UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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): **January 11, 2011**

CRA INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Massachusetts	**000-24049**	**04-2372210**
(State or other jurisdiction of incorporation)	(Commission file number)	(IRS employer identification no.)

200 Clarendon Street, Boston, Massachusetts	**02116**
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: **(617) 425-3000**

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On January 11, 2011, we entered into an amendment of our loan agreement dated as of January 14, 2004 with RBS Citizens, N.A. The amendment extends the termination date of the agreement from April 30, 2012 to April 30, 2014, calculates interest on borrowings using margins above LIBOR that range from 1.75% to 2.75% (a decrease from the prior range of 2% to 3.5%), and relaxes the agreement's financial ratio covenants and broadens certain exceptions to the agreement's covenants against certain dispositions, indebtedness and acquisitions, and adds change of control as an event of default under the agreement.

In connection with this amendment, we also executed an amendment to the promissory note relating to the loan agreement. A copy of the amendments to the loan agreement and promissory note are attached as Exhibits 10.1 and 10.2 to this Current Report on Form 8-K.

Item 2.02 Results of Operations and Financial Condition.

On January 13, 2011, we issued a press release reporting our financial results for our fourth quarter and year ended November 27, 2010. A copy of the press release is set forth as Exhibit 99.1 and is incorporated by reference herein. On January 13, 2011, we also posted on our website supplemental financial information, including prepared CFO remarks. A copy of the supplemental financial information is set forth as Exhibit 99.2 and is incorporated by reference herein.

The information contained in Item 2.02 of this report and Exhibits 99.1 and 99.2 attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Number	Title
10.1	Seventh Amendment to Loan Agreement dated January 14, 2004, dated as of January 11, 2011, by and between CRA International, Inc. and

	RBS Citizens, N.A.
10.2	Fifth Amendment to Revolving Note, dated as of January 11, 2011, by and between CRA International, Inc. and RBS Citizens, N.A.
99.1	January 13, 2011 press release
99.2	Supplemental financial information

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.

CRA INTERNATIONAL, INC.

Dated: January 13, 2011

By: /s/ Wayne D. Mackie
Wayne D. Mackie
Executive Vice President, Treasurer, and Chief Financial Officer

Exhibit Index

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10.2	Fifth Amendment to Revolving Note, dated as of January 11, 2011, by and between CRA International, Inc. and RBS Citizens, N.A.
99.1	January 13, 2011 press release
99.2	Supplemental financial information

Exhibit 10.1

SEVENTH AMENDMENT TO LOAN AGREEMENT
DATED JANUARY 14, 2004

This Seventh Amendment to Loan Agreement (the "Seventh Amendment") is made as of this 11th day of January, 2011 by and between CRA International, Inc., formerly known as Charles River Associates Incorporated ("Borrower"), a Massachusetts corporation with its principal executive office at the John Hancock Tower, 200 Clarendon Street, T-33, Boston, Massachusetts 02116-5092 and RBS Citizens, National Association, successor by merger with Citizens Bank of Massachusetts, a national banking association with offices at 28 State Street, Boston, Massachusetts (the "Lender") in consideration of the mutual covenants contained herein and the benefits to be derived herefrom. Unless otherwise specified, all capitalized terms shall have the same meaning herein as set forth in the Agreement (as defined below).

W I T N E S S E T H:

WHEREAS, on January 14, 2004, the Borrower and the Lender entered into a loan arrangement (the "Loan Arrangement") as evidenced by, amongst other documents and instruments, a certain Loan Agreement dated as of January 14, 2004, as amended by a First Amendment to Loan Agreement dated as of March 29, 2005, amended by a Second Amendment to Loan Agreement dated as of June 20, 2005, as amended by a Third Amendment to Loan Agreement dated as of April 17, 2006, as further amended by a Fourth Amendment to Loan Agreement dated as of July 25, 2006, as further amended by a Fifth Amendment to Loan Agreement dated as of May 16, 2007, as further amended by a Sixth Amendment to Loan Agreement dated as of August 18, 2009 (as may be amended from time to time, the "Agreement") by and between the Borrower and the Lender pursuant to which the Lender agree d to provide certain financial accommodations to or for the benefit of the Borrower; and

WHEREAS, the Borrower has requested that the Lender extend the Loan Arrangement and amend certain terms and conditions of the Agreement, and

WHEREAS, the Lender has agreed to so amend the Agreement provided the Borrower and the Lender entered into this Seventh Amendment; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Section 1 (g) of the Agreement is hereby amended by deleting the definition of Applicable Margin in its entirety and replacing it with the following:

""Applicable Margin" shall mean at any time (i) 2.75% per annum if the Total Debt Ratio (as defined in Section 10 hereof) at such time is greater than or equal to 2.0x, (ii) 2.25% per annum if the Total Debt Ratio at such time is greater than or equal to 1.0x but less than 2.0x as of such time, or (iii) 1.75% per annum if the Total Debt Ratio at such

time is less than 1.0x as of such time. For purposes of the foregoing, (i) the Total Debt Ratio at any time shall be the Total Debt Ratio as reported in the Compliance Certificate most recently delivered (or updated) by the Borrower to Bank pursuant to Section 8(d) hereof, and (ii) each change in the Applicable Margin pursuant to the foregoing provisions shall take effect from the date of Borrower's delivery of its most recent Compliance Certificate (or update thereof) pursuant to Section 8(d) hereof."

2. Section 10(b) of the Agreement is hereby deleted in its entirety and replaced with the following:

"(b) (Debt Ratios) permit the Senior Debt Ratio measured as of the end of each fiscal quarter to be more than 2.5x."

3. The definition of Permitted Disposition at the end of Section 10(c) of the Agreement is hereby deleted in its entirety and replaced with the following:

"As used in this Agreement, a "Permitted Disposition" shall mean a disposition of any assets or business of the Borrower or any of its subsidiaries in an aggregate amount for all such dispositions during the term of this Agreement not exceeding $10,000,000.00 of net cash proceeds."

4. Section 10(h) of the Agreement is hereby deleted in its entirety and replaced with the following:

"(h) (Indebtedness) incur any indebtedness for borrowed money (including obligations under capital leases), except (i) indebtedness or excluded indebtedness described on Schedule "G" annexed hereto, and any refinancings or renewals thereof that do not increase the principal amount thereof, (ii) deferred purchase price payment obligations or other indebtedness incurred to current or former directors, officers, employees or consultants, or family members of any of the foregoing, or trusts (or other estate planning vehicles) for the benefit of any of the foregoing, in respect of repurchases by the Borrower of restricted stock from any such persons; (iii) to the extent constituting indebtedness, guarantees and other obligations permitted under clause (g) above and investments permitted under clause (i) below, (iv) trade debt incurred and payable in the ordinary course of business (v) Purchase Money Indebtedness in an aggregate amount outstanding at any time not exceeding Two and One Half Million ($2,500,000.00) Dollars, (vi) unsecured indebtedness owed to any wholly-owned subsidiary, (vii) existing subordinated indebtedness described on Schedule G-1 annexed hereto, and (viii) up to the aggregate of (I) Ten Million ($10,000,000.00) Dollars in aggregate

principal amount of other unsecured indebtedness outstanding at any time minus (II) any additional indebtedness incurred by NeuCo, Inc. in excess of the Existing NeuCo, Inc. Indebtedness."

5. The definition of Permitted Acquisition at the end of Section 10(i) is hereby deleted in its entirety and replaced with the following:

"As used in this Agreement, a "Permitted Acquisition" shall mean (i) any acquisition described on Schedule "C" annexed hereto or (ii) any other acquisition, whether by merger, stock purchase, asset purchase or otherwise, (A) that is of a business or assets in a line or lines of business similar to the business of the Borrower; (B) that on a pro forma basis would not cause Borrower to violate any of its covenants herein; and (C) the due diligence materials and reports received or compiled by the Borrower for which the Bank has reviewed (or had a reasonable opportunity to review), or (iii) lateral hires of individuals (X) that are in a line or lines of business similar to the business of the Borrower and (Y) that on a pro forma basis would not cause Borrower to violate any of its covena nts herein."

6. The subsection after Section 10(i) of the Agreement entitled (Investments, Acquisitions) are relettered in alphabetical order.

7. The definition of "Borrower EBITDA" at the end of Section 10 of the Agreement is hereby supplemented by adding the following additional sentence at the end of the definition:

"Notwithstanding anything to the contrary contained herein, EBITDA generated from the Borrower's NeuCo, Inc. subsidiary shall not be included in the calculation of Borrower EBITDA."

8. The definition of "consolidated working capital" at the end of Section 10 of the Agreement is hereby supplemented by adding the following additional sentence at the end of the definition:

"Notwithstanding anything to the contrary contained herein, the current assets and current liabilities of the Borrower's NeuCo, Inc. subsidiary shall not be included in the calculation of Borrower's consolidated working capital."

9. Section 10 of the Agreement is supplemented by adding the following definition in alphabetical order in the list of definitions at the end of such section:

""Change of Control" shall mean the direct or indirect acquisition of a 50% or greater voting interest in the Borrower by one or more affiliated parties, where "affiliated" has the meaning ascribed to such term in

Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended to date."

""Existing NeuCo, Inc. Indebtedness" shall mean the existing indebtedness owed by NeuCo, Inc. as of the date hereof as listed on Schedule G-2 annexed hereto."

10. Sections 11(viii) and (x) of the Agreement are hereby deleted in their entirety and replaced with the following, respectively:

"(viii) The entry of any judgment(s) against Borrower, for the payment of money exceeding Ten Million ($10,000,000.00) Dollars in aggregate amount, and such judgment(s) is (or are) not satisfied or appealed from (with execution or similar process stayed) within thirty (30) days of entry."

"(x) The service of any process upon Bank seeking to attach by trustee process any funds of the Borrower in excess of Ten Million ($10,000,000.00) Dollars on deposit with Bank, and such attachment has not been removed, discharged or rescinded, or stayed or adequately bonded pending a good faith contest by the Borrower, within fifteen (15) days of service."

11. Section 11 of the Agreement is hereby supplemented by adding the following subsection (xvi) after (xv):

"(xvi) The occurrence of a Change of Control."

12. Section 14(a) of the Agreement is hereby amended by replacing the date "April 30, 2012" with the date "April 30, 2014".

13. The Lender consents to the change by the Borrower of its fiscal year this year and for each fiscal year thereafter from November 27th to the Saturday nearest December 31st. The Lender and Borrower agree that for the purposes of calculating compliance with the financial covenants in the Agreement that the first three (3) fiscal quarters of fiscal year 2011 shall not include the period of November 28, 2010 through January 2, 2011.

14. Exhibit 5 of the Agreement is hereby deleted in its entirety and replaced with the Exhibit 5 attached hereto.

15. The Borrower hereby acknowledges and agrees that the Borrower has no claims, offsets, defenses or counterclaims against the Lender with respect to the Loan Arrangement or otherwise and to the extent the Borrower may have any such claims the Borrower hereby WAIVES and RENOUNCES such claims, offsets, defenses and counterclaims.

16. This Seventh Amendment and all other documents executed in connection herewith incorporate all discussions and negotiations between the Borrower and the Lender either expressed or implied, concerning the matters contained herein and in such other instruments, any statute, custom or use to the contrary notwithstanding. No such discussions or negotiations shall limit, modify or otherwise effect the provisions hereof. The modification amendment, or waiver of any provision of this Seventh Amendment, the Agreement or any provision under any other agreement or document entered into between the Borrower and the Lend er shall not be effective unless executed in writing by the party to be charged with such modification, amendment or waiver, and if such party be the Lender, then by a duly authorized officer thereof.

17. Except as specifically modified herein, the Agreement shall remain in full force and effect as originally written, and the Borrower hereby ratifies and confirms all terms and conditions contained in the Agreement.

18. This Seventh Amendment shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts and shall take effect as a sealed instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereof have set their hands and seals as of the date first written above.

CRA INTERNATIONAL, INC.

By: /s/ Wayne D. Mackie
Executive Vice President, Treasurer and
Chief Financial Officer

RBS CITIZENS, NATIONAL ASSOCIATION

By: /s/ David Nussbaum
Vice President

SCHEDULE G-1

EXISTING SUBORDINATED INDEBTEDNESS AND EXCLUDED INDEBTEDNESS

Convertible Bonds	$21,880,000

OTHER UNSECURED INDEBTEDNESS

Potential Euro Facility (with RBS)	Euro 2M
SCB Facility	$1M (or foreign currency — equivalent)

SCHEDULE G-2

EXISTING NEUCO, INC. INDEBTEDNESS
$2,661,116.00

EXHIBIT 5

COMPLIANCE CERTIFICATE

CRA International, Inc., formerly known as Charles River Associates Incorporated ("**Borrower**") hereby certifies to RBS Citizens, National Association ("**Bank**"), pursuant to the Loan Agreement between Borrower and Bank dated January 14, 2004 as amended from time to time ("**Loan Agreement**"), that:

A. General

1. Capitalized terms not defined herein shall have the meanings set forth in the Loan Agreement.

2. Neither on the date hereof nor, if applicable, after giving effect to the loan made on the date hereof, does there exist any Event of Default or an event which would with notice or the lapse of time, or both, constitute an Event of Default.

B. Financial Covenants

Fiscal / Quarter / Year Ended , 201 .

As of the end of the fiscal quarter/year of the Borrower specified above and for the period of four consecutive fiscal quarters of the Borrower then ended (the "**Fiscal Period**"), the computations, ratios and calculations as set forth below in accordance with Section 10 of the Loan Agreement are true and correct:

1. **Consolidated Working Capital - Section 10(a).**

The Consolidated Working Capital of the Borrower as of the end of the Fiscal Period was $, and was computed as follows:

A.	Current Assets	$
B.	Current Liabilities	$
C.	Consolidated Working Capital (A - B) =	$

Required: At least $25,000,000.00

2. **Senior Debt Ratio (Consolidated Senior Funded Debt to Borrower EBITDA plus Adjusted Acquisition EBITDA) - Section 10(b).**

The total consolidated senior funded debt of the Borrower as of the end of the Fiscal Period was equal to times the amount of Borrower EBITDA for the Fiscal Period plus adjusted acquisition EBITDA computed as follows:

A.	Total consolidated senior funded debt	$
B.	Borrower EBITDA for trailing four fiscal quarters	$
C.	Adjusted Acquisition EBITDA	$

A / B + C = times

Required: Not more than 2.5 times

3. **Total Debt Ratio (Consolidated Total Funded Debt to Borrower EBITDA plus Adjusted Acquisition EBITDA) — Section 1(g).**

The total consolidated total funded debt of the Borrower as of the end of the Fiscal Period was equal to times the amount of Borrower EBITDA for the Fiscal Period plus adjusted acquisition EBITDA computed as follows:

A.	Total consolidated total funded debt	$
B.	Borrower EBITDA for trailing four fiscal quarters	$
C.	Adjusted Acquisition EBITDA	$

A / B + C = times

Required: N/A

IN WITNESS WHEREOF, the undersigned, a duly authorized officer of Borrower, has executed and delivered this Certificate in the name and on behalf of the Borrower on , 201 .

CRA INTERNATIONAL, INC.

By: ____________________
Name: ____________________
Title: ____________________

Exhibit 10.2

FIFTH AMENDMENT TO REVOLVING NOTE

This Fifth Amendment to Revolving Note (the "Fifth Amendment") is made as of this 11th day of January, 2011 by and between RBS Citizens, National Association, successor by merger with Citizens Bank of Massachusetts (the "Bank") having a principal office located at 28 State Street, Boston, Massachusetts 02108 and CRA International, Inc., formerly known as Charles River Associates Incorporated (the "Borrower"), a Massachusetts corporation having an office at the John Hancock Tower, 200 Clarendon Street, T-33, Boston, Massachusetts 02116-5092 to that certain Revolving Note dated January 14, 2004 executed by the Borrower in favor of the Bank (the "Note"). Any capitalized terms not otherwise defined herein shall have the same meanings designated in the Note.

W I T N E S S E T H:

WHEREAS, the Borrower did on January 14, 2004 execute, seal and deliver to the Bank the Note which Note was amended by a First Amendment to Revolving Note dated as of March 29, 2005, a Second Amendment to Revolving Note dated as of June 20, 2005, a Third Amendment to Revolving Note dated as of May 16, 2007, and a Fourth Amendment to Revolving Note dated as of August 18, 2009; and

WHEREAS, the Borrower has requested that the Bank extend the maturity date of the Note;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, receipt of whereof is hereby acknowledged, it is hereby agreed by and between the Borrower and the Bank as follows:

1. The Note is hereby amended by replacing the maturity date of April 30, 2012 with April 30, 2014.

2. The Note, as amended hereby, shall remain in full force and effect and all terms hereof are hereby ratified and confirmed by the Borrower. Except for specifically provided herein, all other terms and conditions of the Note shall remain in full force and effect.

3. The Borrower by its execution of this Fifth Amendment in the space provided below, represents, warrants and agrees that the Borrower has no claims, defenses, counterclaims or offsets against the Bank in connection with the Note or any of the other documents executed in connection therewith and, to the extent that any such claim, defense, counterclaim or offset may exist, the Borrower by its execution of this Fifth Amendment in the space provided below, hereby affirmatively WAIVES and RELEASES the Bank from same.

4. This Fifth Amendment shall take effect as a sealed instrument under the laws of the Commonwealth of Massachusetts as of the date first above written.

5. Any and all references to the Note and any instrument previously and now hereafter executed by the Borrower shall be deemed to refer to the Note as amended by this Fifth Amendment and any future amendments hereafter entered into between the Borrower and the Bank.

IN WITNESS WHEREOF, the parties hereto have executed this Fifth Amendment as of the date and year first above written as a sealed instrument.

WITNESS:

CRA INTERNATIONAL, INC.

By: /s/ Wayne D. Mackie
Executive Vice President,
Treasurer and Chief Financial
Officer

RBS CITIZENS, NATIONAL ASSOCIATION

By: /s/ David Nussbaum
Vice President

Exhibit 99.1

FOR IMMEDIATE RELEASE

Contact:

Wayne D. Mackie
Executive Vice President, CFO
Charles River Associates
617-425-3740

Jim Buckley
Executive Vice President
Sharon Merrill Associates, Inc.
617-542-5300

CHARLES RIVER ASSOCIATES (CRA) ANNOUNCES FOURTH-QUARTER AND FULL-YEAR FISCAL 2010 FINANCIAL RESULTS

Litigation and Management Consulting Drove Improved Operating Margin Performance in Quarter

BOSTON, January 13, 2011 — Charles River Associates (NASDAQ: CRAI), a worldwide leader in providing management, economic and financial consulting services, today announced financial results for its fiscal fourth quarter, the twelve weeks ended November 27, 2010 and for its full fiscal year 2010.

Revenue for the fourth quarter of fiscal 2010 was $75.9 million, compared with $74.6 million for the fourth quarter of fiscal 2009. Non-GAAP revenue for the fourth quarter of fiscal 2010 was $74.5 million, compared with $72.8 million in the same period of fiscal 2009 and $61.8 million for the third quarter of fiscal 2010 on a normalized basis. With the third quarter consisting of 16 weeks, the Company is providing results on a "normalized" basis in order to compare it with the sequential fourth quarter, which is a 12-week period.

Net income for the fourth quarter of fiscal 2010 was $1.8 million, or $0.17 per diluted share, compared with net income of $2.0 million, or $0.18 per diluted share, in the same period a year ago. Non-GAAP net income for the fourth quarter of fiscal 2010 was $3.7 million, or $0.35 per diluted share, compared with $3.5 million, or $0.32 per diluted share, in the same period of fiscal 2009. For the third quarter of fiscal 2010, on a normalized basis, non-GAAP net income was $2.4 million, or $0.22 per diluted share.

A description of the non-GAAP financial measures and a complete reconciliation between GAAP and non-GAAP financial information for the fourth quarters and full years of fiscal 2010 and fiscal 2009, as well as a non-GAAP comparison of the fourth quarter of fiscal 2010 with the third quarter of fiscal 2010 on a normalized basis, are provided in the financial tables at the end of this release.

Comments on the Fourth Quarter

"Following the improved performance we achieved in the third quarter, our fourth quarter results continued to put us on the right track," said Paul Maleh, CRA's President and Chief Executive Officer. "In the fourth quarter, we experienced broad-based improvements within both Litigation and Management Consulting as the majority of our practices delivered sequential revenue growth compared with a normalized third quarter. Our top-line grew by more than 20% sequentially on a normalized basis, highlighted by strong performance in our Competition, Finance, Global Industrial Consulting, Intellectual Property and Marakon Practices. The heightened level of activity from many of our practices drove our utilization to 73%, which exceeded our goal of 70% for the quarter and represented our highest rate in more than two years."

"During the fourth quarter, we continued to improve our operating margin and boost profitability," Maleh said. "On a non-GAAP basis, our operating margin increased on both a year-over-year and sequential normalized basis. Our results reflect the progress we have made in the past year in resetting our cost structure and concentrating our resources on the most promising areas. Our non-GAAP operating margin was 9.5% — exceeding the 8.0% we recorded in the third quarter and 8.9% reported in the fourth quarter of fiscal 2009."

"Our fourth quarter performance resulted in a cash flow from operations of more than $21 million and included the return of a $10.3 million deposit that had been placed in escrow in connection with a business acquisition we made in 2006," Maleh said. "Our cash flow enabled us to buy back $25.7 million of our convertible bonds at a discount. We concluded the year with more than $80 million in cash, and equivalents and short-term investments, and we are in a strong capital position with substantial financial flexibility as we enter fiscal 2011. This week we extended our credit facility with RBS Citizens Bank for an additional two years through April 2014. The amended terms include more favorable compliance and availability ratios and a lower borrowing rate, which speaks to our financial position and our strong relationship with RBS Citizens."

Full-Year Fiscal 2010 Results

Revenue for fiscal 2010 was $287.4 million, compared with $301.6 million for fiscal 2009. Non-GAAP revenue for fiscal 2010 was $281.0 million, compared with $292.8 million for fiscal 2009.

Net income for fiscal 2010 was $2.6 million, or $0.24 per diluted share, compared with fiscal 2009 net income of $6.3 million, or $0.59 per diluted share. Non-GAAP net income in fiscal 2010 was $9.4 million, or $0.87 per diluted share, compared with 2009 non-GAAP net income of $11.5 million, or $1.07 per diluted share.

Comments on Fiscal 2010

"Fiscal 2010 was a challenging year as we worked to recover from the slow start to the year and the uncertain business environment," said Maleh. "However, we developed and successfully executed a comprehensive plan to counter the challenges and are ending the year with positive momentum. We expanded our client-facing activities to ensure a stronger pipeline of new engagements. We broadened our collaborations across practices to foster more cross-selling opportunities. We invested in our people, particularly in the areas of business development and client service, and recruited senior level individuals who could rapidly deliver revenue. These activities have enabled us to conclude fiscal 2010 with stronger prospects for growth."

"In addition, we created a more efficient and scalable infrastructure by reducing costs and fostering improved productivity," Maleh said. "We better aligned staffing levels with our revenue, renegotiated leases and lowered our office rental expenses, and limited hiring within our administrative operations. Each action was carefully targeted, so as not to jeopardize our immediate and longer-term growth prospects, and we closed the year as a leaner and more efficient organization."

Outlook

"We are encouraged by the sequential growth achieved in the fourth quarter and the improvement in our consulting staff's utilization," said Maleh. "Entering fiscal 2011, we are better positioned for sustained growth with an improving operating margin, a healthy operating cash flow and strong balance sheet, a streamlined organization, and an outstanding reputation for our services."

"Going forward, we will continue to seek opportunities to deepen our client relationships, simplify our internal processes, and generate balanced and profitable growth across the company. While we remain cautious about our clients' spending environment, we see signs of business conditions starting to improve within our markets and enter fiscal 2011 cautiously optimistic," Maleh concluded.

Conference Call Information and Prepared CFO Remarks

CRA will host a conference call this morning at 9:00 a.m. ET to discuss its fourth-quarter and year-end 2010 financial results. To listen to a live webcast of the call, please visit the Company's website at http://www.crai.com prior to the event's broadcast. To listen to the call via telephone, dial (201) 689-8881 or (877) 709-8155. Interested parties unable to participate in the live call may access an archived version of the webcast on CRA's website.

In combination with this press release, CRA is providing prepared remarks by its CFO Wayne Mackie under "Conference Call Materials" in the investor relations section on the Company's website at http://www.crai.com. These remarks are offered to provide the investment community with additional background on CRA's financial results prior to the start of the conference call.

About Charles River Associates (CRA)

Charles River Associates® is a global consulting firm specializing in litigation, regulatory, and financial consulting, and management consulting. CRA advises clients on economic and financial matters pertaining to litigation and regulatory proceedings, and guides corporations through critical business strategy and performance-related issues. Since 1965, clients have engaged CRA for its unique combination of functional expertise and industry knowledge, and for its objective solutions to complex problems. Headquartered in Boston, CRA has offices throughout North America, Europe, the Middle East, and Asia. Detailed information about Charles River Associates, a registered trade name of CRA International, Inc., is available at http://www.crai.com.

NON-GAAP FINANCIAL MEASURES

In addition to reporting its financial results in accordance with U.S. generally accepted accounting principles, or GAAP, the Company has also provided in this release non-GAAP financial information. The Company believes the use of non-GAAP measures in addition to GAAP measures is an additional useful method of evaluating its results of operations. The Company believes that presenting its financial results excluding certain restructuring costs, non-cash expenses related to the repurchase of its convertible bonds, and NeuCo's results is important to investors and management because it is more indicative of its ongoing operating results and financial condition. These non-GAAP financial measures should be considered in conjunction with, but not as a substitute for, the financial information presented in accordance with GAAP, and the expected results calculated in accordance with GAAP and reconcili ations to those expected results should be carefully evaluated. The non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. Specifically, for the fourth quarter of fiscal 2010 and the fourth quarter of fiscal 2009, the Company has excluded certain restructuring costs, expenses related to the repurchase of its convertible bonds and NeuCo's results. For the third quarter of fiscal 2010, the Company has excluded certain restructuring costs and NeuCo's results. In addition, the Company has provided normalized non-GAAP financial information for the third quarter of fiscal 2010 on a basis intended to convert the 16-week period to an "as if" 12-week period in order to provide an equivalent comparison to financial information for the 12-week fourth quarter of fiscal 2010.

Statements in this press release concerning the future business, operating results, estimated cost savings, and financial condition of the Company and statements using the terms "anticipates," "believes," "expects," "should," or similar expressions, are "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. These statements are based upon management's current expectations and are subject to a number of factors and uncertainties. Information contained in these forward-looking statements is inherently uncertain and actual performance and results may differ materially due to many important factors. Such factors that could cause actual results to differ materially from any forward-looking statements made by the Company include, among others, the Company's restructuring costs and att ributable annual cost savings, changes in the Company's effective tax rate, share dilution from the Company's convertible debt offering and stock-based compensation, dependence on key personnel, attracting and retaining qualified consultants, dependence on outside experts, utilization rates, factors related to its acquisitions, including integration of personnel, clients, offices, and unanticipated expenses and liabilities, the risk of impairment write downs to the Company's intangible assets, including goodwill, if the Company's enterprise value declines below certain levels, risks

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associated with acquisitions it may make in the future, risks inherent in international operations, the performance of NeuCo, changes in accounting standards, rules and regulations, changes in the law that affect its practice areas, management of new offices, the potential loss of clients, the ability of customers to terminate the Company's engagements on short notice, dependence on the growth of the Company's business consulting practice, the unpredictable nature of litigation-related projects, the ability of the Company to integrate successfully new consultants into its practice, general economic conditions, intense competition, risks inherent in litigation, and professional liability. Further information on these and other potential factors that could affect the Company's financial results is included in the Company's periodic filings with the Securities and Exc hange Commission. The Company cannot guarantee any future results, levels of activity, performance or achievement. The Company undertakes no obligation to update any of its forward-looking statements after the date of this press release.

CRA INTERNATIONAL, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS INCLUDING A RECONCILIATION TO NON-GAAP RESULTS
FOR THE TWELVE WEEKS ENDED NOVEMBER 27, 2010 COMPARED TO THE TWELVE WEEKS ENDED NOVEMBER 28, 2009
(In thousands, except per share data)

	Twelve Weeks Ended November 27, 2010					Twelve Weeks Ended November 28, 2009 (as revised) (4)				
	GAAP Results	Adjustments to GAAP Results (Restructuring) (1)	Adjustments to GAAP Results (Bond Buyback) (2)	Adjustments to GAAP Results (NeuCo) (3)	Non-GAAP Results	GAAP Results	Adjustments to GAAP Results (Restructuring) (5)	Adjustments to GAAP Results (Bond Buyback) (6)	Adjustments to GAAP Results (NeuCo) (3)	Non-GAAP Results
Revenues	$ 75,862	$ —	$ —	$ 1,345	$ 74,517	$ 74,582	$ —	$ —	$ 1,785	$ 72,797
Costs of services	51,771	1,692	—	426	49,653	49,966	24	—	493	49,449
Gross profit	24,091	(1,692)	—	919	24,864	24,616	(24)	—	1,292	23,348
Selling, general and administrative expenses	17,725	43	—	1,092	16,590	18,616	1,785	—	1,484	15,347
Depreciation and amortization	1,299	48	—	61	1,190	2,402	788	—	98	1,516
Income (loss) from operations	5,067	(1,783)	—	(234)	7,084	3,598	(2,597)	—	(290)	6,485
Interest and other income (expense), net	(985)	—	(244)	(58)	(683)	(680)	—	(105)	(37)	(538)
Income (loss) before (provision) benefit for income taxes	4,082	(1,783)	(244)	(292)	6,401	2,918	(2,597)	(105)	(327)	5,947
(Provision) benefit for income taxes	(2,668)	311	102	(412)	(2,669)	(942)	1,239	43	251	(2,475)
Net income (loss)	1,414	(1,472)	(142)	(704)	3,732	1,976	(1,358)	(62)	(76)	3,472
Net (income) loss attributable to noncontrolling interest, net of tax	358	—	—	358	—	11	—	—	11	—
Net income (loss) attributable to CRA International, Inc.	$ 1,772	$ (1,472)	$ (142)	$ (346)	$ 3,732	$ 1,987	$ (1,358)	$ (62)	$ (65)	$ 3,472
Net income per share attributable to CRA International, Inc.:										
Basic	$ 0.17				$ 0.35	$ 0.19				$ 0.33
Diluted	$ 0.17				$ 0.35	$ 0.18				$ 0.32
Weighted average number of shares outstanding:										
Basic	10,556				10,556	10,637				10,637
Diluted	10,683				10,683	10,768				10,768

(1) During the twelve weeks ended November 27, 2010, the Company incurred pre-tax expenses of $1.8 million and related income tax effect of $0.3 million principally associated with employee workforce reductions designed to reduce costs and improve profitability.

(2) During the twelve weeks ended November 27, 2010, the Company repurchased $25.7 million of its convertible bonds, at a discount, however, under FASB Accounting Standards Codification Topic 470-20, “Debt”, this resulted in a $0.2 million loss on a pre-tax basis.

(3) These adjustments include activity related to NeuCo in the Company’s GAAP results.

(4) These amounts are revised based upon the Company’s adoption of FASB Accounting Standards Codification Topic 470-20, “Debt”, which was formerly referred to as FASB Staff Position APB 14-1, “Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)”. This standard changed the accounting treatment for convertible debt instruments.

(5) During the twelve weeks ended November 28, 2009, the Company incurred pre-tax expenses of $2.6 million and related income tax effect of $1.2 million associated with employee workforce reductions and office space reductions and moves.

(6) During the twelve weeks ended November 28, 2009, the Company repurchased $10.3 million of its convertible bonds at a discount, however, under FASB Accounting Standards Codification Topic 470-20, “Debt”, this resulted in a $0.1 million loss on a pre-tax basis.

CRA INTERNATIONAL, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS INCLUDING A RECONCILIATION TO NON-GAAP RESULTS
FOR THE FIFTY-TWO WEEKS ENDED NOVEMBER 27, 2010 COMPARED TO THE FIFTY-TWO WEEKS ENDED NOVEMBER 28, 2009
(In thousands, except per share data)

	Fifty-Two Weeks Ended November 27, 2010					Fifty-Two Weeks Ended November 28, 2009 (as revised) (4)				
	GAAP Results	Adjustments to GAAP Results (Restructuring) (1)	Adjustments to GAAP Results (Bond Buyback) (2)	Adjustments to GAAP Results (NeuCo) (3)	Non-GAAP Results	GAAP Results	Adjustments to GAAP Results (Restructuring)	Adjustments to GAAP Results (Bond Buyback) (7)	Adjustments to GAAP Results (NeuCo) (3)	Non-GAAP Results
Revenues	$287,424	$ —	$ —	$ 6,410	$ 281,014	$301,639	$ —	$ —	$ 8,861	$ 292,778
Costs of services	197,140	5,379	—	1,794	189,967	199,861	1,968**(5)**	—	3,980	193,913
Gross profit (loss)	90,284	(5,379)	—	4,616	91,047	101,778	(1,968)	—	4,881	98,865
Selling, general and administrative expenses	73,900	2,992	—	5,191	65,717	76,124	3,069**(5)**	—	5,382	67,673
Depreciation and amortization	5,983	235	—	245	5,503	8,521	788	—	567	7,166
Income (loss) from operations	10,401	(8,606)	—	(820)	19,827	17,133	(5,825)	—	(1,068)	24,026
Interest and other income (expense), net	(4,168)	—	(669)	(182)	(3,317)	(4,020)	(390)**(6)**	(134)	(153)	(3,343)
Income (loss) before (provision) benefit for income taxes and noncontrolling interest	6,233	(8,606)	(669)	(1,002)	16,510	13,113	(6,215)	(134)	(1,221)	20,683
(Provision) benefit for income taxes	(4,273)	2,834	277	(279)	(7,105)	(7,422)	1,967**(5)**	55	(243)	(9,201)
Net income (loss)	1,960	(5,772)	(392)	(1,281)	9,405	5,691	(4,248)	(79)	(1,464)	11,482
Net (income) loss attributable to noncontrolling interest, net of tax	626	—	—	626	—	617	—	—	617	—
Net income (loss) attributable to CRA International, Inc.	$ 2,586	$ (5,772)	$ (392)	$ (655)	$ 9,405	$ 6,308	$ (4,248)	$ (79)	$ (847)	$ 11,482
Net income per share attributable to CRA International, Inc.:										
Basic	$ 0.24				$ 0.88	$ 0.59				$ 1.08
Diluted	$ 0.24				$ 0.87	$ 0.59				$ 1.07
Weighted average number of shares outstanding:										
Basic	10,643				10,643	10,608				10,608
Diluted	10,773				10,773	10,718				10,718

(1) During the fifty-two weeks ended November 27, 2010, the Company incurred pre-tax expenses of $8.6 million and related income tax effect of $2.8 million principally associated with an employee workforce reduction designed to better align staffing levels with revenue, closing the Houston, TX office, office space reductions in Boston and Chicago, and restructuring select practice areas.

(2) During the fifty-two weeks ended November 27, 2010, the Company repurchased $40.7 million of its convertible bonds at a discount, however, under FASB Accounting Standards Codification Topic 470-20, “Debt”, this resulted in a $0.7 million loss on a pre-tax basis.

(3) These adjustments include activity related to NeuCo in the Company’s GAAP results.

(4) These amounts are revised based upon the Company’s adoption of FASB Accounting Standards Codification Topic 470-20, “Debt”, which was formerly referred to as FASB Staff Position APB 14-1, “Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)”. This standard changed the accounting treatment for convertible debt instruments.

(5) During the fifty-two weeks ended November 28, 2009, the Company incurred pre-tax expenses of $5.8 million and related income tax effect of $2.0 million associated principally with an employee workforce reduction and office space reductions and moves designed to reduce the Company’s operating expenses and improve its utilization rate.

(6) During the fifty-two weeks ended November 28, 2009, the Company recognized $0.4 million in foreign currency exchange loss related to the liquidation of the Company's Australian-based operations.

(7) During the fifty-two weeks ended November 28, 2009, the Company repurchased $17.3 million of its convertible bonds at a discount, however, under FASB Accounting Standards Codification Topic 470-20, "Debt", this resulted in a $0.1 million loss on a pre-tax basis.

CRA INTERNATIONAL, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS INCLUDING A RECONCILIATION TO NON-GAAP RESULTS
FOR THE TWELVE WEEKS ENDED NOVEMBER 27, 2010 COMPARED TO SIXTEEN WEEKS ENDED SEPTEMBER 3, 2010, INCLUDING NORMALIZED RESULTS
(In thousands, except per share data)

	Twelve Weeks Ended November 27, 2010					Sixteen Weeks Ended September 3, 2010				
	GAAP Results	Adjustments to GAAP Results (Restructuring) (1)	Adjustments to GAAP Results (Bond Buyback) (2)	Adjustments to GAAP Results (NeuCo) (3)	Non-GAAP Results	GAAP Results	Adjustments to GAAP Results (Restructuring) (4)	Adjustments to GAAP Results (NeuCo) (3)	Non-GAAP Results	Non-GAAP Results Normalized (5)
Revenues	$75,862	$ —	$ —	$ 1,345	$ 74,517	$84,641	$ —	$ 2,195	$ 82,446	$ 61,835
Costs of services	51,771	1,692	—	426	49,653	54,860	—	521	54,339	40,754
Gross profit (loss)	24,091	(1,692)	—	919	24,864	29,781	—	1,674	28,107	21,081
Selling, general and administrative expenses	17,725	43	—	1,092	16,590	22,906	1,625	1,519	19,762	14,821
Depreciation and amortization	1,299	48	—	61	1,190	1,959	156	81	1,722	1,292
Income (loss) from operations	5,067	(1,783)	—	(234)	7,084	4,916	(1,781)	74	6,623	4,968
Interest and other income (expense), net	(985)	—	(244)	(58)	(683)	(1,143)	—	(45)	(1,098)	(824)
Income (loss) before (provision) benefit for income taxes	4,082	(1,783)	(244)	(292)	6,401	3,773	(1,781)	29	5,525	4,144
(Provision) benefit for income taxes	(2,668)	311	102	(412)	(2,669)	(1,746)	704	(129)	(2,321)	(1,741)
Net income (loss)	1,414	(1,472)	(142)	(704)	3,732	2,027	(1,077)	(100)	3,204	2,403
Net (income) loss attributable to noncontrolling interest, net of tax	358	—	—	358	—	44	—	44	—	—
Net income (loss) attributable to CRA International, Inc.	$ 1,772	$ (1,472)	$ (142)	$ (346)	$ 3,732	$ 2,071	$ (1,077)	$ (56)	$ 3,204	$ 2,403
Net income per share attributable to CRA International, Inc.:										
Basic	$ 0.17				$ 0.35	$ 0.19			$ 0.30	$ 0.23
Diluted	$ 0.17				$ 0.35	$ 0.19			$ 0.30	$ 0.22
Weighted average number of shares outstanding:										
Basic	10,556				10,556	10,650			10,650	10,650
Diluted	10,683				10,683	10,734			10,734	10,734

(1) During the twelve weeks ended November 27, 2010, the Company incurred pre-tax expenses of $1.8 million and related income tax effect of $0.3 million principally associated with employee workforce reductions designed to reduce costs and improve profitability.

(2) During the twelve weeks ended November 27, 2010, the Company repurchased $25.7 million of its convertible bonds at a discount, however, under FASB Accounting Standards Codification Topic 470-20, "Debt", this resulted in a $0.2 million loss on a pre-tax basis.

(3) These adjustments include activity related to NeuCo in the Company's GAAP results.

(4) During the sixteen weeks ended September 3, 2010, the Company incurred pre-tax expenses of $1.8 million and related income tax effect of $0.7 million principally associated with the office space reductions in Boston and Chicago.

(5) The normalized non-GAAP financial information for the third quarter of fiscal 2010 is on a basis intended to convert the 16-week period to an "as if" 12-week period in order to provide an equivalent comparison to non-GAAP financial information for the 12-week fourth quarter of fiscal 2010. A factor of 12/16ths is used to calculate the normalized non-GAAP results.

CRA INTERNATIONAL, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	November 27, 2010	November 28, 2009
Assets		
Cash and cash equivalents and short-term investments	$ 80,483	$ 106,484
Accounts receivable and unbilled, net	94,235	88,222
Other current assets	22,885	35,076
Total current assets	197,603	229,782
Property and equipment, net	17,745	19,050
Goodwill and intangible assets, net	144,425	148,126
Other assets	13,926	25,153
Total assets	$ 373,699	$ 422,111
Liabilities and shareholders' equity		
Current liabilities	$ 98,250	$ 82,587
Long-term liabilities	19,029	83,809
Total liabilities	117,279	166,396
Total shareholders' equity	256,420	255,715
Total liabilities and shareholders' equity	$ 373,699	$ 422,111

CHARLES RIVER ASSOCIATES (CRA)
FOURTH QUARTER FISCAL YEAR 2010
EARNINGS ANNOUNCEMENT
PREPARED CFO REMARKS
JANUARY 13, 2011

CRA is providing a copy of prepared remarks by CFO Wayne Mackie in combination with its fourth-quarter fiscal 2010 earnings press release. These remarks are offered to provide the investment community with additional information on CRA's financial results prior to the start of the conference call. As previously announced, the conference call will begin today, January 13, 2011 at 9:00 am ET. These prepared remarks will not be read on the call.

Revenue

In today's press release, we reported Q4 of fiscal 2010 GAAP revenue of $75.9 million compared with $74.6 million for Q4 of fiscal 2009. Our GAAP revenue in Q4 of fiscal 2010 included $1.3 million from NeuCo compared with $1.8 million in Q4 last year. Excluding this revenue from both periods, non-GAAP revenue increased 2.4% to $74.5 million during the fourth quarter of fiscal 2010, from $72.8 million in Q4 of fiscal 2009.

With the third quarter being a 16-week period, in order to look at our business on a comparable sequential basis with Q4, we normalized Q3 to do a 12-week comparison. That table is included at the back of the financials in today's news release. Non-GAAP revenue for Q4 of fiscal 2010 increased 21% compared with $61.8 million in Q3 on a normalized basis. This sequential growth reflects the broad-based improvement we experienced across the majority of our practices.

As a result of the increase in activity this quarter, we generated utilization of 73% - our highest level in more than two years. This compares with 68% in Q3, 65% in Q2, and 60% in Q1. We achieved our goal of delivering utilization higher than 70% in the fourth quarter.

Revenue for fiscal 2010, the fifty-two weeks ended November 27, 2010, was $287.4 million, compared with $301.6 million for the fifty-two weeks ended November 28, 2009. After adjusting for NeuCo's impact, non-GAAP revenue for fiscal 2010 was $281.0 million compared with $292.8 million for fiscal 2009.

Gross Margin

Our gross margin percentage during Q4 of fiscal 2010 on a GAAP basis was 31.8%, compared with 33.0% for Q4 of fiscal 2009. Non-GAAP gross margin percentage, which excludes NeuCo and restructuring charges, for Q4 of fiscal 2010 was 33.4%, compared with 32.1% in Q4 of last year and 34.1% in Q3 of fiscal 2010. The 1.3 percentage point improvement in the Q4 of fiscal 2010 non-GAAP gross margin compared to Q4 of fiscal 2009 resulted principally from increased revenue as

our non-GAAP cost of services was nearly the same. Although cost of services was nearly the same in Q4 2010 compared to the same quarter a year ago, reimbursed expenses were lower by approximately $2.2 million offset by approximately $2.4 million of increased consultant compensation costs, most of which was incentive compensation.

For the full year fiscal 2010, our gross margin was 31.4% (GAAP) and 32.4% (non-GAAP). This compares with fiscal 2009 when our GAAP and non-GAAP gross margin was about 33.7%. The 1.4 percentage point decline in non-GAAP gross margin between years was driven by lower reimbursed expenses in fiscal 2010 (approximately 1.7 percentage points) offset by an increase in consultant compensation of approximately 3.1 percentage points.

SG&A Expenses

Fourth-quarter fiscal 2010 SG&A expenses on a GAAP basis were $17.7 million, or 23.4% of revenue compared with $18.6 million, or 25.0% of revenue a year ago. On a non-GAAP basis, SG&A expenses for the fourth quarter were $16.6 million, or 22.3% of revenue, compared with $15.3 million, or 21.1% of revenue a year ago. The increase in SG&A expenses in Q4 2010 compared to Q4 2009 is due to an increase in performance payments to outside consultants of approximately $950,000 and an increase in compensation expense of $900,000 offset by a reduction in occupancy expense of approximately $1.0 million. Our SG&A in Q3 of this year on a non-GAAP normalized basis was $14.8 million or 24.0%. In Q4, we achieved a 170 basis points improvement on a sequential basis due to higher revenue and ongoing initiatives to reduce our office leasing costs. Overall, SG&A costs were higher sequentially by $1.8 million partly driven by investments in marketing and business development, and client-facing activities which were focused on long-term growth.

Looking at our SG&A for the full year, on a non-GAAP basis, it was 23.4% compared to 23.1% for fiscal 2009. On an absolute dollar basis, we lowered our full-year SG&A costs by $2.0 million in fiscal 2010. There were a number of items comprising the net reduction, however, our full year non-GAAP occupancy costs were approximately $2.3 million lower in fiscal 2010 compared with fiscal 2009.

Depreciation and Amortization

Depreciation and amortization expense declined to $1.3 million in Q4 2010 from $2.4 million in Q4 2009. On a non-GAAP basis, depreciation and amortization was $1.2 million in Q4 2010 compared with $1.5 million in Q4 2009. Most of this decline related to a decrease in leasehold improvements and computer equipment related to office closures and reduced headcount.

Share-Based Compensation Expense

Share-based compensation expense was approximately $1.6 million for the fourth quarter of fiscal 2010, compared with $2.0 million for Q4 of fiscal 2009 and $1.8 million for Q3 of fiscal 2010.

Operating Income

On a GAAP basis, operating income for the fourth quarter of fiscal 2010 was $5.1 million, or 6.7% of revenue, compared with operating income of $3.6 million, or 4.8% of revenue, in Q4 of last year. The GAAP operating income for Q4 of fiscal 2010 includes $1.8 million in restructuring expenses and a $0.2 million operating loss related to NeuCo. GAAP operating income for Q4 of fiscal 2009 included $2.6 million in restructuring expenses and a $0.3 million operating loss related to NeuCo.

On a non-GAAP basis, operating income for Q4 of fiscal 2010 was $7.1 million, or 9.5% of revenue, compared with $6.5 million, or 8.9% of revenue in the fourth quarter of fiscal 2009. Our non-GAAP operating income percentage in Q3 of fiscal 2010 was 8.0%.

On a non-GAAP basis, the sequential and year-over-year increases in operating margin are due to an increase in revenue supported by our comprehensive expense control initiatives. The operating margin improvement reflects the progress we have made in tightening our cost structure and the leverage inherent in our business.

New Accounting Standard for Convertible Bonds
In Q1 of fiscal 2010, we adopted FASB Accounting Standards Codification Topic 470-20, which was formerly referred to as FASB Staff Position APB 14-1. This new accounting standard applies to the convertible bonds that we issued several years ago. It is having the net effect of increasing our non-cash interest expense. For fiscal 2010, the total incremental non-cash interest expense was approximately $1.2 million, which is what we had anticipated. The incremental non-cash interest expense for Q4 was $236,000, compared with $691,000 a year ago and $332,000 last quarter.

Interest and Other Income (Expense), net
In Q4 of fiscal 2010, interest and other expense was $1.0 million on a GAAP basis and $0.7 million on a non-GAAP basis. This compares with $0.7 million (GAAP) and $0.5 million (non-GAAP) a year ago. On a normalized non-GAAP basis, Q3 of fiscal 2010 was $0.8 million. The year-over-year increase in non-GAAP interest and other expense reflects an adverse foreign exchange impact, partially offset by lower interest expense due to the repurchase of convertible bonds.

Income Taxes
The following tables outline our income tax provision recorded in Q4 and the full-year fiscal 2010 and fiscal 2009, and the resulting effective tax rates (in $000):

	GAAP Q4		NON-GAAP Q4	
	2010	2009	2010	2009
Provision	$ 2,668	$ 942	$ 2,669	$ 2,475
Effective Tax Rate	65.4%	32.3%	41.7%	41.6%

	GAAP Full-year results		NON-GAAP Full-year results	
	2010	2009	2010	2009
Provision	$ 4,273	$ 7,422	$ 7,105	$ 9,201
Effective Tax Rate	68.6%	56.6%	43.0%	44.5%

In Q4 of fiscal 2010, our effective tax rate on a GAAP basis was 65.4% compared with 32.3% for the same quarter of last year. Our fourth quarter effective tax rate on a non-GAAP basis was consistent at 41.7% compared to 42.0% for the third quarter of fiscal 2010 and 41.6% for Q4 of fiscal 2009. The GAAP tax rates for fiscal 2010, fiscal 2009, and Q4 2010 were higher than the non-GAAP rates for the comparable periods due to our inability to record tax benefits in certain foreign jurisdictions

where operating losses were incurred. In addition, the Q4 2010 GAAP tax rate was higher due to NeuCo's weaker operating performance and a book to tax-return true-up. International revenues accounted for approximately one quarter of our total revenue in Q4.

Net Income
Q4 2010 GAAP net income increased to $1.8 million, or $0.17 per diluted share, compared with net income of $2.0 million, or $0.18 per diluted share a year ago. GAAP net income in Q4 this year included an after-tax expense of $1.5 million associated with restructuring, a $142,000 loss related to bond repurchases and a $346,000 net loss associated with NeuCo. GAAP net income for Q4 of fiscal 2009 included an after-tax expense of $1.4 million associated with restructuring, a $62,000 loss related to bond repurchases and a $65,000 net loss associated with NeuCo. Excluding these items from both periods, non-GAAP net income for Q4 of fiscal 2010 was $3.7 million, or $0.35 per diluted share, compared with $3.5 million, or $0.32 per diluted share, in Q4 of fiscal 2009. When normalizing our non-GAAP earnings for Q3 of fiscal 2010 for sequential comparison, we recorded net income of $2.4 million, or $0.2 2 per diluted share.

Fiscal Year Net Income
Looking at our bottom-line for the full year, GAAP net income was $2.6 million, or $0.24 per diluted share, compared with 2009 GAAP net income of $6.3 million, or $0.59 per diluted share. Without going through all the individual items, on a non-GAAP basis, our net income in fiscal 2010 was $9.4 million, or $0.87 per diluted share, compared with 2009 non-GAAP net income of $11.5 million, or $1.07 per diluted share.

Key Balance Sheet Metrics
Turning to the balance sheet, billed and unbilled receivables at the end of Q4 of fiscal 2010 increased substantially to $94.2 million, compared with $79.1 million at the end of Q3 of fiscal 2010 and $88.2 million at the end of fiscal 2009. The increase in billed and unbilled receivables from Q3 of fiscal 2010 was due to the normalized revenue increase in Q4 over the Q3 level. Current liabilities at the end of Q4 of fiscal 2010 were $98.3 million, compared with $82.6 million at the end of fiscal 2009. The increase in current liabilities year-over-year reflects the Q3 reclassification of our convertible bond principal balance from long-term to short-term as we may be required to repurchase the remaining $21.9 million of bonds as early as June 2011. Conversely, during the course of fiscal 2010, o ur long-term liabilities dropped from $83.8 million to just $19.0 million at year-end.

As a result of our increase in receivables, our DSO performance in Q4 remained slightly higher than our goal. DSOs were 101 days, consisting of 62 billed and 39 days of unbilled, which is slightly less than our Q3 DSOs of 102 days. We are continuing to work with our consultants and finance team to bring this area more in line with our targets. Our goal remains to maintain a DSO level below 100 days.

Cash and Cash Flow
Cash and equivalents and short-term investments stood at $80.5 million at the end of Q4 of fiscal 2010, compared with $86.6 million at the end of the third quarter and $106.5 million at the end of fiscal 2009. We generated strong cash flow from operations in the quarter. Net cash flow from operating activities in Q4 was $21.3 million that included the return of a $10.3 million deposit that had been placed in escrow in connection with a business acquisition we made in fiscal 2006. The decline in cash and equivalents since the end of Q3 primarily reflects the repurchase of $25.7 million of our convertible bonds. During the quarter, we also repurchased 14,000 shares of our common stock. Our capital expenditures totaled approximately $1.8 million for Q4 of fiscal 2010, compared with approximately $ 0.7 million a year ago and $1.2 million for Q3 of fiscal 2010. The higher capital expenditures in the fourth quarter of 2010 reflected continued investment in a new financial system.

This concludes the prepared CFO remarks.

NON-GAAP FINANCIAL MEASURES

In addition to reporting its financial results in accordance with U.S. generally accepted accounting principles, or GAAP, the Company has also provided non-GAAP financial information in these remarks. The Company believes the use of non-GAAP measures in addition to GAAP measures is an additional useful method of evaluating its results of operations. The Company believes that presenting its financial results excluding restructuring costs, non-cash expenses related to the repurchase of its convertible bonds, and NeuCo's results is important to investors and management because it is more indicative of its ongoing operating results and financial condition. These non-GAAP financial measures should be considered in conjunction with, but not as a substitute for, the financial information presented in accordance with GAAP, and the expected results calculated in accordance with GAAP and reconciliations to those expected results should be carefully evaluated. The non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. Specifically, for Q4 of fiscal 2010 and Q4 of fiscal 2009, the Company has excluded certain restructuring costs, expenses related to the repurchase of its convertible bonds and NeuCo's results. For Q3 of fiscal 2010, the Company has excluded certain restructuring costs and NeuCo's results. In addition, the Company has provided normalized non-GAAP financial information for the third quarter of fiscal 2010 on a basis intended to convert the 16-week period to an "as if" 12-week period in order to provide an equivalent comparison to financial information for the 12-week fourth quarter of fiscal 2010.

SAFE HARBOR STATEMENT

Statements in these prepared CFO remarks concerning the future business, operating results, estimated cost savings, and financial condition of the Company and statements using the terms "anticipates," "believes," "expects," "should," or similar expressions, are "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. These statements are based upon management's current expectations and are subject to a number of factors and uncertainties. Information contained in these forward-looking statements is inherently uncertain and actual performance and results may differ materially due to many important factors. Such factors that could cause actual results to differ materially from any forward-looking statements made by the Company include, among others, the Company's restructuring costs and attributable ann ual cost savings, changes in the Company's effective tax rate, share dilution from the Company's convertible debt offering and stock-based compensation, dependence on key personnel, attracting and retaining qualified consultants, dependence on outside experts, utilization rates, factors related to its acquisitions, including integration of personnel, clients, offices, and unanticipated expenses and liabilities, the risk of impairment write downs to the Company's intangible assets, including goodwill, if the Company's enterprise value declines below certain levels, risks associated with acquisitions it may make in the future, risks inherent in international operations, the performance of NeuCo, changes in accounting standards, rules and regulations, changes in the law that affect its practice areas, management of new offices, the potential loss of clients, the ability of customers to terminate the Company's engagements on short notice, dependence on the growth of the Company' ;s business consulting practice, the unpredictable nature of litigation-related projects, the ability of the Company to integrate successfully new consultants into its practice, general economic conditions, intense competition, risks inherent in litigation, and professional liability. Further information on these and other potential factors that could affect the Company's financial results is included in the Company's filings with the Securities and Exchange Commission. The Company cannot guarantee any future results, levels of activity, performance or achievement. The Company undertakes no obligation to update any of its forward-looking statements after the date of these remarks.