

CRA INTERNATIONAL, INC.
Form 424B3
June 14, 2005

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The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed without notice. A registration statement has been filed with the Securities and Exchange Commission and has been declared effective. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and are not soliciting an offer to buy these securities, in any jurisdiction where the offer or sale is not permitted.

Filed pursuant to Rule 424(b)(3)
Registration No. 333-123903

Subject to completion, dated June 14, 2005

**Preliminary prospectus supplement
(To prospectus dated June 14, 2005)**

1,899,227 shares

Common stock

This is a public offering of 1,899,227 shares of common stock of CRA International, Inc. We are offering 710,000 shares, and the selling stockholders named in this prospectus supplement are offering 1,189,227 shares. We will not receive any of the proceeds from the sales by the selling stockholders.

Our common stock is quoted on the Nasdaq National Market under the symbol "CRAI." The last reported sale price of our common stock on the Nasdaq National Market on June 13, 2005 was \$55.59 per share.

	Per Share	Total
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to CRA International, Inc.	\$	\$
Proceeds to the selling stockholders	\$	\$

Of the 1,189,227 shares being offered by the selling stockholders, 138,187 shares are currently represented by options that will be exercised concurrent with the closing of this offering. In order to facilitate an orderly distribution, the underwriters have agreed to include these shares as part of this offering without charging an underwriting discount. The selling stockholders will receive proceeds equal to the public offering price for these shares. The total underwriting discount and total proceeds to the selling stockholders in the table above reflect this arrangement.

We and the selling stockholders have granted the underwriters the option to purchase, in the aggregate, up to an additional 284,884 shares at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover over-allotments. Of these shares, 18,272 shares are currently represented by options held by the selling stockholders and are subject to the underwriting discount arrangement described in the previous paragraph.

Investing in our common stock involves a high degree of risk. See "Risk factors" beginning on page S-10.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus supplement and the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

JPMorgan

William Blair & Company

Piper Jaffray

Adams Harkness

The date of this prospectus supplement is June , 2005

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CRA International, Inc., CRA, and the CRA International logo are registered United States trademarks of CRA International, Inc. We recently changed our name from Charles River Associates Incorporated to CRA International, Inc. All rights are reserved. This prospectus supplement includes trademarks of companies other than CRA International, Inc.

About this prospectus supplement

This prospectus supplement and the accompanying prospectus are part of a "shelf" registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC. This prospectus supplement describes the specific details regarding this offering, including the price, the amount of common stock being offered and the risks of investing in our common stock. The accompanying prospectus provides more general information. To the extent information in this prospectus supplement is inconsistent with the accompanying prospectus or any of the documents incorporated by reference into the accompanying prospectus, you should rely on this prospectus supplement. You should read both this prospectus supplement and the accompanying prospectus together with the additional information about us described in the accompanying prospectus in the section entitled "Where you can find more information."

Prospectus supplement summary

This summary highlights only some of the information included or incorporated by reference in this prospectus supplement and the accompanying prospectus. You should read the entire prospectus carefully, including the section entitled "Risk factors" beginning on page S-10 regarding our company and the common stock being sold in this offering. Unless otherwise indicated, the information in this prospectus supplement assumes that the underwriters will not exercise their over-allotment option.

Overview

We are a leading economic and business consulting firm that applies advanced analytic techniques and in-depth industry knowledge to complex engagements for a broad range of clients. Founded in 1965, we work with businesses, law firms, accounting firms, and governments in providing original, authoritative advice and a wide range of services around the world. We combine economic and financial analysis with expertise in litigation and regulatory support, business strategy and planning, market and demand forecasting, policy analysis, and engineering and technology strategy. We are often retained in high-stakes matters, such as multibillion-dollar mergers and acquisitions, new product introductions, major strategy and capital investment decisions, and complex litigation, the outcomes of which often have significant implications for the parties involved. Companies turn to us because we can provide large teams of independent, highly credentialed, and experienced economic and finance experts.

We offer consulting services in two broad areas: legal and regulatory consulting, which, excluding our NeuCo subsidiary, represented approximately 67% of our services revenues for the year ended November 27, 2004, our fiscal 2004, and business consulting, which represented approximately 33% of our services revenues in fiscal 2004. As of May 13, 2005, we employed 614 consultants, including approximately 120 employee consultants with doctorates and approximately 210 employee consultants with other advanced degrees. Our employee consultants have backgrounds in a wide range of disciplines, including economics, business, corporate finance, materials sciences, and engineering.

Our business is diversified across multiple dimensions, including service offerings, vertical industry coverage, areas of functional expertise, client base, and geography. Through 23 offices located around the world, we provide services across 11 areas of functional expertise to hundreds of clients across 12 vertical industries. We believe this diversification reduces our dependence on any particular market, industry, or geographic area.

In our legal and regulatory consulting practice, we work with law firms and businesses involved in litigation and regulatory proceedings, providing expert advice on highly technical issues, such as the competitive effects of mergers and acquisitions, antitrust issues, calculations of damages, measurement of market share and market concentration, liability analysis in securities fraud cases, and the impact of increased regulation. This business is driven primarily by regulatory changes and high-stakes legal proceedings, which typically are not highly correlated with the business cycle.

In our business consulting practice, we use our expertise in economics, finance, and business analysis to offer our clients services that include strategy development, performance

improvement, corporate portfolio analysis, estimation of market demand, new product pricing strategies, valuation of intellectual property and other assets, assessment of competitors' actions, and analysis of new sources of supply.

Our analytical expertise in advanced economic and financial methods is complemented by our in-depth expertise in specific industries, including aerospace and defense, chemicals and petroleum, electric power and other energy/environmental industries, financial services, healthcare, materials and manufacturing, media, oil and gas, pharmaceuticals, sports, telecommunications, and transportation.

We have completed thousands of engagements for clients around the world, including domestic and foreign companies; federal, state, and local domestic government agencies; governments of foreign countries; public and private utilities; and national and international trade associations. Our top 10 clients in fiscal 2004 accounted for approximately 23% of our revenues, with no single client accounting for more than 5% of our revenues.

Since our initial public offering in April 1998, we have experienced significant growth. Our revenues have grown from \$44.8 million in fiscal 1997 to \$216.7 million in fiscal 2004, a compound annual growth rate of approximately 25% per year. Since our initial public offering, we have increased the number of our offices from three to 23, including 10 international offices. We have increased the number of our employee consultants from 120 to 614 at the end of the second fiscal quarter of 2005. We have also increased our practice areas and expanded our vertical industry coverage. We have accomplished this growth through a combination of internal expansion and 10 acquisitions.

Businesses are operating in an increasingly competitive and complex environment. Companies must constantly gather, analyze, and use available information to enhance their business strategies and operational efficiencies. As a result, companies are increasingly relying on sophisticated economic and financial analysis to solve complex problems and improve decision-making. Governments are also relying, to an increasing extent, on economic and finance theory to measure the effects of anticompetitive activity, evaluate mergers and acquisitions, change regulations, implement auctions to allocate resources, and establish transfer pricing rules. Finally, litigants and law firms are using economic and finance theory to help determine liability and to calculate damages in complex and high-stakes litigation. As the need for complex economic and financial analysis becomes more widespread, we believe that companies and governments are turning to outside consultants for access to the specialized expertise, experience, and prestige that are not available to them internally.

Competitive strengths

Our competitive strengths include:

Reputation for high-quality consulting; high level of repeat business. For more than 40 years, we have been a leader in providing sophisticated economic analysis and original, authoritative advice to clients involved in complex litigation and regulatory proceedings. As a result, we believe we have established a strong reputation among leading law firms and business clients as a preferred source of expertise in economics, finance, business, and strategy consulting, as evidenced by our high level of repeat business and significant referrals from existing clients.

Highly educated, experienced, and versatile consulting staff. We believe our most important asset is our base of employee consultants, particularly our senior consultants. Of our 614 employee consultants as of May 13, 2005, we classify 419 as senior employee consultants. The great majority of our senior employee consultants have a doctorate or other advanced degree. Many of these senior employee consultants are nationally or internationally recognized as experts in their respective fields.

Global presence. We deliver our services through a global network of 23 coordinated offices, on four continents, including 13 domestic and 10 international offices. Our international offices are in Brussels, Canberra, Dubai, Hong Kong, London, Melbourne, Mexico City, Sydney, Toronto, and Wellington, New Zealand. Many of our clients are multi-national firms with issues that cross international boundaries, and we believe our global presence provides us with a competitive advantage to address complex issues that span countries and continents.

Integrated business. We manage our business on an integrated basis through our global network of 23 offices and 11 areas of functional expertise. Each of our practice areas operates and is managed across geographic borders and has representative officers and other consultants in several of our offices. We view these cross-border practices as integral to our success and key to our management approach. Our practice groups cross staff extensively and share consulting approaches, technical data and analysis, research, and marketing strategies across borders.

Established corporate culture. Our success has resulted in part from our established corporate culture. We believe we attract consultants because of our more than 40-year history, our strong reputation, the credentials, experience, and reputation of our employee consultants, the opportunity to work on an array of matters with a broad group of renowned non-employee experts, and our collegial atmosphere. We believe our corporate culture also contributes to our ability to integrate successfully our acquisitions.

Access to leading academic and industry experts. To enhance the expertise we provide to our clients, we maintain close working relationships with a select group of non-employee experts. Depending on client needs, we use non-employee experts for their specialized expertise, assistance in conceptual problem solving, and expert witness testimony. These experts also generate business for us and provide us access to other leading academic and industry experts. By establishing affiliations with these prestigious experts, we further enhance our reputation as a leading source of sophisticated economic and financial analysis.

Demonstrated success with acquisitions. Since fiscal 1998, we have made 10 acquisitions. These acquisitions have contributed to our growth in revenues, number of consultants, geographic presence, vertical industry coverage, and areas of functional expertise. In each case, we have been able to integrate these acquisitions into our culture and retain the key consultants.

Growth strategy

Our growth strategy is to:

Attract and retain high quality consultants. Since our employee consultants are our most important asset, our ability to attract and retain highly credentialed and experienced consultants both to work on engagements and to generate new business is crucial to our success.

Leverage investments in areas of functional expertise, vertical industry coverage, and geographic presence. Since 1998, we have made significant investments in the expansion of our business, including acquisitions, the addition of areas of functional expertise and vertical industry coverage, and the opening of several offices. We have significantly increased our global presence with the addition of 10 international offices. We intend to continue to leverage the investments in expertise and infrastructure we have made in recent years.

Continue to build brand equity and increase marketing activities. Although we have historically relied primarily on our reputation and client referrals for new business, we have expanded marketing activities such as attendance at selected conferences, seminars, and public speaking engagements in order to attract new clients and increase our exposure.

Establish relationships with additional outside experts. We intend to develop additional relationships with leading academic and industry experts. Outside experts help us serve our clients better, provide us with new sources of business, and expand our network of academic affiliations.

Pursue strategic acquisitions. We intend to continue to expand our operations through the acquisition of complementary businesses. Given the highly fragmented nature of the consulting industry, we believe that there are numerous opportunities to acquire smaller consulting firms.

Other information

Our majority-owned software subsidiary, NeuCo, develops and markets a family of neural network software tools and complementary application consulting services that are currently focused on electricity generation by utilities. In fiscal 2004, NeuCo accounted for approximately 4% of our revenues.

Our principal executive offices are located at 200 Clarendon Street, Boston, Massachusetts 02116, and our telephone number is (617) 425-3700.

Recent developments

Second quarter financial results. On June 9, 2005, we announced our unaudited financial results for our second fiscal quarter ended May 13, 2005, reporting net income of \$5.5 million, or \$0.49 per diluted share, on revenues of \$67.4 million for the twelve weeks ended May 13, 2005. A combination of organic growth and recent acquisitions led to a revenue increase of nearly 48% from \$45.7 million for the second quarter of fiscal 2004. Net income increased approximately 36% from \$4.0 million, or \$0.38 per diluted share, in the second quarter of fiscal 2004. The weighted average diluted shares outstanding used to calculate earnings per share in the second quarter of fiscal 2005 were 11.2 million, versus 10.7 million in the second quarter of fiscal 2004. Our effective tax rate was 44% in the second quarter, compared with 47% in the first quarter. Utilization for the quarter was 81%. As a result of our strong utilization and revenue growth, we achieved operating margins of 15.4% in the second quarter, in line with our long-term target of 15% or better.

Recent executive appointment. On June 9, 2005, we announced the promotion of J. Phillip Cooper, our executive vice president and chief financial officer, to the newly created position of vice chairman and executive vice president. Our decision to create this new position reflects the growth of our business and the increasingly global scope of our operations. As vice chairman and executive vice president, Dr. Cooper will continue to manage our corporate development function and will also be responsible for the integration of acquisitions and consultant group hires. He will also work closely with our consulting practice leaders on marketing, corporate development and human resource matters. Wayne D. Mackie, a 30-year veteran of Arthur Andersen LLP and former head of that firm's technology practice in Boston, will succeed Dr. Cooper as our vice president and chief financial officer. Mr. Mackie is expected to join us in July 2005. He will report to our president and chief executive officer.

Increase in revolving credit facility. On June 6, 2005, we entered into a commitment letter with Citizens Bank to expand our existing revolving credit facility from \$40 million to \$90 million. Funds available under the expanded facility will allow us to satisfy potential conversions by debenture holders and allow us to continue to classify up to \$90 million of our convertible debentures as long-term, rather than short-term, debt and will give us additional flexibility to meet unforeseen financial commitments. Citizens' commitment is subject to the execution of definitive agreements, which we expect to complete no later than June 22, 2005. See "Management's discussion and analysis of financial condition and results of operations - Liquidity and capital resources" for more details.

Acquisition of Lee & Allen Consulting Limited. On April 27, 2005, we completed the acquisition of Lee & Allen Consulting Limited, a London-based consulting firm offering financial dispute resolution and forensic accounting services to the corporate, legal, and regulatory markets. The acquisition added 40 employee consultants to our roster. Under the terms of the agreement, we acquired Lee & Allen for a purchase price of approximately GBP 8.3 million (approximately US\$15.8 million), consisting of GBP 6.3 million (US\$12.0 million) in cash and GBP 2.0 million (US\$3.8 million) in loan notes that were exchanged for restricted shares of our common stock. Additional purchase consideration may be payable if specific performance targets are met. In addition to its corporate headquarters in London, Lee & Allen maintains an office in Hong Kong.

Letter of intent to purchase Lexecon Ltd. On May 17, 2005, we announced that we entered into a letter of intent to acquire, for a mix of cash and restricted stock, a London-based consulting firm then known as Lexecon Ltd. specializing in the economics of competition policy, regulatory issues, and commercial litigation. We currently expect the transaction to close in June 2005. The transaction is subject to final negotiation and execution of definitive agreements. In addition to its London headquarters, Lexecon Ltd. has an office in Brussels. As part of the transaction, Lexecon Ltd.'s staff of approximately 30 consultants and its academic associates are expected to join us upon closing. We believe the anticipated acquisition of Lexecon Ltd. will provide us with a substantially increased presence in competition economics consulting in Europe and will further expand our global reach. The firm is not affiliated with the U.S. firm Lexecon, Inc. or its parent company FTI Consulting.

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The offering

Common stock offered by CRA International: 710,000 shares

Common stock offered by the selling stockholders: 1,189,227 shares

Total common stock offered by CRA International and the selling stockholders: 1,899,227 shares

Common stock to be outstanding after the offering: 11,039,294 shares

Use of proceeds

We intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital and possible acquisitions. We will not receive any proceeds from the shares sold by the selling stockholders.

Nasdaq National Market symbol: CRAI

The number of shares of common stock to be outstanding after the offering is based on the number of shares outstanding as of June 13, 2005 and reflects our sale of 710,000 shares of common stock in this offering and our issuance of 138,187 shares of common stock upon the exercise of options by the selling stockholders concurrent with the closing of this offering. This number excludes:

options outstanding on June 13, 2005 to purchase 2,191,562 shares of common stock, excluding options to purchase 138,187 shares of common stock that will be exercised concurrent with the closing of this offering;

options to purchase an additional 499,875 shares of common stock that may be granted under our stock option plans after June 13, 2005;

additional options that may be authorized under a provision of our stockholder approved stock option plan that automatically increases the number of shares available for issuance under the plan on an annual basis by the lesser of 400,000 shares or 4% of the number of shares of common stock outstanding at the end of each fiscal year;

211,777 shares of common stock issuable under our employee stock purchase plan after June 13, 2005; and

shares of common stock that we may issue upon conversion of our 2.875% convertible senior subordinated debentures in the event our conversion obligation exceeds the principal amount of the debentures converted. The \$90 million principal amount of our debentures is not convertible into shares of our common stock due to our irrevocable election to settle the principal amount of the debentures in cash. See "Management's discussion and analysis of financial condition and results of operations Liquidity and capital resources" for details on our conversion obligations.

Unless otherwise noted, the information in this prospectus supplement assumes that the underwriters' over-allotment option will not be exercised.

Summary consolidated financial data

You should read the following summary consolidated financial data together with "Management's discussion and analysis of financial condition and results of operations" and our financial statements and the related notes in this prospectus supplement and the accompanying prospectus. The consolidated statement of operations data include the results of operations attributable to the following acquisitions of certain assets and liabilities from the respective dates of acquisition:

the consulting business of Dr. Gordon C. Rausser (October 18, 2000);

certain assets from PA Consulting Group, Inc. (July 18, 2001);

the North American operations of the Chemicals and Energy Vertical consulting practice, or the CEV business, of the former Arthur D. Little, Inc. (Arthur D. Little, Inc. is now known as Dehon, Inc.) (April 29, 2002);

the U.K. operations of the CEV business (May 10, 2002);

InteCap, Inc. (April 30, 2004);

certain assets and liabilities of Tabors Caramanis & Associates, or TCA (November 12, 2004); and

Network Economics Consulting Group Pty Ltd, or NECG (November 18, 2004).

Each of these acquisitions was accounted for under the purchase method of accounting.

	Fiscal year ended					Twelve weeks ended	
	Nov. 25, 2000 (52 weeks)	Nov. 24, 2001 (52 weeks)	Nov. 30, 2002 (53 weeks)	Nov. 29, 2003 (52 weeks)	Nov. 27, 2004 (52 weeks)	February 20, 2004	February 18, 2005
Consolidated statement of operations data:							
Revenues	\$ 82,547	\$ 109,804	\$ 130,690	\$ 163,458	\$ 216,735	\$ 38,501	\$ 61,724
Costs of services	46,439	65,590	80,659	100,168	127,716	21,960	36,912
Gross profit	36,108	44,214	50,031	63,290	89,019	16,541	24,812
Income from operations	13,393	12,658	13,431	20,235	31,733	4,902	8,995
Net income	\$ 8,839	\$ 7,439	\$ 8,436	\$ 11,429	\$ 16,344	\$ 2,573	\$ 4,619
Net income per share:							
Basic	\$ 1.01	\$ 0.82	\$ 0.93	\$ 1.21	\$ 1.63	\$ 0.25	\$ 0.46
Diluted	\$ 1.01	\$ 0.81	\$ 0.91	\$ 1.16	\$ 1.55	\$ 0.24	\$ 0.43
Weighted average number of shares outstanding:							
Basic	8,728	9,107	9,047	9,438	10,016	10,183	9,945
Diluted	8,774	9,218	9,283	9,843	10,520	10,734	10,795

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	Nov. 25, 2000	Nov. 24, 2001	Nov. 30, 2002	Nov. 29, 2003	Nov. 27, 2004	Feb. 18, 2005
Operating statistics:						
Consultants	255	293	353	344	554	562
Offices	12	12	16	16	21	22

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As of February 18, 2005 (in thousands) Actual As adjusted

Consolidated balance sheet data:

Cash and cash equivalents	\$ 71,821	\$ 111,553
Total current assets	168,179	207,911
Total assets	294,531	334,263
Total current liabilities	61,865	61,865
Total long-term debt	91,214	91,214
Total stockholders' equity	132,653	172,385

The as adjusted consolidated balance sheet data as of February 18, 2005 reflects the sale of the 710,000 shares of common stock we are offering at an assumed public offering price of \$55.59 per share (based on the last reported sale price on June 13, 2005), after deducting the estimated underwriting discount and estimated offering expenses payable by us, and our issuance of 138,187 shares of common stock upon the exercise of options by the selling stockholders concurrent with the closing of this offering for an aggregate exercise price of approximately \$2.6 million.

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Risk factors

An investment in our common stock involves a high degree of risk. You should carefully consider the following risk factors, as well as the other information included or incorporated by reference in this prospectus supplement or the accompanying prospectus, in evaluating our business before purchasing any of our common stock. If any of these risks, or other risks not presently known to us or that we currently believe are not significant, develops into an actual event, then our business, financial condition, and results of operations could be adversely affected. If that happens, the market price of our common stock could decline, and you may lose all or part of your investment.

Risks related to our business

We depend upon 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. Our employee consultants generated engagements that accounted for approximately 72% of our revenues in fiscal 2004 and 68% for the year ended November 29, 2003, our fiscal 2003. Our top five employee consultants generated approximately 14% of our revenues in fiscal 2004 and 17% in fiscal 2003. We do not have non-compete agreements with the majority 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 acquisitions of Lee & Allen, NECG, TCA, and InteCap. 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.

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 derived approximately 25% of our revenues in fiscal 2004, 25% of our revenues in fiscal 2003, and 29% of our revenues in the year ended November 30, 2002, our fiscal 2002, 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 significant 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. An economic slowdown may have an adverse effect on mergers and acquisitions activity, which would reduce the number and scope of our engagements in this practice area. Any such downturn would adversely affect our revenues and results of operations.

We derive our revenues from a limited number of large engagements.

We derive a 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. Our ten largest engagements accounted for approximately 17% of our revenues in fiscal 2004, 20% in fiscal 2003, and 17% in fiscal 2002. Our ten largest clients accounted for approximately 23%, 28%, and 25% of our revenues in those years, respectively. In general, the volume of work we perform for any particular client varies from year to year, and due to the specific engagement nature of our practice, a major client in one year may not hire us in the following year.

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 adversely affect our margins and results of operations.

We depend on our non-employee experts.

We depend on our relationships with our exclusive non-employee experts. In fiscal 2004 and fiscal 2003, six of our exclusive non-employee experts generated engagements that accounted for approximately 18% and 22% of our revenues in those years, respectively. We believe that these 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 experts. Most of these 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 13, 2005, we had non-competition agreements with 39 of our non-employee 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 non-employee experts who have reputations as leading experts in their fields. We may be unable to establish relationships with any additional non-employee experts. In addition, any relationships 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 adversely affect our results of operations. If we acquire a business, such as our recent acquisitions of Lee & Allen, NECG, TCA, and 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 these acquisitions 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, including convertible debt 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;

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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.

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Particularly as a result of our acquisition in May 2002 of certain assets of the U.K. operations of the Chemicals and Energy Vertical consulting practice of the then Arthur D. Little corporation (Arthur D. Little is now known as Dehon, Inc.), we conduct a portion of our business in the Middle East. The ongoing military conflicts in the region have significantly interrupted our business operations in that region and have slowed the flow of new opportunities and proposals, which ultimately have 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 and July of 2004, we issued a total of \$90.0 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 cash, shares of common stock, 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 the debentures may require us to repurchase their debentures for cash. Also, holders of the debentures may convert them if our stock price exceeds \$50 per share for at least 20 out of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter. On May 12, 2005, the last reported sale price of our common stock was greater than \$50.00 per share for the twentieth day in the thirty consecutive trading day period ending on the last day of our second fiscal quarter. Because of this occurrence, holders of the debentures may convert them during our third fiscal quarter ending September 2, 2005. This test is repeated each fiscal quarter. On December 14, 2004, we irrevocably elected to settle with cash 100% of the principal amount of the debentures upon conversion thereof. In June 2005, we entered into a commitment letter with Citizens Bank to increase our existing line of credit from \$40 million to \$90 million to mitigate the potential liquidity risk in the event of conversion by the debenture holders. We intend to use the amounts available under our bank line of credit, in the event debenture holders exercise their rights to convert. The degree to which we are leveraged could adversely affect our ability to obtain further financing for working capital, acquisitions, or other purposes and could make us more vulnerable to industry downturns and competitive pressures. The terms of any such refinancing could be significantly less favorable to us and could adversely affect 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 account receivable could adversely affect 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 or our guidance for future periods 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 our 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 acquisitions of Lee & Allen, NECG, TCA, and InteCap have 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 non-employee 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 non-employee experts could make it substantially more difficult for us to compete successfully for both new engagements and qualified consultants.

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, to finance acquisitions, and to 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.

We could incur substantial costs protecting our proprietary rights from infringement or defending against a claim of infringement.

As a professional services organization, we rely on non-competition and non-solicitation agreements with many of our employees and non-employee experts to protect our proprietary business interests. These agreements, however, may offer us only limited protection and may not be enforceable in every jurisdiction. In addition, we may incur substantial costs trying to enforce these agreements.

Our services may involve the development of custom business processes or solutions for specific clients. In some cases, the clients retain ownership or impose restrictions on our ability to use the business processes or solutions developed from these projects. Issues relating to the ownership of business processes or solutions can be complicated, and disputes could arise that affect our ability to resell or reuse business processes or solutions we develop for clients.

In recent years, there has been significant litigation in the United States involving patents and other intellectual property rights. We could incur substantial costs in prosecuting or defending any intellectual property litigation. For example, our NeuCo subsidiary has recently been sued for patent infringement by one of its competitors. While we are contesting the complaint, we cannot be certain that we will prevail. See "Business Legal proceedings" for more details on this matter. We may be required to incur substantial costs in defending this litigation or other similar litigation in the future, which could adversely affect our operating results and financial condition.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to obtain and use information that we regard as proprietary. Litigation may be necessary in the future to enforce our proprietary rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Any such resulting litigation could result in substantial costs and diversion of resources and could adversely affect our business, operating results and financial condition. Any failure by us to protect our proprietary rights could adversely affect our business, operating results and financial condition.

Our reported earnings per share may be more volatile because of the accounting standards, rules, and regulations as they relate to the dilutive effect of our convertible senior subordinated debentures.

Holder of our 2.875% convertible senior subordinated debentures due 2034 may convert the debentures only under certain circumstances, including certain stock price-related conversion contingencies. Under accounting regulations effective for periods through December 15, 2004, until the contingent conversion condition was met, any shares underlying our debentures were not included in the calculation of diluted earnings per share. Under current accounting regulations, effective for periods ending after December 15, 2004, contingently convertible securities should be included in diluted earnings per share computations regardless of whether a stock price-related conversion contingency has been met. Under a proposed amendment to SFAS No. 128, in order to remain under the treasury stock method of accounting, issuers of debentures such as ours must commit, contractually and irrevocably, to settle the par value of the debentures in cash. On December 14, 2004, we elected, contractually and irrevocably, to settle the par value of our debentures with cash. As a result of our election, we must settle the

conversion of the debentures, as follows: (i) \$1,000 in cash per \$1,000 principal amount of debentures converted; and (ii) in cash or shares of our common stock (at our further election, except for cash in lieu of fractional shares), any conversion obligation that exceeds the principal amount of the debentures converted.

We will continue to account for the debentures under the treasury stock method of accounting. The treasury stock method of accounting allows us to report dilution only when our average stock price per share for the reporting period exceeds the \$40 conversion price and only to the extent of the additional shares we may be required to issue in the event our conversion obligation exceeds the principal amount of the debentures converted. For the first \$1 per share that our average stock price exceeds the \$40 conversion price of the debentures, we will include approximately 55,000 additional shares in our diluted share count. For the second \$1 per share that our average stock price exceeds the \$40 conversion price, we will include approximately 52,000 additional shares, for a total of approximately 107,000 shares, in our diluted share count, and so on, with the additional shares' dilution falling for each \$1 per share that our average stock price exceeds \$40 if the stock price rises further above \$40 (see table, below).

"TREASURY" METHOD OF ACCOUNTING FOR SHARE DILUTION

Conversion Price: \$40

Number of Underlying Shares: 2,250,000

Formula: Number of extra dilutive shares created
= ((Stock Price - Conversion Price) * Underlying Shares) / Stock Price

Condition: Only applies when share price exceeds \$40

Stock price	Conversion price	Price difference	Include in share count	Per \$1 share dilution
\$40	\$ 40	\$ 0	0	0
\$45	\$ 40	\$ 5	250,000	50,000
\$50	\$ 40	\$ 10	450,000	45,000
\$55	\$ 40	\$ 15	613,636	40,909
\$60	\$ 40	\$ 20	750,000	37,500
\$65	\$ 40	\$ 25	865,385	34,615
\$70	\$ 40	\$ 30	964,286	32,143
\$75	\$ 40	\$ 35	1,050,000	30,000
\$80	\$ 40	\$ 40	1,125,000	28,125

Accordingly, volatility in our stock price could cause volatility in our 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 finally determinable until we

file our corporate income tax returns for CRA and its subsidiaries for the 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 for future fiscal years. 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.

Risks related to this offering

Management could apply the proceeds of this offering to uses that do not increase our market value or improve our operating results.

We intend to use the net proceeds from the sale of the securities for general corporate purposes, including, without limitation, making acquisitions of assets, businesses or securities, share repurchases, repayment of debt, capital expenditures, and for working capital. We have not reserved or allocated the net proceeds for any specific purpose and our management will have considerable discretion in applying the net proceeds. We may use the remaining net proceeds for purposes that do not result in any increase in our market value or improve our results of operations.

The market price of our common stock is volatile.

The market price of our common stock has fluctuated widely and may continue to do so. For example, from May 31, 2004 to May 31, 2005 the price of our stock ranged from a high of \$58.47 per share to a low of \$27.37 per share. Many factors could cause the market price of our common stock to rise and fall. Some of these factors are:

- 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 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 amended and restated articles of organization and amended and restated by-laws and Massachusetts law contain provisions that could have anti-takeover effects that could discourage, delay, or prevent a change in control or an acquisition that our stockholders and debenture holders 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.

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Forward-looking statements

The SEC encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This prospectus supplement contains such "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this prospectus supplement, and they may also be made a part of this prospectus supplement and the accompanying prospectus by reference to other documents filed with the SEC, which is known as "incorporation by reference."

Words such as "may," "anticipate," "estimate," "expects," "projects," "intends," "plans," "believes" and words and terms of similar substance used in connection with any discussion of future operating or financial performance, identify forward-looking statements. All forward-looking statements are management's present expectations of future events and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These risks include, but are not limited to, the risks and uncertainties set forth in "Risk factors," beginning on page S-10 of this prospectus supplement, as well as those set forth in our other SEC filings incorporated by reference herein.

In light of these assumptions, risks, and uncertainties, the results and events discussed in the forward-looking statements contained in this prospectus supplement, the accompanying prospectus, or in any document incorporated by reference might not occur. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this prospectus supplement or the date of the document incorporated by reference in this prospectus supplement or the accompanying prospectus. We are not under any obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events, or otherwise. All subsequent forward-looking statements attributable to us or to any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

Use of proceeds

We estimate that our net proceeds from the sale of the 710,000 shares of common stock we are offering will be approximately \$37.1 million, after deducting the estimated underwriting discount and estimated offering expenses we expect to pay and assuming a public offering price of \$55.59 per share (based on the last reported sale price on June 13, 2005). In addition, we expect to receive approximately \$2.6 million from our issuance of 138,187 shares of common stock upon the exercise of options by the selling stockholders concurrent with the closing of this offering.

We intend to use our net proceeds from the offering for general corporate purposes, including working capital and possible acquisitions of and investments in complementary businesses.

We are continuously evaluating acquisition and investment opportunities, and, at any given time, we may be in various stages of due diligence or preliminary discussions with respect to a number of potential transactions. For example, we have recently announced that we intend to acquire a London-based consulting firm specializing in the economics of competition policy, regulatory issues, and commercial litigation formerly known as Lexecon Ltd., in a cash and restricted stock transaction that is still subject to the negotiation and execution of definitive agreements. From time to time, we may enter into non-binding letters of intent, but we are not currently subject to any definitive agreement with respect to any transaction material to our operations.

Pending these uses, we intend to invest our net proceeds from the offering in investment-grade, short-term, interest-bearing securities, or guaranteed obligations of the United States or its agencies.

We will not receive any proceeds from the sale of shares of common stock by the selling stockholders. For risks associated with our use of proceeds, see "Risk factors Management could apply the proceeds of this offering to uses that do not increase our market value or improve our operating results."

Price range of common stock and dividend policy

We first offered our common stock to the public on April 23, 1998. Since that time, our common stock has been quoted on the Nasdaq National Market under the symbol "CRAI." The following table provides, for the periods indicated, the high and low sale prices for our common stock as reported on the Nasdaq National Market.

Fiscal year ended November 29, 2003	High	Low
December 1, 2002 to February 21, 2003	\$ 16.78	\$ 13.04
February 22, 2003 to May 16, 2003	\$ 22.91	\$ 15.51
May 17, 2003 to September 5, 2003	\$ 35.55	\$ 18.77
September 6, 2003 to November 29, 2003	\$ 34.35	\$ 26.20

Fiscal year ended November 27, 2004	12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES£
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 7.95 percent*	
14	TYPE OF REPORTING PERSON OO, BD	

* See Item 3 and Item 5 below.

CUSIP No. 447011107

Page 8 of 17 Pages

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY) Citadel Holdings II LP	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)S (b)£	
3	SEC USE ONLY	
4	SOURCE OF FUNDS AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) £	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 18,629,077 shares
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER See Row 8 above.
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON£ See Row 8 above.	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES£	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 7.95 percent*	
14	TYPE OF REPORTING PERSON PN, HC	

* See Item 3 and Item 5 below.

CUSIP No. 447011107

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1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY) Citadel Advisors LLC	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)S (b)£	
3	SEC USE ONLY	
4	SOURCE OF FUNDS AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) £	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 18,629,077 shares
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER See Row 8 above.
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON£ See Row 8 above.	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES£	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 7.95 percent*	
14	TYPE OF REPORTING PERSON OO, HC	

* See Item 3 and Item 5 below.

CUSIP No. 447011107

Page 10 of 17 Pages

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY) Citadel Derivatives Trading Ltd.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)S (b)£	
3	SEC USE ONLY	
4	SOURCE OF FUNDS WC	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) £	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Cayman Islands	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 18,629,077 shares
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER See Row 8 above.
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON£ See Row 8 above.	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES£	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 7.95 percent*	
14	TYPE OF REPORTING PERSON CO	

* See Item 3 and Item 5 below.

CUSIP No. 447011107

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1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY) Kenneth Griffin	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)S (b)£	
3	SEC USE ONLY	
4	SOURCE OF FUNDS AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) £	
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 18,629,077 shares
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER See Row 8 above.
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON£ See Row 8 above.	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES£	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 7.95 percent*	
14	TYPE OF REPORTING PERSON IN, HC	

* See Item 3 and Item 5 below.

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ITEM 1. SECURITY AND ISSUER

This statement on Schedule 13D relates to the shares of common stock, \$0.01 par value per share (the "Common Shares"), of Huntsman Corporation (the "Issuer"). The principal executive offices of the Issuer are located at 500 Huntsman Way, Salt Lake City, Utah 84108.

ITEM 2. IDENTITY AND BACKGROUND

The persons filing this Schedule 13D are Citadel Investment Group, L.L.C., a Delaware limited liability company ("CIG"), Citadel Limited Partnership, a Delaware limited partnership ("CLP"), Citadel Equity Fund Ltd., a Cayman Islands company ("CEF"), Citadel Investment Group II, L.L.C., a Delaware limited liability company ("CIG-II"), Citadel Holdings I LP, a Delaware limited partnership ("CH-I"), Citadel Derivatives Group LLC, a Delaware limited liability company ("CDG"), Citadel Holdings II LP, a Delaware limited partnership ("CH-II"), Citadel Advisors LLC, a Delaware limited liability company ("Citadel Advisors"), Citadel Derivatives Trading Ltd., a Cayman Islands company ("CDT"), and Kenneth Griffin, a natural person ("Griffin" and, together with CIG, CLP, CEF, CIG-II, CH-I, CDG, CH-II, Citadel Advisors and CDT, the "Reporting Persons").

CIG provides general administrative and investment-related services to its affiliated entities. CIG is the general partner of CLP. The name, residence or business address, present principal occupation or employment and citizenship of each director and executive officer of CIG is set forth on Exhibit 99.2 attached hereto.

CLP provides portfolio management services to investment funds. CLP is the managing member of Citadel Wellington LLC, a Delaware limited liability company ("CW"), and the portfolio manager for CEF and Citadel Kensington Global Strategies Fund Ltd., a Bermuda company ("CKGSF") and, in such capacities, makes all of the investment decisions for each such entity.

CEF is a private investment fund and a wholly-owned subsidiary of Citadel Holdings Ltd., a Cayman Islands company ("CH"). CH is a subsidiary of CW and CKGSF. CW and CKGSF are each private investment funds. The name, residence or business address, present principal occupation or employment and citizenship of each director and executive officer of CEF is set forth on Exhibit 99.2 attached hereto. Neither CW, CKGSF nor CH has control over the voting or disposition of securities held by CEF.

CIG-II is the general partner of CH-I and CH-II. The name, residence or business address, present principal occupation or employment and citizenship of each director and executive officer of CIG-II is set forth on Exhibit 99.2 attached hereto.

CH-I is the non-member manager of CDG and, in such capacity, makes all of the investment decisions for CDG.

CDG is a broker-dealer registered with the Securities and Exchange Commission. CDG's principal businesses are acting as a market maker in equity securities and listed options, providing trade execution and order routing services to clients and investing on a proprietary basis. Citadel Derivatives Group Investors LLC, a Delaware limited liability company ("CDGI") and CLP Holdings II LLC, a Delaware limited liability company ("CLP II Holdings"), are the owners of CDG. The name, residence or business address, present principal occupation or employment and citizenship of each director and executive officer of CDG is set forth on Exhibit 99.2 attached hereto. Neither CDGI nor CLP Holdings II has control over the voting or disposition of securities held by CDG.

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CH-II is the managing member of Citadel Advisors. Citadel Advisors is the portfolio manager for CDT and, in such capacity, makes all of the investment decisions for CDT. The name, residence or business address, present principal occupation or employment and citizenship of each director and executive officer of Citadel Advisors is set forth on Exhibit 99.2 attached hereto.

CDT is a private investment fund. Citadel Tactical Trading LLC, a Delaware limited liability company ("CTT-US"), Citadel Tactical Trading Ltd., a Cayman Islands company ("CTT-Cayman"), and CLP Holdings, LLC, a Delaware limited liability company ("CLP Holdings"), are the owners of CDT. CTT-US and CTT-Cayman are each private investment funds. The name, residence or business address, present principal occupation or employment and citizenship of each director and executive officer of CDT is set forth on Exhibit 99.2 attached hereto. Neither CTT-US, CTT-Cayman nor CLP Holdings has control over the voting and disposition of shares held by CDT.

Griffin is the President and Chief Executive Officer of, and owns a controlling interest in, CIG and CIG-II. Griffin is a United States citizen.

For each of the Reporting Persons, the principal address is 131 S. Dearborn Street, 32nd Floor, Chicago, Illinois 60603.

During the last five years, none of the Reporting Persons and, to the best of each of the Reporting Persons' knowledge, none of the executive officers or directors listed on Exhibit 99.2 attached hereto has been convicted in any criminal proceedings. During the last five years, none of the Reporting Persons and, to the best of each of the Reporting Persons' knowledge, none of the executive officers or directors listed on Exhibit 99.2 attached hereto has been a party to a civil proceeding of any judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding of any violation with respect to such laws.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

The Reporting Persons utilized available cash assets in the aggregate amount of approximately \$356,000,000 to acquire beneficial ownership of the 18,629,077 shares of Common Shares reported herein. Funds for the purchase of beneficial ownership of such Common Shares were derived from general working capital. For purposes of the Reporting Persons, "general working capital" includes cash on hand and margin account and other borrowings made in the ordinary course of business.

ITEM 4. PURPOSE OF TRANSACTION

The Issuer, Hexion Specialty Chemicals, Inc. ("Hexion") and Hexion, Nimbus Merger Sub, Inc., a wholly-owned subsidiary of Hexion ("Nimbus"), entered into a merger agreement dated as of July 12, 2007 pursuant to which Hexion agreed to purchase the Issuer on the terms and conditions set forth therein (the "Proposed Merger"). On or about June 18, 2008, a public dispute arose involving the Issuer, Hexion, Nimbus and certain related parties in connection with the Proposed Merger (the "Dispute"). Litigation relating to the Dispute has been commenced in several jurisdictions.

The Reporting Persons will routinely monitor a wide variety of investment considerations, including, without limitation, current and anticipated future trading prices for the Issuer's Common Stock, the Issuer's operations, assets, prospects, and business development, the Issuer's management, Issuer-related competitive and strategic matters, general economic, financial market and industry conditions, the status of the Dispute, as well as other investment considerations. The Reporting Persons have discussed and may in the future discuss their investment in the Issuer and the foregoing investment considerations with other shareholders, management, the Board of Directors, existing or potential strategic partners or competitors of the Issuer, other investors, industry analysts, Hexion and/or others and may take actions intended to facilitate the closing of the transactions contemplated by the Proposed Merger, including supporting actions taken by the Issuer, Hexion or other investors, taking any other actions that could have the purpose or effect of directly or indirectly changing or influencing control of the Issuer or offering to provide financing for the Proposed Merger (including in the form of an investment in Hexion) or any of the foregoing. These considerations, these discussions and other factors may result in the Reporting Persons acquiring additional Issuer securities, hedging their investment in Issuer securities or selling, trading or otherwise disposing of all or some holdings in the Issuer in the public markets, in privately negotiated transactions or otherwise, or take any other lawful action they deem to be in their best interests. There is no assurance that the Reporting Persons will take any such actions.

The Reporting Persons may from time to time in the ordinary course of business pledge, lend, or transfer the securities of the Issuer to brokers, banks or other financial institutions (the "Lenders") as collateral for loans or other obligations of the Reporting Persons pursuant to margin, prime brokerage, loan, or other financing arrangements. If the Reporting Persons enter such arrangements, the Lenders may acquire the right to vote and/or dispose of the securities of the Issuer held as collateral.

Except as set forth herein, the Reporting Persons have no present plans or proposals that would result in or relate to any of the transactions or changes listed in Items 4(a) through 4(j) of Schedule 13D.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

- (a) Number of shares: 18,629,077 shares
Percentage of shares: 7.95%¹
- (b) Sole power to vote or direct the vote: 0
Shared power to vote or direct the vote: 18,629,077 shares
Sole power to dispose or to direct the disposition: 0
Shared power to dispose or direct the disposition: 18,629,077 shares
- (c) The table attached hereto as Exhibit 99.3 sets forth the transactions effected by the Reporting Persons in the Common Shares (and options to purchase or sell such Common Shares) during the last 60 days and through 1:00 p.m. (CDT) on the date of the filing of this Schedule 13D. All such transactions were open market transactions and some transactions were effected in the capacity as a market maker.

¹ According to the Issuer's Form 10-Q, filed with the Securities and Exchange Commission on May 12, 2008, there were 234,462,747 Common Shares issued and outstanding as of May 2, 2008.

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- (d) Not applicable.
- (e) Not applicable.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER

The Reporting Persons have entered into cash-settled total return swap transactions that reference Common Shares (the "Total Return Equity Swaps") with certain dealers. Each of the Total Return Equity Swaps is documented using a framework established by the International Swaps and Derivatives Association, Inc. ("ISDA") and based on ISDA model agreements. The Total Return Equity Swaps provide to the Reporting Persons "long" economic exposure to the total return on 3,561,700 Common Shares (or approximately 1.5% of the Common Shares outstanding). The Total Return Equity Swaps do not give the Reporting Persons voting, investment or dispositive control over any securities of the Issuer and do not require the derivatives dealers to acquire, hold, vote or dispose of any securities of the Issuer. The Reporting Persons disclaim any beneficial ownership in securities that may be referenced in the Total Return Equity Swaps or that may be held from time to time by any counterparties to the contracts (whether held as hedges or otherwise).

In addition, the Reporting Persons have entered into credit default swap transactions that reference the Issuer's debt (the "Credit Default Swaps") with certain dealers. Each of the Credit Default Swaps is documented using a framework established by ISDA and is based on ISDA model agreements. The Credit Default Swaps give the swap buyer the right to sell to the swap seller a specified quantity of the Issuer's senior unsecured debt to the seller upon the occurrence of certain specified credit events, during a specified time period, and for a payment equal to the par value of those debt instruments. In exchange for these rights obtained by the Credit Default Swap buyer, the buyer makes a premium payment to the seller. The Reporting Persons entered some of the Credit Default Swaps as buyer and entered some as seller, and have net long exposure to the Issuer's credit as a result of these transactions.

Except as otherwise set forth herein, the Reporting Persons do not have any contract, arrangement, understanding or relationship with any person with respect to the securities of the Issuer.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

The following documents are filed as appendices and exhibits (or incorporated by reference herein):

- Exhibit 99.1: Joint Filing Agreement for Schedule 13D
 - Exhibit 99.2: Information concerning Directors and Officers
 - Exhibit 99.3: Transaction Listing Required by Item 5(c)
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Signature

After reasonable inquiry and to the best of its knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated this 1st day of August, 2008

CITADEL INVESTMENT GROUP, L.L.C.

By: /s/ John C. Nagel
John C. Nagel, Authorized Signatory

CITADEL LIMITED PARTNERSHIP

By: Citadel Investment Group, L.L.C.,
its General Partner

By: /s/ John C. Nagel
John C. Nagel, Authorized Signatory

CITADEL EQUITY FUND LTD.

By: Citadel Limited Partnership,
its Portfolio Manager

CITADEL INVESTMENT GROUP II, L.L.C.

By: /s/ John C. Nagel
John C. Nagel, Authorized Signatory

By: Citadel Investment Group, L.L.C.,
its General Partner

By: /s/ John C. Nagel
John C. Nagel, Authorized Signatory

CITADEL HOLDINGS I LP

By: Citadel Investment Group II, L.L.C.,
its General Partner

CITADEL DERIVATIVES GROUP LLC

By: Citadel Limited Partnership,
its Managing Member

By: /s/ John C. Nagel
John C. Nagel, Authorized Signatory

By: Citadel Investment Group, L.L.C.,
its General Partner

By: /s/ John C. Nagel
John C. Nagel, Authorized Signatory

CITADEL HOLDINGS II LP

By: Citadel Investment Group II, L.L.C.,
its General Partner

CITADEL ADVISORS LLC

By: Citadel Holdings II LP,
its managing member

By: /s/ John C. Nagel
John C. Nagel, Authorized Signatory

By: Citadel Investment Group II, L.L.C.,
its General Partner

By: /s/ John C. Nagel
John C. Nagel, Authorized Signatory

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CITADEL DERIVATIVES TRADING LTD.

KENNETH GRIFFIN

By: Citadel Limited Partnership,
its Portfolio Manager

By: /s/ John C. Nagel
John C. Nagel, attorney-in-fact*

By: Citadel Investment Group, L.L.C.,
its General Partner

By: /s/ John C. Nagel
John C. Nagel, Authorized Signatory

* John C. Nagel is signing on behalf of Kenneth Griffin as attorney-in-fact pursuant to a power of attorney previously filed with the Securities and Exchange Commission on February 24, 2006, and hereby incorporated by reference herein. The power of attorney was filed as an attachment to a filing by Citadel Limited Partnership on Schedule 13G for Morgans Hotel Group Co.
