately available funds or other funds acceptable to the Company, of an amount equal to the interest otherwise payable on such Interest Payment Date on the principal amount being converted; PROVIDED that no such payment shall be required (1) if the Company has specified a Redemption Date that is after a record date and prior to the next Interest Payment Date, (2) if the Company has specified a Repurchase Date following a Fundamental Change that is after a Regular Record Date and on or prior to a date that is one (1) Business Day after the corresponding Interest Payment Date or (3) to the extent of any overdue interest (including Contingent Interest and Additional Interest, if any), if any overdue interest exists at the time of conversion with respect to such Debenture.

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No fractional shares will be issued upon any conversion, but an adjustment and payment in cash will be made, as provided in the Indenture, in respect of any fraction of a share which would otherwise be issuable upon the surrender of any Debenture or Debentures for conversion.

A Debenture in respect of which a holder is exercising its right to require repurchase upon a Fundamental Change or repurchase on a Repurchase Date may be converted only if such holder withdraws its election to exercise such right in accordance with the terms of the Indenture.

Any Debentures called for redemption, unless surrendered for conversion by the holders thereof on or before the close of business on the second Business Day preceding the Redemption Date, may be deemed to be redeemed from the holders of such Debentures for an amount equal to the applicable Redemption Price by one or more investment banks or other purchasers who may agree with the Company (i) to purchase such Debentures from the holders thereof and convert them into shares of the Company's Common Stock and (ii) to make payment for such Debentures as aforesaid to the Trustee in trust for the holders.

Upon due presentment for registration of transfer of this Debenture at the office or agency of the Company maintained for that purpose in accordance with the terms of the Indenture, a new Debenture or Debentures of authorized denominations for an equal aggregate principal amount will be issued to the transferee in exchange thereof, subject to the limitations provided in the Indenture, without charge except for any tax, assessment or other governmental charge imposed in connection therewith.

The Company, the Trustee, any authenticating agent, any Paying Agent, any Conversion Agent and any Debenture Registrar may deem and treat the registered holder hereof as the absolute owner of this Debenture (whether or not this Debenture shall be overdue and notwithstanding any notation of ownership or other writing hereon made by anyone other than the Company or any Debenture Registrar) for the purpose of receiving payment hereof, or on account hereof, for the conversion hereof and for all other purposes, and neither the Company nor the Trustee nor any other authenticating agent nor any Paying Agent nor other Conversion Agent nor any Debenture Registrar shall be affected by any notice to the contrary. All payments made to or upon the order of such registered holder shall, to the extent of the sum or sums paid, satisfy and discharge liability for monies payable on this Debenture.

No recourse for the payment of the principal of or interest (including Contingent Interest and Additional Interest, if any) on this Debenture, or for any claim based hereon or otherwise in respect hereof, and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or any supplemental indenture or in this Debenture, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, employee, agent, officer or director or subsidiary, as such, past, present or future, of the Company or of any of its successors, either directly or through the Company or any of its successors, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

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If money for the payment of principal or interest (including Contingent Interest and Additional Interest, if any) remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request unless an abandoned property law designates another Person. After any such payment, holders entitled to the money must look only to the Company

and not to the Trustee for payment.

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ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Debenture, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -	as tenants in common	UNIF GIFT MIN ACT -	____ Custodian ____
TEN ENT -	as tenant by the entireties		(Cust) (Minor)
JT TEN -	as joint tenants with right of survivorship	under Uniform Gifts to Minors Act	
	and not as tenants in common	_____	(State)

Additional abbreviations may also be used though not in the above list.

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FORM OF
CONVERSION NOTICE

TO: CHARLES RIVER ASSOCIATES INCORPORATED
U.S. BANK NATIONAL ASSOCIATION

The undersigned registered owner of this Debenture hereby irrevocably exercises the option to convert this Debenture, or the portion thereof (which is \$1,000 or a multiple thereof) below designated, into shares of Common Stock of Charles River Associate Incorporated, in accordance with the terms of the Indenture referred to in this Debenture, and requests and instructs the Company to issue and deliver to the undersigned registered owner (unless a different name has been indicated below) the shares of Common Stock issuable and deliverable upon such conversion, together with (i) any Debentures representing any unconverted principal amount hereof and (ii) any check in payment for interest, if any, and fractional shares. Capitalized terms used herein but not defined herein shall have the meanings ascribed to such terms in the Indenture. If shares of Common Stock or any portion of the principal amount of this Debenture not converted are to be issued in the name of a Person other than the undersigned, the undersigned will provide the appropriate information below and pay all transfer taxes payable with respect thereto.

Dated: _____

Signature(s)

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Signature(s) must be guaranteed by an "ELIGIBLE GUARANTOR INSTITUTION" meeting the requirements of the Debenture Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "SIGNATURE GUARANTEE PROGRAM" as may be determined by the Debenture Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Signature Guarantee

NOTICE: The abovesignatures of the holder(s) hereof must correspond with the

name as written upon the face of the Debenture in every particular without alteration or enlargement or any change whatsoever.

Fill in the registration of shares of Common Stock if to be issued, and Debentures if to be delivered, other than to and in the name of the registered holder:

(Name)

(Street Address)

(City, State and Zip Code)

Please print name and address

Principal amount to be converted
(if less than all):

\$ _____

Social Security or Other Taxpayer
Identification Number:

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FORM OF
FUNDAMENTAL CHANGE REPURCHASE ELECTION

TO: CHARLES RIVER ASSOCIATE INCORPORATED
U.S. BANK NATIONAL ASSOCIATION

The undersigned registered owner of this Debenture hereby irrevocably acknowledges receipt of a notice from Charles River Associate Incorporated (the "COMPANY") as to the occurrence of a Fundamental Change with respect to the Company and requests and instructs the Company to repurchase the entire principal amount of this Debenture, or the portion thereof (which is \$1,000 or a multiple thereof) below designated, in accordance with the terms of the Indenture referred to in this Debenture at the price of 100% of such entire principal amount or portion thereof, together with accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) to, but excluding, the Fundamental Change Repurchase Date, to the registered holder hereof unless a different name has been indicated below. Capitalized terms used herein but not defined herein shall have the meanings ascribed to such terms in the Indenture. This Debenture shall be repurchased by the Company as of the Fundamental Change Repurchase Date pursuant to the terms and conditions specified in the Indenture. If any portion of the principal amount of this Debenture is to be issued or paid, as applicable, to a Person other than the undersigned, the undersigned will provide the appropriate information below and pay all transfer taxes payable with respect thereto.

Dated: _____

Signature(s)

E-17

NOTICE: The above signatures of the holder(s) hereof must correspond with the name as written upon the face of the Debenture in every particular without alteration or enlargement or any change whatever.

Debenture Certificate Number (if applicable):

Principal amount to be repurchased (if less than all):

Social Security or Other Taxpayer Identification Number:

E-18

FORM OF
COMPANY REPURCHASE ELECTION

TO: CHARLES RIVER ASSOCIATE INCORPORATED
U.S. BANK NATIONAL ASSOCIATION

The undersigned registered owner of this Debenture hereby irrevocably acknowledges receipt of a notice from Charles River Associate Incorporated (the "COMPANY") regarding the right of holders to elect to require the Company to repurchase the Debentures and requests and instructs the Company to repay the entire principal amount of this Debenture, or the portion thereof (which is \$1,000 or a multiple thereof) below designated, in accordance with the terms of the Indenture at the price of 100% of such entire principal amount or portion thereof, together with accrued and unpaid interest (including Contingent Interest and Additional Interest, if any) to, but excluding, the Company Repurchase Date, to the registered holder hereof unless a different name has been indicated below. Capitalized terms used herein but not defined herein shall have the meanings ascribed to such terms in the Indenture. The Debentures shall be repurchased by the Company as of the Company Repurchase Date pursuant to the terms and conditions specified in the Indenture. If any portion of the principal amount of this Debenture is to be issued or paid, as applicable, to a person other than the undersigned, the undersigned will provide the appropriate information below and pay all transfer taxes payable with respect thereto.

Dated: _____

Signature(s)

E-19

NOTICE: The above signatures of the holder(s) hereof must correspond with the name as written upon the face of the Debenture in every particular without alteration or enlargement or any change whatever.

Debenture Certificate Number (if applicable):

Principal amount to be repurchased (if less than all):

Social Security or Other Taxpayer Identification Number:

E-20

ASSIGNMENT

For value received _____ hereby sell(s) assign(s) and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Debenture, and hereby irrevocably constitutes and appoints attorney to transfer said Debenture on the books of the Company, with full power of substitution in the premises.

In connection with any transfer of the Debenture prior to the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision) (other than any transfer pursuant to a registration statement that has been declared effective under the Securities Act of 1933, as amended), the undersigned confirms that the Debenture is being transferred:

- To Charles River Associate Incorporated or a subsidiary thereof; or
- To a "QUALIFIED INSTITUTIONAL BUYER" in compliance with Rule 144A

under the Securities Act of 1933, as amended; or

- Pursuant to and in compliance with Rule 144 under the Securities Act of 1933, as amended; or
- Pursuant to a registration statement which has been declared effective under the Securities Act of 1933, as amended, and which continues to be effective at the time of transfer;

and unless the Debenture has been transferred to Charles River Associate Incorporated or a subsidiary thereof, the undersigned confirms that the Debenture is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act of 1933, as amended.

UNLESS ONE OF THE BOXES IS CHECKED, THE TRUSTEE WILL REFUSE TO REGISTER ANY OF THE DEBENTURES EVIDENCED BY THIS CERTIFICATE IN THE NAME OF ANY PERSON OTHER THAN THE REGISTERED HOLDER THEREOF.

Dated: -----

Signature(s)

E-21

Signature(s) must be guaranteed by an "ELIGIBLE GUARANTOR INSTITUTION" meeting the requirements of the Debenture Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "SIGNATURE GUARANTEE PROGRAM" as may be determined by the Debenture Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Signature Guarantee

NOTICE: The above signatures of the holder(s) hereof must correspond with the name as written upon the face of the Debenture in every particular without alteration or enlargement or any change whatsoever.

E-22

Schedule I

[TO BE ATTACHED TO GLOBAL SECURITIES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY

The initial principal amount of this Global Security is \$75,000,000. The following increases or decreases in this Global Security have been made:

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JOHN HANCOCK TOWER
200 Clarendon Street
Boston, Massachusetts
(the "Building")

SIXTEENTH AMENDMENT OF LEASE

April 23, 2004

LANDLORD: 100 & 200 Clarendon LLC, a Delaware limited liability company,
successor in interest to John Hancock Life Insurance Company

TENANT: Charles River Associates Incorporated, a Massachusetts corporation

EXISTING
PREMISES: Areas on Floors 31, 32 and 33 of the Building, containing, in the
aggregate, 63,295 rentable square feet, as shown on Exhibit A-1,
Exhibit A-2 and Exhibit A-3 attached to the Fifteenth Amendment
of Lease dated June 7, 2002 consisting of the following:

Floor 31: 6,000 rentable square feet
Floor 32: 28,803 rentable square feet
Floor 33: 28,492 rentable square feet

ORIGINAL
LEASE
DATA

DATE OF LEASE: March 1, 1978

TERMINATION

DATE: April 25, 2008

PREVIOUS
LEASE

AMENDMENTS: First Amendment dated December 16, 1981
Second Amendment dated February 24, 1984
Third Amendment dated February 28, 1985
Fourth Amendment dated February 7, 1986
Fifth Amendment dated February 13, 1987
Sixth Amendment dated August 24, 1987
Seventh Amendment dated January 31, 1990
Eighth Amendment dated December 31, 1991
Ninth Amendment dated September 2, 1992

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Lease Memorandum dated July 7, 1993 (Ninth Amendment)
Storage Space Letter dated June 29, 1994
Tenth Amendment dated August 24, 1995
Eleventh Amendment dated November 25, 1996
Twelfth Amendment dated March 19, 1998
Thirteenth Amendment dated August 13, 1999
Fourteenth Amendment dated April 20, 2000
Fifteenth Amendment dated June 7, 2002

T-26
EXPANSION
PREMISES:

An area on the twenty-sixth (26th) floor of the
Building, consisting of approximately 19,073
rentable square feet, measured using the Modified
BOMA Standard, as defined in the Fifteenth Amendment,
substantially as shown on Exhibit A, Sixteenth
Amendment, a copy of which is attached hereto and
incorporated by reference herein

WHEREAS, Tenant desires to (i) extend the Term of the above-referenced
lease for an additional term; and (ii) lease the T-26 Expansion Premises from
Landlord;

WHEREAS, Landlord is willing to: (i) extend the Term of the lease; and
(ii) lease the T-26 Expansion Premises to Tenant upon the terms and conditions
hereinafter set forth;

NOW THEREFORE, the above-described lease, as previously amended (the
"Lease"), is hereinafter further amended as follows:

1. EXTENSION OF TERM

The Term of the Lease in respect of the Existing Premises is hereby
extended for an additional term commencing as of April 26, 2008 and terminating
as of the Extended Termination Date, as defined in Paragraph 2 below

("Additional Term"). Said Additional Term shall be upon all of the same terms and conditions of the Lease in effect immediately preceding the commencement of such Additional Term (including, without limitation, the Base Year for purposes of calculating Tenant's rent adjustment for Operating Expenses and the Base Year for purposes of calculating Tenant's Proportionate Share of Ownership Taxes), except as follows:

A. For the period from April 26, 2008 through the Extended Termination Date, Base Rent in respect of the Existing Premises shall be Two Million Seventy-Six Thousand Seventy-Six and 00/100 (\$2,076,076.00) Dollars per annum (i.e., a monthly installment of \$173,006.33).

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B. Notwithstanding anything to the contrary contained in this Sixteenth Amendment, Tenant's Additional Expansion Option, as set forth in Paragraph 10 of the Fifteenth Amendment of Lease, to lease the Additional Expansion Premises consisting of 22,090 rentable square feet of space located on the 31st floor of the Building and outlined on Exhibit A-4 to the Fifteenth Amendment of Lease, shall remain in full force and effect on the terms set forth in said Paragraph 10 of the Fifteenth Amendment, except that the Option Term Commencement Date has been revised, per Paragraph 7 of this Sixteenth Amendment, to be the day immediately following the Extended Termination Date, as defined in Paragraph 2 below.

C. In the event that any of the provisions of the Lease are inconsistent with this Amendment or the state of facts contemplated hereby, the provisions of this Amendment shall control.

2. DEMISE OF T-26 EXPANSION PREMISES

Landlord hereby demises and leases to Tenant and Tenant hereby hires and leases and takes from Landlord the T-26 Expansion Premises for a term commencing as of the Commencement Date in respect of the T-26 Expansion Premises, as hereinafter defined, and terminating as of the last day of the month in which the fifth (5th) anniversary of the Commencement Date in respect of the T-26 Expansion Premises, as hereinafter defined, occurs ("Extended Termination Date"). Landlord shall provide Tenant with advance written notice of the estimated Commencement Date in respect of the T-26 Expansion Premises at least 1 week prior to such Commencement Date. Promptly after the determination of the Commencement Date in respect of the T-26 Expansion Premises, Landlord and Tenant shall confirm such Commencement Date and the Extended Termination Date in writing. Said demise of the T-26 Expansion Premises shall be upon all of the same terms and conditions of the Lease, except as follows:

A. The Commencement Date in respect of the T-26 Expansion Premises shall be the date ninety (90) days after the date that Landlord substantially completes the Shell Work, as defined in Paragraph 4 hereof.

B. Base Rent in respect of the T-26 Expansion Premises shall be Six Hundred Sixty-Seven Thousand Five Hundred Fifty-Four and 96/100 (\$667,554.96) Dollars per annum (i.e., a monthly installment of \$55,629.58), based on \$35.00 per rentable square foot of the T-26 Premises per annum, and shall commence on the Commencement Date in respect of the T-26 Expansion Premises.

C. The Base Year for purposes of calculating Tenant's rent adjustment for Operating Expenses in respect of the T-26 Expansion Premises shall be calendar year 2004.

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D. The Base Year for purposes of calculating Tenant's Proportionate Share of Ownership Taxes in respect of the T-26 Expansion Premises shall be fiscal year 2005 (i.e., July 1, 2004 - June 30, 2005).

E. Tenant's Proportionate Share of Ownership Taxes in respect of the T-26 Expansion Premises shall be 1.10%, the percentage resulting from dividing the number of square feet of rentable area included in the T-26 Expansion Premises (i.e., 19,073 rentable square feet) by the number of square feet of rentable area in the Building (i.e., 1,738,779 rentable square feet).

3. ELECTRICITY IN RESPECT OF T-26 EXPANSION PREMISES

The consumption of electricity in the T-26 Expansion Premises shall be measured by a check meter to be installed by Landlord as part of the Shell Work, as defined in Paragraph 4 below. Tenant shall reimburse Landlord for the entire cost of such electric current as follows:

1. Commencing as of the Commencement Date in respect of the T-26

Expansion Premises and continuing until the procedures set forth in Paragraph 2 below are effected, Tenant shall pay to Landlord at the same time and in the same manner that it pays its monthly payments of Base Rent hereunder, estimated monthly payments on account of Tenant's obligation to reimburse Landlord for electricity consumed in the T-26 Expansion Premises.

2. Periodically after the Commencement Date in respect of the T-26 Expansion Premises, Landlord shall determine the actual cost of electricity consumed by Tenant in the T-26 Expansion Premises (i.e. by reading Tenant's check meter and by applying the actual electric rate(s) applicable to the preceding period). If the total of Tenant's estimated monthly payments on account of such period is less than the actual cost of electricity consumed in the T-26 Expansion Premises during such period, Tenant shall pay the difference to Landlord when billed therefor. If the total of Tenant's estimated monthly payments on account of such period is greater than the actual cost of electricity consumed in the T-26 Expansion Premises during such period, Tenant may credit the difference against its next installment of rental or other charges due hereunder.
3. After each adjustment, as set forth in Paragraph 2 above, the amount of estimated monthly payments on account of Tenant's obligation to reimburse Landlord for electricity in the T-26 Expansion Premises shall be adjusted based upon the actual cost of electricity consumed during the immediately preceding period.

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4. CONDITION OF T-26 EXPANSION PREMISES

A. SHELL WORK. Tenant shall take the T-26 Expansion Premises "as-is", in the condition in which the T-26 Expansion Premises are in as of the Commencement Date in respect of the T-26 Expansion Premises, without any obligation on the part of Landlord to prepare or construct the T-26 Expansion Premises for Tenant's occupancy and without any representation or warranty by Landlord as to the condition of the T-26 Expansion Premises, except that Landlord shall, at Landlord's cost, perform the following work ("Shell Work"):

All existing floor covering and adhesive residue shall be removed to concrete slab. Slab shall be level with no penetrations, divots, or pockmarks. Slab shall be broom clean, ready for floor covering. All hung ceiling components shall be removed. All debris and abandoned cables, wires, conduits, ductwork, piping, etc. shall have been removed from above the ceiling. A fire protection loop shall be provided. All exterior windows shall be provided with existing, functioning building standard window treatments. In addition, Landlord shall install demising walls, ready for paint, to separate the T-26 Expansion Premises from the balance of the 26th floor as shown on Exhibit A, Sixteenth Amendment and install a check meter to measure the consumption of electricity in the T-26 Expansion Premises.

B. COMPLETION OF SHELL WORK. Landlord shall use reasonable efforts to substantially complete the Shell Work on or before the date forty (40) days after this Sixteenth Amendment is executed by Tenant and Landlord and delivered. The Shell work shall be deemed substantially completed on the date that all of the Shell Work has been performed, other than punch-list work which does not interfere with Tenant's access or occupancy of the T-26 Premises or the performance of Tenant's T-26 Work, as defined in Paragraph 5.A below.

C. EARLY ENTRY. With Landlord's prior written consent, which shall not be unreasonably withheld, and which consent shall only be required prior to Tenant's initial request to enter the T-26 Expansion Premises, Tenant shall have the right to enter the T-26 Expansion Premises after the Shell Work is substantially completed and prior to the Commencement Date in respect of the T-26 Expansion Premises, during normal business hours and without payment of rent, to perform Tenant's T-26 Work, as defined in Paragraph 5(A) below, which entry shall otherwise be in compliance with the terms of this Lease. Such right of entry shall be deemed a license from Landlord to Tenant, and any entry thereunder shall be at the risk of Tenant.

D. FLOOR 26 LOBBY WORK. In addition to the Shell Work, Landlord shall, at Landlord's cost, finish the demising walls on the common corridor side of the T-26 Expansion Premises, repaint and recarpet the common corridor and lobby of the 26th floor, renovate/upgrade the common area bathrooms on the 26th floor of the Building to Building standard as currently exists (i.e., as of the date of this Sixteenth Amendment) in

the common area bathrooms on the 52nd floor of the Building and construct a multi-tenant elevator lobby on the 26th floor (collectively, "Floor 26 Lobby Work"). In addition, to the extent required, Landlord shall be responsible at Landlord's expense, for bringing the base Building systems, common areas (including restrooms) and Building core areas serving the 26th floor into compliance with existing (i.e., as of the date of this Sixteenth Amendment) federal, state or local environmental laws or other legal requirements and Title III of the Americans with Disabilities Act of 1990. Landlord shall use reasonable efforts to complete the Floor 26 Common Area Work on or before the date one hundred thirty (130) days after this Sixteenth Amendment is executed by Tenant and Landlord and delivered ("Estimated Lobby Completion Date"). If the Floor 26 Common Area Work is not completed on or before the date fifty (50) days after the Estimated Lobby Completion Date ("Outside Lobby Completion Date"), and such failure is not due to any delay caused by Tenant or Tenant's contractors, then, as Tenant's sole remedy, Tenant shall be entitled to a credit against Tenant's obligation to pay Base Rent in respect of the T-26 Expansion Premises of Two Hundred and 00/100 (\$200.00) Dollars per day for each day between the Outside Lobby Completion Date and the date that the Floor 26 Common Area Work is completed.

5. LANDLORD'S CONTRIBUTION IN RESPECT OF T-26 EXPANSION PREMISES

A. Landlord shall, in the manner hereinafter set forth, contribute up to Nine Hundred Fifty-Three Thousand Six Hundred Fifty and 00/100 (\$953,650.00) Dollars (i.e., \$50.00 per rentable square foot of the T-26 Expansion Premises) ("Landlord's Contribution") towards the cost of all leasehold improvements to be installed by Tenant in the T-26 Expansion Premises ("Tenant's T-26 Work") and towards construction and project management fees, tele/data wiring and more related expenses incurred by Tenant in connection with Tenant's T-26 Work. Tenant shall not be responsible for any construction management coordination fees to Landlord in connection with Tenant's T-26 Work. Tenant's T-26 Work shall be performed in accordance with the Lease including, without limitation, Paragraph 10 thereof, as amended by Paragraph 8 of the Ninth Amendment of Lease. In the event that any structural upgrades and/or floor coring for the tele/data wiring is required in connection with Tenant's T-26 Work, then, subject to Tenant's compliance with the Lease provisions, as aforesaid, Tenant shall have the right to reasonable access to the appropriate areas on the 25th floor of the Building, which work shall be performed in accordance with a mutually agreed upon procedure scheduled with the Building's management office.

B. Provided that Tenant is not in default of its obligations under the Lease at the time that Tenant requests any requisition on account of Landlord's Contribution, Landlord shall pay the cost of the work shown on each requisition (as hereinafter defined) submitted by Tenant to Landlord within thirty (30) days of submission thereof by Tenant to Landlord. For the purposes hereof, a "requisition" shall mean written documentation showing in reasonable detail the costs of the improvements then installed by Tenant in the T-26 Expansion Premises. Each requisition shall be accompanied by evidence reasonably

satisfactory to Landlord that all work covered by previous requisitions has been fully paid by Tenant (Landlord hereby agreeing that lien waivers from Tenant's contractor shall be reasonably satisfactory to Landlord for the purposes hereof). Landlord shall have the right, upon reasonable advance notice to Tenant, to inspect Tenant's books and records relating to each requisition in order to verify the amount thereof. Tenant shall submit requisition(s) no more often than monthly.

C. Notwithstanding anything to the contrary herein contained:

(i) Landlord shall have no obligation to advance funds on account of Landlord's Contribution unless and until Landlord has received the requisition in question, together with certifications from Tenant's architect, certifying that the work shown on the requisition has been performed in accordance with applicable law and in accordance with Tenant's approved plans.

(ii) Except with respect to work and/or materials previously paid for by Tenant, as evidenced by paid invoices provided to Landlord, Landlord shall have the right to have Landlord's Contribution paid to both Tenant and Tenant's contractor(s) and vendor(s) jointly, or directly to Tenant's contractor if Landlord has reason to believe there are or may be outstanding claims by such contractor(s) or vendor(s).

(iii) Landlord shall have no obligation to pay Landlord's Contribution in respect of any requisition submitted after the date which is twelve (12)

months after the Commencement Date in respect of the T-26 Expansion Premises ("Outside Requisition Date").

(iv) In the event of any unused portion of Landlord's Contribution remaining after the Outside Requisition Date, Tenant shall be entitled to a dollar for dollar credit of up to \$185,170 of any unused portion of Landlord's Contribution against Tenant's next obligations to pay Base Rent in respect of the T-26 Expansion Premises.

D. Except for Landlord's Contribution and Landlord's Shell Work, Tenant shall bear all other costs of Tenant's T-26 Work. Landlord shall have no liability or responsibility for any claim, injury or damage alleged to have been caused by the particular materials, whether building standard or non-building standard, selected by Tenant in connection with Tenant's Work.

6. INTENTIONALLY DELETED

7. OPTION TO EXTEND LEASE

A. EXISTING PREMISES: The Option to Extend Lease as set forth in Paragraph 9 of the Ninth Amendment of Lease, as amended by Paragraph 4 of the Fifteenth Amendment of Lease, shall continue to be in effect in respect of the Existing Premises, except that the Option Term Commencement Date shall be the day immediately

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following the Extended Termination Date, as defined in Paragraph 2 above, and the Exercise Date shall be not later than twelve (12) months prior to the Extended Termination Date. All other terms and conditions of said Option to Extend Lease set forth in said Paragraph 9 of the Ninth Amendment of Lease, as amended by Paragraph 4 of the Fifteenth Amendment of Lease, shall continue to apply to the Existing Premises.

B. T-26 Expansion Premises: The Option to Extend Lease as set forth in Paragraph 9 of the Ninth Amendment of Lease, as amended by Paragraph 4 of the Fifteenth Amendment of Lease, as further amended by Paragraph 7(A) above, shall apply to the T-26 Expansion Premises, except that the Base Rent in respect of the T-26 Expansion Premises during the Option Term shall be equal to one hundred percent (100%) of the Fair Rental Value.

C. Notwithstanding anything to the contrary herein or in the Lease contained, Tenant shall not have the right to exercise the Option to Extend Lease in respect of the T-26 Expansion Premises unless Tenant simultaneously exercises the Option to Extend Lease in respect of the Existing Premises. However, Tenant shall have the right to exercise the Option to Extend Lease in respect of the Existing Premises without exercising the Option to Extend Lease in respect of the T-26 Expansion Premises by so advising Landlord in Tenant's notice of extension.

8. TENANT'S RIGHT OF FIRST OFFER WITH RESPECT TO BALANCE OF FLOOR 26

On the conditions (which conditions Landlord may waive, at its election, by written notice to Tenant at any time) that Tenant is not in default of its covenants and obligations under the Lease and that Charles River Associates Incorporated, itself, or an affiliate, as that term is defined in Rule 144 promulgated under the Securities Act of 1933, is occupying at least seventy-five percent (75%) of the premises then demised to Tenant, both at the time that Landlord is required to give Landlord's Notice, as hereinafter defined, and as of the Commencement Date in respect of the RFO Premises, and that Tenant timely and properly exercises the Option to Extend Lease in respect of the entirety of the premises then demised to Tenant pursuant to Paragraph 9 of the Ninth Amendment to Lease, as amended by Paragraph 4 of the Fifteenth Amendment of Lease and by Paragraph 7 above, Tenant shall have the following right to lease the RFO Premises, as hereinafter defined, when the RFO Premises become available for lease to Tenant, as hereinafter defined.

A. DEFINITION OF RFO PREMISES

"RFO Premises" shall be defined as any separately demised area on the twenty-sixth (26th) floor of the Building, when such area becomes available for lease to Tenant, as hereinafter defined, during the Term of the Lease. For the purposes of this Paragraph 8, an RFO Premises shall be deemed to be "available for lease to Tenant" if, during the term of the Lease, Landlord, in its sole judgment, determines that such area will become

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available for leasing to Tenant (i.e. when Landlord determines that the then current tenant of such RFO Premises will terminate its lease and vacate such RFO

Premises, and neither Dechert nor John Hancock Financial Services, Inc. exercises its right to lease RFO Premises, and when Landlord intends to offer such area for lease). In no event shall Tenant have any rights under this Paragraph 8 on or before December 1, 2009 or on or after the date twenty-four (24) months prior to the expiration of the Term of the Lease (i.e. Landlord shall have no obligation to give Landlord's Notice, as hereinafter defined, to Tenant on or before December 1, 2009 or on or after the date twenty-four (24) months prior to the expiration of the Term of the Lease).

B. EXERCISE OF RIGHT TO LEASE RFO PREMISES

Landlord's Notice shall set forth the exact location of the RFO Premises, the Base Rent applicable to the RFO Premises and the Commencement Date in respect of the RFO Premises. Tenant shall have the right, exercisable upon written notice ("Tenant's Exercise Notice") given to Landlord within fifteen (15) days after the receipt of Landlord's Notice, to lease the RFO Premises. If Tenant fails timely to give Tenant's Exercise Notice, Tenant shall have no further right to lease such RFO Premises pursuant to this Paragraph 8, provided however, that Tenant shall have the right from time to time thereafter throughout the term of the Lease until Tenant's right to lease the RFO Premises has lapsed, to give Tenant's Request as to any other subsequently available RFO Premises. However, if Tenant fails timely to give Tenant's Exercise Notice with respect to an RFO Premises, and Landlord enters into a lease or other agreement for such RFO Premises, Tenant shall have a right of first offer on such RFO Premises when such RFO Premises are thereafter available for lease to Tenant, as defined above. Upon the timely giving of such notice, Landlord shall lease and demise to Tenant and Tenant shall hire and take from Landlord, such RFO Premises, upon all of the same terms and conditions of the Lease except as hereinafter set forth.

C. LEASE PROVISIONS APPLYING TO RFO PREMISES

The leasing to Tenant of such RFO Premises shall be upon all of the same terms and conditions of the Lease, except as follows:

(1) COMMENCEMENT DATE

The Commencement Date in respect of such RFO Premises shall be the date that Landlord delivers such RFO Premises to Tenant.

(2) BASE RENT

The Base Rent in respect of such RFO Premises shall be the then Fair Rental Value of the RFO Premises, determined in accordance with the provisions of Paragraph 9 of the Ninth Amendment, as modified by Paragraph 4(ii) of the Fifteenth Amendment.

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(3) CONDITION OF RFO PREMISES

Tenant shall take such RFO Premises "as-is" in its then (i.e. as of the date of premises delivery) state of construction, finish, and decoration, without any obligation on the part of Landlord to construct or prepare any RFO Premises for Tenant's occupancy, except that the determination of Fair Rental Value shall take into account, without limitation, any tenant allowances granted by Landlord to Tenant.

D. EXECUTION OF LEASE AMENDMENTS

Notwithstanding the fact that Tenant's exercise of the above-described option to lease RFO Premises shall be self-executing, as aforesaid, the parties hereby agree promptly to execute a lease amendment reflecting the addition of an RFO Premises, except that the Base Rent and Base Years in respect of such RFO Premises in respect of such RFO Premises may not be as set forth in such Amendment. At the time that such Base Rent and Base Years are determined, the parties shall execute a written agreement confirming the same. The execution of such lease amendment shall not be deemed to waive any of the conditions to Tenant's exercise of the herein option to lease the RFO Premises, unless otherwise specifically provided in such lease amendment.

E. Notwithstanding anything herein to the contrary, Tenant's Right of First Offer under this Paragraph 8 is subject and subordinate to the existing rights of Dechert and John Hancock Financial Services, Inc., other tenants in the Building, to lease the RFO Premises, which rights are summarized in Exhibit C, Sixteenth Amendment, a copy of which is attached hereto and incorporated by reference herein.

9. PARKING

In addition to the parking permits made available to Tenant pursuant to Paragraph 12 of the Ninth Amendment of Lease and Paragraph 9 of the Fifteenth Amendment of Lease, Landlord shall make available to Tenant one (1) parking permit for the Hancock Garage per 1,500 square feet of rentable square feet of the T-26 Expansion Premises (or 12 based on 18,517 rentable square feet). Said use of the additional parking permits shall be upon all of the same terms and conditions as set forth in Paragraph 12 of the Ninth Amendment of Lease.

10. BROKER

Tenant and Landlord each represents and warrants to the other that, with respect to this Sixteenth Amendment, it has not directly or indirectly dealt with any broker other than CBRE/Lynch Murphy Walsh Advisors and CB Richard Ellis/Whittier Partner (the "Brokers") and covenants and agrees to defend, save harmless and indemnify the other party against any claims for a commission arising out of any dealings directly or indirectly by such party with any broker, other than the Brokers, with respect to the execution and

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delivery of this Sixteenth Amendment. Landlord shall apy any commissions to the Brokers in connection with this Sixteenth Amendment pursuant to a separate agreement(s) between Landlord and Brokers.

11. INAPPLICABLE LEASE PROVISIONS AND REVISED LEASE PROVISIONS

A. Paragraph 6 of the Lease, Page 5A of the Lease, Exhibits 3 and 4 and Attachment A to the Lease, Paragraph 7 of the Ninth Amendment of Lease, Paragraph 4 of the Tenth Amendment of Lease (which is incorrectly numbered as Paragraph 3), Paragraph 4 of the Eleventh Amendment of Lease (which is incorrectly numbered as Paragraph 3), Paragraph 3 of the Twelfth Amendment of Lease (which is incorrectly numbered as Paragraph 3), Paragraph 4 of the Thirteenth Amendment of Lease, Paragraph 4 of the Fourteenth Amendment of Lease, Paragraph 8 of the Fifteenth Amendment of Lease shall have no applicability to the T-26 Expansion Premises.

B. Except as otherwise provided in Sections 20 and 21 of the Lease, and subject to Tenant's obligations in Section 9 of the Lease, Landlord shall keep and maintain the roof, exterior walls, structural floor slabs, columns, elevators, public stairways and corridors, lavatories, equipment (including, without limitation, sanitary, electrical, heating, air conditioning, or other systems) and other common facilities of the Building in good condition and repair.

C. Notwithstanding anything to the contrary in the Lease contained, Tenant shall neither assert nor seek to enforce any claim against Landlord, or Landlord's agents or employees, or the assets of Landlord or of Landlord's agents or employees, for breach of this Lease or otherwise, other than against Landlord's interest in the Building of which the premises are a part and in the uncollected rents, issues and profits thereof, and Tenant agrees to look solely to such interest for the satisfaction of any liability of Landlord under this Lease, it being specifically agreed that in no event shall Landlord or Landlord's agents or employees (or any of the officers, trustees, directors, partners, beneficiaries, joint venturers, members, stockholders or other principals or representatives, and the like, disclosed or undisclosed, thereof) ever be personally liable for any such liability. This paragraph shall not limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord or to take any other action which shall not involve the personal liability of Landlord to respond in monetary damages from Landlord's assets other than the Landlord's interest in said real estate, as aforesaid. In no event shall Landlord or Landlord's agents or employees (or any of the officers, trustees, directors, partners, beneficiaries, joint venturers, members, stockholders or other principals or representatives and the like, disclosed or undisclosed, thereof) ever be liable for consequential or incidental damages. Without limiting the foregoing, in no event shall Landlord or Landlord's agents or employees (or any of the officers, trustees, directors, partners, beneficiaries, joint venturers, members, stockholders or other principals or representatives and the like, disclosed or undisclosed, thereof) ever be liable for lost profits of Tenant. If by reason of Landlord's failure to acquire title to the real property of which the premises are a part or to complete construction of the Building or premises, Landlord shall be

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held to be in breach of this Lease, Tenant's sole and exclusive remedy shall be a right to terminate this Lease.

12. NOTICES

A. For all purposes of the Lease, the notice address for Landlord as set forth in Paragraph 24 of the Lease is deleted and the following are substituted in its place:

100 & 200 Clarendon LLC
c/o Beacon Capital Partners
One Federal Street
Boston, Massachusetts 02110
Attention: William A. Bonn, Esq.
Tel.: 617-457-0400
Fax: 617-457-0499

with a copy to:

Beacon Capital Partners Management LLC
200 Clarendon Street
Boston, Massachusetts 02116
Attention: General Manager
Tel.: 617-275-0100
Fax: 617-275-0199

B. For all purposes of the Lease, the notice addresses for Tenant as set forth in Paragraph 24 of the Lease are deleted and the following are substituted in their place:

Charles River Associates Incorporated
J. Phillip Cooper, CFO, EVP
200 Clarendon Street, T-33
Boston, Massachusetts 02116-5092
Tel.: 617-425-3000
Fax: 617-425-3141

with a copy to:

Charles River Associates Incorporated
Annlouise Tirrell, Director Corporate Operations
200 Clarendon Street, T-33
Boston, Massachusetts 02116-5092
Tel.: 617-425-3081
Fax: 617-425-3141

13. LANDLORD DEFAULT

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A. Notwithstanding anything to the contrary in the Lease contained, Landlord shall not be deemed to be in default of its obligations under the Lease unless Tenant has given Landlord written notice of such default, and Landlord has failed to cure said default within thirty (30) days after Landlord receives such notice or such longer period of time as Landlord may reasonably require to cure such default.

B. Except as otherwise expressly provided in the Lease, in no event shall Tenant have the right to terminate the Lease nor shall Tenant's obligation to pay Base Rent or other charges under the Lease abate based upon any default by Landlord of its obligations under the Lease.

14. BUILDING NAME

Notwithstanding anything to the contrary in the Lease contained, Tenant shall (i) refer to and designate the Building solely as John Hancock Tower; (ii) not to use any Hancock Marks, as hereinafter defined, in a manner, in conjunction with, or in a recognizable relationship to any persons, entities, materials or Media, as hereinafter defined, that are Objectionable, as hereinafter defined; and (iii) not to use the Official Address, as hereinafter defined, alone as a name or location of the Building (provided that the Official Address may be used as the second part of the street address following the identification of the Building as "John Hancock Tower"). Tenant acknowledges and agrees that any right, benefit or protection available to the Landlord hereunder with respect to use of the name "John Hancock Tower" shall also be deemed to accrue to the benefit of, and may be exercised directly by, John Hancock Life Insurance Company or any of its Affiliates, as hereinafter defined.

For the purposes of this Paragraph 14, the following terms shall have the following definitions:

"Affiliates" means, with respect to any person or entity, any corporation, partnership or other business entity which controls or is controlled by, or is under common control with such person or entity,

as applicable. For the purpose of this definition, the word "control" (including, with correlative meanings, "controlled by" and "under common control with") as used with respect to any corporation, partnership or other business entity, shall mean the possession of the power to direct or cause the direction of the management and policies of such corporation, partnership or other business entity, whether through the ownership of voting securities, interests, contract or otherwise.

"Hancock Marks" means, collectively, the Name and Signature, and such other logos, service marks, trademarks, domain names (including johnhancocktower.com, johnhancocktower.net, and johnhancocktower.org), and copyrights, whether registered or

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unregistered, proprietary to John Hancock Life Insurance Company with respect to the Building (including, without limitation, the marks registered with the USPTO under Registration Nos. 1287236, 1502565 and 1494582) or with respect to which Landlord provides Tenant with notice, and all Likenesses.

"Likeness" means a photograph, replica, sketch, drawing, image or any other visual or two dimensional or three dimensional representation of the Building, which photograph, replica, sketch, drawing, image or other representation does not include or display the Name, Plain Name, Signature, or any such other logos, service marks, trademarks, and copyrights, whether registered or unregistered, proprietary to John Hancock Life Insurance Company with respect to the Building.

"Medium" (or "Media") means any communications or storage medium, regardless of method of storage, compilation or memorialization, if any, including without limitation, physical storage or representation, electronic storage, graphical (including designs and drawings) or photographic representation, or writings.

"Name" means "John Hancock Tower".

"Objectionable" means any activity or material that: (a) is libelous or defamatory, disparaging, pornographic, sexually explicit, unlawful or plagiarized; (b) a reasonable person would consider harassing, abusive, threatening, harmful, vulgar, profane, obscene, excessively violent, racially, ethnically or otherwise objectionable or offensive in any way; (c) constitutes a breach of any person's privacy or publicity rights, a misrepresentation of facts, hate speech or an infringement of any third party's intellectual property rights of any kind, including without limitation, copyright, patent, trademark, industrial design, trade secret, confidentiality or moral rights; (d) violates or encourages others to violate any applicable law; or (e) would have a material adverse effect (1) on the reputation or business of Landlord or John Hancock Life Insurance Company or (2) on the reputation of the Building or (3) on the goodwill associated with the Marks or (f) would be materially detrimental to the marketing or leasing of the Building.

"Official Address" means the official street address assigned to the Building by the City of Boston, the United States Postal Service or any other governmental authority. As of the date of this First Amendment, the Official Address is "200 Clarendon Street."

"Signature" means the script logo associated with the name "John Hancock," as registered with the USPTO under Registration No. 0557033.

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The Signature, as depicted in the drawing on file with the USPTO, consists of a substantial facsimile of the signature of John Hancock (1737-1793), patriot of the American Revolution, as said signature appears on the Declaration of Independence.

"USPTO" means the United States Patent and Trademark Office.

15. HANCOCK COMPETITORS

Notwithstanding anything to the contrary in the Lease contained, if, at any time during the term of the Lease, Tenant becomes a Hancock Competitor, as defined in Exhibit B, Sixteenth Amendment, then Landlord shall have the right to terminate the Lease upon fifteen (15) days' notice to Tenant.

16. CONDITION OF LANDLORD'S EXECUTION

The parties hereby acknowledge that Landlord is only willing to execute this Sixteenth Amendment in the event that the current tenant (the "Current Tenant") of the T-26 Expansion Premises agrees to terminate the term of its lease in respect of the T-26 Expansion Premises. Therefore, Landlord shall have the right, exercisable upon written notice to Tenant, to render the foregoing Sixteenth Amendment void and without further force or effect, unless both of the following events occur on or before April 30, 2004:

- A. Tenant executes and delivers to Landlord the foregoing Sixteenth Amendment; and
- B. The Current Tenant executes and delivers to Landlord an agreement, in form and substance acceptable to Landlord, whereby the Current Tenant agrees to terminate the term of its lease in respect of the T-26 Expansion Premises and agrees to an extension of Tenant's right to exercise the Additional Expansion Option, as set forth in Paragraph 10 of the Fifteenth Amendment, to the Exercise Date, as stated in Paragraphs 2 and 7.A of this Sixteenth Amendment ("Current Tenant Agreement").

In addition, Tenant shall have the right, exercisable upon written notice to Landlord, to render the foregoing Sixteenth Amendment void and without further force or effect unless the Current Tenant executes and delivers to Landlord the Current Tenant Agreement, as defined above, on or before April 30, 2004.

17. As hereby amended, the Lease is ratified, confirmed and approved in all respects.

EXECUTED under seal as of the date first above-written.

LANDLORD: 100 & 200 CLARENDON LLC	TENANT: CHARLES RIVER ASSOCIATES INCORPORATED
By: /s/ Phillip T. Branion Jr. ----- Name: Phillip T. Branion Jr. ----- Title: V.P. Hereunto Duly Authorized	By: /s/ James C. Burrows ----- Name: James C. Burrows ----- Title: President and Chief Executive Officer Hereunto Duly Authorized
Date Signed: 4/26/04 -----	Date Signed: 4/23/04 -----

EXHIBIT A, SIXTEENTH AMENDMENT

T-26 EXPANSION PREMISES

EXHIBIT B, SIXTEENTH AMENDMENT

HANCOCK COMPETITORS

The term "Hancock Competitors," as used in the License to which this Exhibit is attached, means the organizations listed below and any entity which is (i) owned or controlled, directly or indirectly, by any of the following organizations and any successors in interest to the business of any of the following organizations, and (ii) engaged in the insurance business. An entity shall be considered to be engaged in the insurance business if its business includes the writing of insurance policies, the underwriting of insurance policies, the sale of insurance policies, the placement or acceptance of insurance risks in primary or other markets, the marketing or distribution of insurance policies either as a broker, agent or intermediary, consulting services with respect to insurance, or such other activities which would generally be recognized to constitute insurance business. As used in the preceding sentence, the term "insurance policies" shall include all forms of life, health, property, casualty and annuity products of whatever nature, whether written on an individual or group basis, as well as structured settlement agreements, guaranteed investment contracts ("GICs"), synthetic GICs and funding agreements.

Metropolitan Life (MetLife)
Prudential Ins. of America (Prudential Financial)
Teachers Ins. of Annuity Assoc.
Northwestern Mutual
Hartford Life Insurance (Hartford Financial Services)
Equitable Life Assur. of U.S. (AXA Group)
Nationwide Life (Nationwide Financial Services)
New York Life
Principal Life (Principal Financial Group)
Lincoln National Life (Lincoln National Corporation)
Massachusetts Mutual
Conn. General Life (CIGNA Corporation)
Travelers Insurance (Citigroup)
Pacific Life Insurance
ING Life Ins. & Annuity Co. (ING; also Security Life of Denver)
IDS Life Minneapolis (American Express Financial)
Hartford Life & Annuity (Hartford Financial)
Allstate Life (Allstate Financial)
Variable Annuity Life (American International Group)
Jackson National Life (Jackson National Group)
SunAmerica Life (SunLife Financial)
American Family Life Assurance (AFLAC)
State Farm Life (State Farm Group)
American Skandia Life Assurance-Connecticut
Great-West Life & Annuity Ins. Co. (Great-West Life Group)
Aetna Life (Aetna)

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Guardian Life of America
Phoenix Life (Phoenix Companies)
First Colony Life (GE Financial Assurance)
MONY Life Insurance Co. (MONY Group)
Jefferson Pilot Life Ins. Co. (Jefferson-Pilot Corporation)
Provident Life & Accident (Unum Provident)
Allmerica Financial (AFC)
Transamerica Life + Annuity (AEGON USA)
Allianz Life (Allianz)
Fortis
Generali
Prudential PLC

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EXHIBIT C, SIXTEENTH AMENDMENT

EXISTING RIGHTS OF DECHERT AND JOHN HANCOCK FINANCIAL SERVICES, INC.

1. Dechert has the option, to be exercised on or after June 1, 2008 and on or before December 1, 2009, to add to its premises an area of no less than 7,000 contiguous rentable square feet and no more than 10,000 contiguous rentable square feet on either floor 26 or floor 28 of the Building as designated by Landlord, to be delivered by Landlord to Tenant twelve (12) months after Dechert exercises such option.
2. John Hancock Financial Services, Inc. ("JHF") has a right of first offer to lease any and all space in the Building which the Landlord intends to lease to any party. Landlord is to notify JHF of its plans to offer space to any party. If JHF declines on space, Landlord has the opportunity to market to any third party provided the deal isn't less than 95% of the effective rent offered to JHF. If more favorable terms, then Landlord must offer to JHF and JHF has 15 days to decide. If Landlord doesn't enter into a lease within 12 months after original notice to JHF, JHF's rights are reinstated.

CERTIFICATION

I, James C. Burrows, President and Chief Executive Officer of Charles River Associates Incorporated, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Charles River Associates Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) [omitted]

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to affect adversely the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 28, 2004

By: /s/ James C. Burrows

James C. Burrows
President, Chief Executive Officer

CERTIFICATION

I, J. Phillip Cooper, Executive Vice President and Chief Financial Officer of Charles River Associates Incorporated, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Charles River Associates Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) [omitted]

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to affect adversely the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 28, 2004

By: /s/ J. Phillip Cooper

J. Phillip Cooper
Executive Vice President and
Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Charles River Associates Incorporated (the "Company") for the quarter ended May 14, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned President and Chief Executive Officer and Executive Vice President and Chief Financial Officer of the Company, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James C. Burrows

James C. Burrows
President and Chief Executive Officer

Date: June 28, 2004

/s/ J. Phillip Cooper

J. Phillip Cooper
Executive Vice President and
Chief Financial Officer
Date: June 28, 2004