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EATON VANCE CORP  
Form 8-K  
February 26, 2003

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 26, 2003  
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EATON VANCE CORP.  
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(Exact name of registrant as specified in its charter)

Maryland ----- (State or other jurisdiction of incorporation)	1-8100 ----- (Commission File Number)	04-2718215 ----- (IRS Employer Identification No.)
255 State Street, Boston, Massachusetts ----- (Address of principal executive offices)		02109 ----- (Zip Code)

Registrant's telephone number, including area code: (617) 482-8260  
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Page 1 of 9

INFORMATION INCLUDED IN THE REPORT

ITEM 5. OTHER EVENTS  
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Registrant has reported its results of operations for the three months ended January 31, 2003, as described in Registrant's news release dated February 26, 2003, a copy of which is filed herewith as Exhibit 99.1 and incorporated herein by reference.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.  
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(c) Exhibits.

Exhibit No. Document

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99.1 Press release issued by the Registrant dated  
February 26, 2003.

Page 2 of 9

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

EATON VANCE CORP.  
(Registrant)

Date: February 26, 2003  
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/s/ William M. Steul  
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William M. Steul, Chief Financial Officer

Page 3 of 9

EXHIBIT INDEX

Each exhibit is listed in this index according to the number assigned to it in the exhibit table set forth in Item 601 of Regulation S-K. The following exhibit is filed as part of this Report:

Exhibit No. -----	Description -----
99.1	Copy of Registrant's news release dated February 26, 2003.

Page 4 of 9

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NEWS RELEASE  
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{LOGO} Eaton Vance Corp.  
The Eaton Vance Building  
255 State Street, Boston, MA 02109  
(617) 482-8260  
Contact: William M. Steul  
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February 26, 2003

FOR IMMEDIATE RELEASE  
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EATON VANCE CORP.  
REPORT FOR THE THREE MONTHS ENDED

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JANUARY 31, 2003

BOSTON, MA--Eaton Vance Corp. reported diluted earnings per share of \$0.37 in the first three months of fiscal 2003 compared to diluted earnings per share of \$0.46 in the first three months of fiscal 2002.

Assets under management of \$55.8 billion at the end of the first quarter of fiscal 2003 were \$3.5 billion or 6 percent below the \$59.3 billion at the end of the first fiscal quarter last year. This 6 percent decline compares to a 23 percent decline in the S&P 500 and a 31 percent decline in the Nasdaq Composite for the same 12-month period. The Company's assets under management were negatively affected by \$8.1 billion of market depreciation, 57 percent of which was offset by \$4.6 billion of positive net inflows in the last 12 months. Gross sales and inflows of long-term funds and separate accounts in the last 12 months were \$13.3 billion. The Company's strong position in fixed income investment management continued to help offset the effects on Eaton Vance of the unprecedented equity market declines of the past three years.

Net inflows of long-term fund assets and separate account assets in the first three months of 2003 were \$1.3 billion compared to \$1.1 billion in the first three months of last year. Net inflows in the first quarter of 2003 benefited from the successful offering of nine closed-end municipal bond funds that added \$0.7 billion of new assets. Tables 1, 2 and 3 (attached) summarize assets under management and asset flows by investment objective.

As a result of lower average assets under management, fiscal 2003 first quarter revenue decreased by \$10.7 million or 8 percent to \$124.9 million, compared to fiscal 2002 first quarter revenue. Investment adviser and administration fees declined 4 percent to \$69.1 million. Distribution and underwriter fees declined 14 percent reflecting lower fund assets under management and the continuing

Page 5 of 9

shift from sales of Class B and Class C mutual fund shares to other share classes and assets with low or no distribution fees. Service fee revenue declined 11 percent in the first quarter of fiscal 2003 because of the decline in average assets in mutual funds that pay service fees.

Fiscal first quarter 2003 operating expenses of \$86.5 million were essentially flat compared to \$86.2 million in fiscal first quarter 2002. Compensation expense decreased 6 percent primarily because of lower operating income based bonus accruals.

Amortization of deferred sales commissions was flat at \$21.4 million in the first quarters of fiscal 2003 and 2002. Service fee expense and distribution fee expense declined 4 percent and 3 percent respectively, reflecting the decline in fund assets under management. Other expenses increased \$2.9 million or 23 percent primarily because of \$1.8 million of one-time closed-end municipal bond fund offering expenses, as well as increases in marketing related travel and promotion expenses.

First quarter 2003 operating income declined 23 percent to \$38.4 million and net income declined 22 percent to \$25.9 million. Other income declined by \$0.2 million, primarily because of a 9 percent decrease in interest income and the accrual, beginning November 13, 2002, of an additional 2.5% per annum of cash interest by a subsidiary on certain of its notes. Partly offsetting the lower net interest income and additional items of other income was a \$0.5 million increase in gains on the sale of investments. The Company's provision for income taxes was 35 percent in the first quarter of fiscal 2003 and in the first

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quarter of fiscal 2002.

Cash, cash equivalents and short-term investments were \$209.5 million on January 31, 2003, \$188.0 million on October 31, 2002 and \$222.8 million on January 31, 2002. The Company's strong operating cash flow in the last 12 months allowed it to reduce its long-term debt by \$91.7 million or 41 percent to \$131.7 million, and pay \$82.4 million in income taxes (including reducing the deferred tax liability by \$24.3 million to \$44.0 million), \$80.6 million in sales commissions, \$44.7 million to repurchase 1,460,000 shares of its non-voting common stock and \$20.4 million in dividends to shareholders. There are no outstanding borrowings against the Company's \$170.0 million credit facility.

During the first three months of fiscal year 2003, the Company repurchased and retired 324,600 shares of its non-voting common stock under its repurchase authorization. Approximately 2.0 million shares remain of the current 4.0 million-share authorization.

Eaton Vance Corp., a Boston-based investment management firm, is traded on the New York Stock Exchange under the symbol EV.

This news release contains statements that are not historical facts, referred to as "forward-looking statements." The Company's actual future results may differ significantly from those stated in any forward-looking statements, depending on factors such as changes in securities or financial markets or general economic conditions, the volume of sales and repurchases of fund shares, the continuation of investment advisory, administration, distribution and service contracts, and other risks discussed from time to time in the Company's filings with the Securities and Exchange Commission.

Page 6 of 9

### Eaton Vance Corp. Summary of Results of Operations (in thousands, except per share amounts)

	Three Months Ended		
	January 31, 2003	January 31, 2002	% Change
<b>Revenue:</b>			
Investment adviser and administration fees	\$ 69,074	\$ 71,867	(3.9)%
Distribution and underwriter fees	37,005	43,242	(14.4)
Service fees	17,925	20,062	(10.7)
Other income	930	499	86.4
	-----	-----	-----
Total revenue	124,934	135,670	(7.9)
	-----	-----	-----
<b>Expenses:</b>			
Compensation of officers and employees	26,403	28,060	(5.9)
Amortization of deferred sales commissions	21,394	21,403	(0.0)
Service fee expense	15,753	16,352	(3.7)
Distribution fee expense	7,683	7,890	(2.6)
Other expenses	15,313	12,447	23.0
	-----	-----	-----
Total expenses	86,546	86,152	0.5
	-----	-----	-----
Operating Income	38,388	49,518	(22.5)

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Other Income/(Expense):			
Interest income	1,531	1,689	(9.4)
Interest expense	(1,433)	(1,087)	31.8
Gain on sale of investments	1,874	1,383	35.5
Foreign currency (loss)	(95)	-	n/a
Equity in net loss of affiliates	(226)	(131)	72.5
	-----	-----	-----
Income Before Minority Interest and Income Taxes	40,039	51,372	(22.1)
Minority Interest	(180)	(306)	(41.2)
	-----	-----	-----
Income Before Income Taxes	39,859	51,066	(21.9)
Income Taxes	13,950	17,873	(21.9)
	-----	-----	-----
Net Income	\$ 25,909	\$ 33,193	(21.9)
	=====	=====	=====
Earnings Per Share:			
Basic	\$ 0.37	\$ 0.48	(22.9)
	=====	=====	=====
Diluted	\$ 0.37	\$ 0.46	(19.6)
	=====	=====	=====
Dividends Declared, Per Share	\$ 0.0800	\$ 0.0725	10.3
	=====	=====	=====
Weighted Average Shares Outstanding:			
Basic	69,163	69,042	0.2
	=====	=====	=====
Diluted	70,495	71,813	(1.8)
	=====	=====	=====

Page 7 of 9

Eaton Vance Corp.  
Balance Sheet  
(in thousands, except per share figures)

	January 31, 2003	October 31, 2002	January 2002
	-----	-----	-----
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 114,525	\$ 144,078	\$ 129,3
Short-term investments	94,933	43,886	93,3
Investment adviser fees and other receivables	24,605	19,502	23,7
Other current assets	3,463	6,101	3,3
	-----	-----	-----
Total current assets	237,526	213,567	249,8
	-----	-----	-----
Other Assets:			
Deferred sales commissions	228,038	239,048	263,0
Goodwill	69,467	69,467	69,2
Other intangible assets, net	37,110	37,296	38,7
Long-term investments	31,312	39,982	39,0
Equipment and leasehold improvements, net	13,352	13,897	14,5
Other assets	3,277	3,362	11,4

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Total other assets	382,556	403,052	436,2
Total assets	\$ 620,082	\$ 616,619	\$ 686,1
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Accrued compensation	\$ 9,474	\$ 31,899	\$ 16,4
Accounts payable and accrued expenses	17,293	16,324	20,5
Dividend payable	5,528	5,522	5,0
Current portion of long-term debt	7,143	7,143	7,1
Other current liabilities	22,807	7,382	23,7
Total current liabilities	62,245	68,270	72,9
Long-term Liabilities:			
Long-term debt	124,555	124,118	216,2
Deferred income taxes	43,993	50,531	68,2
Total long-term liabilities	168,548	174,649	284,4
Total liabilities	230,793	242,919	357,4
Minority interest	1,483	1,398	1,2
Commitments and contingencies	-	-	
Shareholders' Equity:			
Common stock, par value \$0.0078125 per share:			
Authorized, 640,000 shares			
Issued, 154,880 shares	1	1	
Non-voting common stock, par value \$0.0078125 per share:			
Authorized, 95,360,000 shares			
Issued, 69,115,168, 69,102,459 and 68,462,051 shares, respectively	540	540	5
Notes receivable from stock option exercises	(3,290)	(3,530)	(2,4
Deferred compensation	(1,825)	(2,100)	(2,9
Accumulated other comprehensive income	886	2,585	3,8
Retained earnings	391,494	374,806	328,3
Total shareholders' equity	387,806	372,302	327,3
Total liabilities and shareholders' equity	\$ 620,082	\$ 616,619	\$ 686,1

Page 8 of 9

Table 1  
Asset Flows (in millions)  
Twelve Months Ended January 31, 2003

Assets 1/31/2002 - Beginning of Period	\$ 59,272
Long-term Fund Sales/Inflows	10,673
Long-term Fund Redemptions/Outflows	(6,954)
Long-term Fund Net Exchanges	(215)
Long-term Fund Mkt. Change	(6,139)
Separate Accounts Inflows - Institutional/HNW	1,726
Separate Accounts Outflows - Institutional/HNW	(982)
Separate Accounts Inflows - Managed Accounts	895

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Separate Accounts Outflows - Managed Accounts	(125)
Separate Accounts Mkt. Change	(1,948)
Change in Money Market Funds	(453)
	-----
Net Decrease	(3,522)
	-----
Assets 1/31/2003 - End of Period	\$ 55,750
	=====

Table 2  
Assets Under Management  
By Investment Objective (in millions)

	January 31, 2003	October 31, 2002	%	January 31, 2002	%
	-----	-----	Change	-----	Change
Equity Funds	\$ 22,401	\$ 22,910	- 2.2%	\$ 27,459	-18.4%
Fixed Income Funds	14,601	13,302	9.8%	10,302	41.7%
Bank Loan Funds	7,308	7,687	- 4.9%	9,185	-20.4%
Money Market Funds	559	910	-38.6%	992	-43.6%
Separate Accounts	10,881	10,802	0.7%	11,334	- 4.0%
	-----	-----	-----	-----	-----
Total	\$ 55,750	\$ 55,611	0.3%	\$ 59,272	- 5.9%
	=====	=====	=====	=====	=====

Table 3  
Asset Flows by Investment Objective (in millions)

	-----	
	Three Months Ended	
	January 31, 2003	January 31, 2002
	-----	-----
Equity Fund Assets - Beginning of Period	\$ 22,910	\$ 25,277
Sales/Inflows	707	1,250
Redemptions/Outflows	(650)	(632)
Exchanges	(28)	24
Market Value Change	(538)	1,540
	-----	-----
Net Change	(509)	2,182
	-----	-----
Equity Fund Assets - End of Period	\$ 22,401	\$ 27,459
	-----	-----
Fixed Income Fund Assets - Beginning of Period	13,302	10,165
Sales/Inflows	1,619	585
Redemptions/Outflows	(430)	(321)
Exchanges	64	151
Market Value Change	46	(278)
	-----	-----
Net Change	1,299	137
	-----	-----
Fixed Income Fund Assets - End of Period	\$ 14,601	\$ 10,302
	-----	-----
Bank Loan Fund Assets - Beginning of Period	7,687	9,582
Sales/Inflows	156	294
Redemptions/Outflows	(515)	(588)
Exchanges	(64)	(97)
Market Value Change	44	(6)

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Net Change	(379)	(397)
Bank Loan Fund Assets - End of Period	\$ 7,308	\$ 9,185
Long-Term Fund Assets - Beginning of Period	43,899	45,024
Sales/Inflows	2,482	2,129
Redemptions/Outflows	(1,595)	(1,541)
Exchanges	(28)	78
Market Value Change	(448)	1,256
Net Change	411	1,922
Total Long-Term Fund Assets - End of Period	\$ 44,310	\$ 46,946
Separate Accounts - Beginning of Period	10,802	10,468
Separate Accounts Inflows - Institutional/HNW	587	589
Separate Accounts Outflows - Institutional/HNW	(464)	(202)
Separate Accounts Inflows - Managed Accounts	274	97
Separate Accounts Outflows - Managed Accounts	(28)	(7)
Separate Accounts Market Change	(290)	389
Net Change	79	866
Separate Accounts - End of Period	\$ 10,881	\$ 11,334
Money Market Fund Assets - End of Period	559	992
Total Assets Under Management - End of Period	\$ 55,750	\$ 59,272