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EATON VANCE CORP  
Form 8-K  
November 25, 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): November 25, 2003  
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EATON VANCE CORP.  
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(Exact name of registrant as specified in its charter)

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

Registrant's telephone number, including area code: (617) 482-8260  
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Page 1 of 10

INFORMATION INCLUDED IN THE REPORT

ITEM 5. OTHER EVENTS AND REQUIRED FD DISCLOSURE  
ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL  
CONDITION

Registrant has reported its results of operations for the three months ended October 31, 2003, as described in Registrant's news release dated November 25, 2003, a copy of which is filed herewith as Exhibit 99.1 and incorporated herein by reference.

This information is being filed pursuant to Item 5. Other Events and Required FD Disclosure and is being provided under Item 12. Results of Operations and Financial Condition.

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ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

Exhibit No. -----	Document -----
99.1	Press release issued by the Registrant dated November 25, 2003.

Page 2 of 10

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: November 25, 2003                      /s/ William M. Steul  
-----  
William M. Steul, Chief Financial Officer

Page 3 of 10

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 November 25, 2003.

Page 4 of 10

EXHIBIT 99.1

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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November 25, 2003

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FOR IMMEDIATE RELEASE  
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## EATON VANCE CORP. REPORT FOR THE THREE MONTHS AND FISCAL YEAR ENDED OCTOBER 31, 2003

BOSTON, MA--Eaton Vance Corp. earned \$0.41 per diluted share in the fourth quarter of fiscal 2003, an increase of 21 percent over the \$0.34 per diluted share earned in the fourth quarter of fiscal 2002. In fiscal 2003 the Company earned \$1.51 per diluted share compared to \$1.70 per diluted share in fiscal 2002.

Assets under management on October 31, 2003 were \$75.0 billion, a 35 percent increase over the \$55.6 billion of managed assets on October 31, 2002. The acquisition of Parametric Portfolio Associates (PPA) on September 10, 2003 added \$5.3 billion of assets. Excluding the assets acquired with PPA, total gross inflows into Eaton Vance funds and separate accounts were \$16.8 billion in fiscal 2003, an increase of 29 percent from the \$13.0 billion of gross inflows in fiscal 2002 and the highest annual gross inflows in Company history. Net inflows (gross inflows less redemptions and withdrawals) were \$8.3 billion in fiscal 2003 compared to \$4.9 billion in fiscal 2002, an increase of 69 percent. Tables 1, 2 and 3 (attached) summarize assets under management and asset flows by investment objective.

Eaton Vance raised a record \$5.0 billion in closed-end fund assets in fiscal 2003. In the fourth quarter, the Company introduced the Eaton Vance Tax-Advantaged Dividend Income Fund, a closed-end fund that raised \$1.3 billion in late September. When the over-allotment option on common shares and the planned issuance of preferred shares are completed in early fiscal 2004, the fund is expected to have assets of about \$2.1 billion and contribute approximately \$9.5 million in revenue annually. Earnings in the fourth quarter of 2003 were reduced by the payment of \$2.4 million of sales incentives and other marketing expenses incurred in connection with the successful offering of the fund. Earnings in fiscal 2003 were reduced by \$8.5 million of sales incentives and other expenses associated with the \$5.0 billion in 11 closed-end fund offerings.

"Eaton Vance had its best asset growth year ever in fiscal 2003," said James B. Hawkes, Chairman and CEO. "Total assets under management increased 35 percent to \$75.0 billion. The Company was a leader among asset management firms in closed-end fund sales with \$5.0 billion of assets raised in fiscal 2003. Equity fund assets increased 26 percent, fixed income fund assets increased 34 percent, bank loan fund assets increased 24 percent and separately managed account assets, including those managed by PPA, increased 70 percent. The new assets added in fiscal 2003 should result in meaningful revenue and profit growth in fiscal 2004."

5 of 10

Revenue in the fourth quarter of fiscal 2003 increased \$19.6 million or 16 percent to \$143.4 million from the fourth quarter a year ago. Revenue in fiscal year 2003 was essentially even with fiscal 2002 at \$523.1 million. Fourth quarter 2003 investment adviser and administration fees increased 25 percent over fourth quarter 2002 consistent with the 26 percent growth in average assets under management. Fiscal 2003 investment adviser and administration fee revenue increased 6 percent in line with the 6 percent increase in average assets under management for the full year. Fiscal 2003 distribution and underwriter fee revenue declined 9 percent primarily because of the continuing shift in mutual fund sales and assets from Class B to other fund share classes and to other

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managed assets with low or no distribution fees. Service fee revenue increased 12 percent in the fourth quarter of fiscal 2003 over the fourth quarter of fiscal 2002 because of an increase in fund assets that pay service fees. For fiscal 2003, service fee revenue declined 4 percent due to the full-year decline in average fund assets that pay service fees. Other income increased 131 percent primarily because of reimbursement payments for certain fund shareholder services now performed by the Company and investment income from a consolidated investment company in which Eaton Vance is the majority shareholder.

Operating expenses increased \$20.9 million or 6 percent in fiscal 2003 because of higher compensation, marketing, distribution and other expenses. Compensation expense increased 22 percent in the fourth quarter and 10 percent in fiscal 2003 due to higher marketing incentive payments associated with the increase in fund and separate account sales, and increases in the number of employees, base salaries and performance bonuses.

Amortization of deferred sales commissions increased 2 percent in fiscal 2003 due primarily to deferred sales commissions added in fiscal 2002 and adjustments made to better align amortization expense with projected distribution fee revenue. Service fee expense increased 15 percent in the fourth quarter and 1 percent in fiscal 2003 because of the growth in fund assets retained more than one year. Distribution expense increased 31 percent in the fourth quarter and 9 percent in fiscal 2003 primarily because of distribution expenses on the new closed-end funds, the increase in sales-related marketing expenses and the increase in commissions paid on certain Class A sales. (Note that distribution expense now includes certain distribution costs previously included in service fee expense and other expenses.) Other expenses increased 13 percent in fiscal 2003 because of non-recurring expenses related to the 11 closed-end fund offerings, higher on-going fund expenses, increased travel expenses, higher information technology costs, and higher audit and consulting fees. Operating income in the fourth quarter of fiscal 2003 increased 19 percent to \$45.3 million from \$38.1 million in the fourth quarter of fiscal 2002. Fiscal year 2003 operating income declined 11 percent to \$163.1 million.

Net income in the fourth quarter of fiscal 2003 increased 20 percent to \$28.7 million compared to \$23.8 million in the fourth quarter of fiscal 2002. Fiscal year 2003 net income declined 12 percent to \$106.1 million. Interest income in fiscal 2003 declined to \$4.8 million from \$9.0 million last year because of lower interest rates and the inclusion in fiscal 2002 of \$2.1 million of interest received from the settlement of a fiscal 1993-1995 Massachusetts income tax dispute. Interest expense declined by \$1.3 million in fiscal 2003 because of a reduction in the Company's long-term debt in the fourth quarter of fiscal 2002. Fiscal 2002 interest expense included \$2.1 million of previously capitalized debt offering costs associated with the repurchase in the fourth quarter of \$87.0 million of a subsidiary's 30-year zero-coupon senior exchangeable notes. Fiscal 2003 interest expense included a \$2.8 million accrual of an additional 2.5 percent per annum of cash interest payable through August 13, 2004 on the subsidiary's outstanding exchangeable notes. The Company's effective tax rate was 35 percent in both fiscal 2003 and fiscal 2002.

Cash, cash equivalents and short-term investments were \$242.8 million on October 31, 2003 and \$188.0 million on October 31, 2002. The Company's strong cash flow in fiscal 2003 allowed it to pay \$71.0 million of federal and state income taxes

(\$54.8 million of current and \$16.2 million of deferred taxes), \$70.0 million in sales commissions, \$44.9 million to repurchase and retire 1,417,300 shares of its non-voting common stock, \$28.0 million to acquire 80 percent of Parametric Portfolio Associates, \$24.8 million to pay dividends to its shareholders and \$7.1 million to reduce its long-term debt. Approximately 3.9 million shares

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remain of the current stock repurchase 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 7 of 10

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

	Three Months Ended			October 31, 2002
	October 31, 2003	October 31, 2002	% Change	
<b>Revenue:</b>				
Investment adviser and administration fees	\$ 83,648	\$ 66,898	25.0%	\$ 296
Distribution and underwriter fees	38,074	37,939	0.4	146
Service fees	20,147	18,024	11.8	74
Other income	1,550	957	62.0	5
<b>Total revenue</b>	<b>143,419</b>	<b>123,818</b>	<b>15.8</b>	<b>523</b>
<b>Expenses:</b>				
Compensation of officers and employees	34,173	27,996	22.1	115
Amortization of deferred sales commissions	21,024	20,925	0.5	85
Service fee expense	17,438	15,181	14.9	64
Distribution expense	16,356	12,452	31.4	54
Other expenses	9,160	9,191	(0.3)	40
<b>Total expenses</b>	<b>98,151</b>	<b>85,745</b>	<b>14.5</b>	<b>359</b>
<b>Operating Income</b>	<b>45,268</b>	<b>38,073</b>	<b>18.9</b>	<b>163</b>
<b>Other Income/(Expense):</b>				
Interest income	659	2,068	(68.1)	4
Interest expense	(1,427)	(3,584)	(60.2)	(5)
Gain on investments	43	68	(36.8)	2
Foreign currency gain (loss)	(24)	8	n/a	
Equity in net income of affiliates	314	163	92.6	
<b>Income Before Minority Interest and Income Taxes</b>	<b>44,833</b>	<b>36,796</b>	<b>21.8</b>	<b>164</b>
<b>Minority Interest in Income</b>	<b>(722)</b>	<b>(107)</b>	<b>574.8</b>	<b>(1)</b>
<b>Income Before Income Taxes</b>	<b>44,111</b>	<b>36,689</b>	<b>20.2</b>	<b>163</b>
<b>Income Taxes</b>	<b>15,438</b>	<b>12,841</b>	<b>20.2</b>	<b>57</b>

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Net Income	\$ 28,673	\$ 23,848	20.2	\$ 106
Earnings Per Share:				
Basic	\$ 0.42	\$ 0.35	20.0	\$
Diluted	\$ 0.41	\$ 0.34	20.6	\$
Dividends Declared, Per Share	\$ 0.1200	\$ 0.0800	50.0	\$ 0.
Weighted Average Shares Outstanding:				
Basic	68,493	68,943	(0.7)	68
Diluted	70,446	70,343	0.1	70

Page 8 of 10

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

	October 31, 2003	October 31, 2002
	-----	-----
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 138,328	\$ 144,078
Short-term investments	104,484	43,886
Investment adviser fees and other receivables	25,922	19,502
Other current assets	3,583	6,101
Total current assets	272,317	213,567
Other Assets:		
Deferred sales commissions	199,322	239,048
Goodwill	88,879	69,467
Other intangible assets, net	46,193	37,296
Long-term investments	36,490	39,982
Equipment and leasehold improvements, net	12,411	13,897
Other assets	3,090	3,362
Total other assets	386,385	403,052
Total assets	\$ 658,702	\$ 616,619
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accrued compensation	\$ 35,339	\$ 31,899
Accounts payable and accrued expenses	23,822	16,324
Dividend payable	8,189	5,522
Current portion of long-term debt	7,143	7,143
Other current liabilities	8,302	7,382
Total current liabilities	82,795	68,270

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Long-term Liabilities:		
Long-term debt	118,736	124,118
Deferred income taxes	33,203	50,531
	-----	-----
Total long-term liabilities	151,939	174,649
	-----	-----
Total liabilities	234,734	242,919
	-----	-----
Minority interest	7,691	1,398
	-----	-----
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, 68,250,464 and 69,102,459 shares, respectively	533	540
Notes receivable from stock option exercises	(2,995)	(3,530)
Deferred compensation	(1,000)	(2,100)
Accumulated other comprehensive income	1,245	2,585
Retained earnings	418,493	374,806
	-----	-----
Total shareholders' equity	416,277	372,302
	-----	-----
Total liabilities and shareholders' equity	\$ 658,702	\$ 616,619
	=====	=====

Page 9 of 10

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

Assets 10/31/2002 - Beginning of Period	\$ 55,611
Long-term fund sales and inflows	13,749
Long-term fund redemptions and outflows	(6,481)
Long-term fund net exchanges	(84)
Long-term fund mkt. value change	4,459
Long-term fund assets acquired	660
Institutional and HNW account inflows	2,075
Institutional and HNW account outflows	(1,674)
Institutional and HNW assets acquired with acquisition(1)	2,772
Retail managed account inflows	929
Retail managed account outflows	(337)
Retail managed account assets acquired with acquisition(1)	1,850
Separate account mkt. value change	1,980
Change in money market funds	(465)
	-----
Net change	19,433
	-----
Assets 10/31/2003 - End of Period	\$ 75,044
	=====

Table 2

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Assets Under Management  
By Investment Objective (in millions)

	October 31, 2003	October 31, 2002	%
			Change
Equity Funds	\$ 28,854	\$ 22,910	26%
Fixed Income Funds	17,801	13,302	34%
Bank Loan Funds	9,547	7,687	24%
Money Market Funds	445	910	-51%
Separate Accounts	18,397	10,802	70%
<b>Total</b>	<b>\$ 75,044</b>	<b>\$ 55,611</b>	<b>35%</b>

Table 3  
Asset Flows by Investment Objective (in millions)

	Three Months Ended		Twelve
	October 31, 2003	October 31, 2002	October 3 2003
Equity Fund Assets - Beginning of Period	\$ 25,407	\$ 23,684	\$ 22,910
Sales and inflows	2,073	627	4,189
Redemptions and outflows	(885)	(729)	(2,778)
Exchanges	61	(84)	3
Market value change	1,538	(588)	3,870
Assets acquired with acquisition(1)	660	-	660
Net change	3,447	(774)	5,944
Equity Fund Assets - End of Period	\$ 28,854	\$ 22,910	\$ 28,854
Fixed Income Fund Assets - Beginning of Period	17,580	10,573	13,302
Sales and inflows	667	3,268	6,382
Redemptions and outflows	(681)	(447)	(2,176)
Exchanges	(144)	112	(84)
Market value change	379	(204)	377
Net change	221	2,729	4,499
Fixed Income Fund Assets - End of Period	\$ 17,801	\$ 13,302	\$ 17,801
Bank Loan Fund Assets - Beginning of Period	8,419	8,415	7,687
Sales and inflows	1,333	174	3,178
Redemptions and outflows	(310)	(666)	(1,527)
Exchanges	75	(93)	(3)
Market value change	30	(143)	212
Net change	1,128	(728)	1,860
Bank Loan Fund Assets - End of Period	\$ 9,547	\$ 7,687	\$ 9,547
Long-Term Fund Assets - Beginning of Period	51,406	42,672	43,899



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Sales and inflows	4,073	4,069	13,749
Redemptions and outflows	(1,876)	(1,842)	(6,481)
Exchanges	(8)	(65)	(84)
Market value change	1,947	(935)	4,459
Assets acquired with acquisition(1)	660	-	660
Net change	4,796	1,227	12,303
Total Long-Term Fund Assets - End of Period	\$ 56,202	\$ 43,899	\$ 56,202
Separate Accounts - Beginning of Period	12,492	10,601	10,802
Institutional and HNW account inflows	695	533	2,075
Institutional and HNW account outflows	(505)	(167)	(1,674)
Institutional and HNW assets acquired with acquisition(1)	2,772	-	2,772
Retail managed account inflows	338	170	929
Retail managed account outflows	(142)	(42)	(337)
Retail managed account assets acquired with acquisition(1)	1,850	-	1,850
Separate accounts market value change	897	(293)	1,980
Net change	5,905	201	7,595
Separate accounts - End of Period	\$ 18,397	\$ 10,802	\$ 18,397
Money market fund assets - End of Period	445	910	445
Total Assets Under Management - End of Period	\$ 75,044	\$ 55,611	\$ 75,044

(1) Parametric Portfolio Associates acquired by Eaton Vance on September 10, 2003