

**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): **March 1, 2017**

**CRA INTERNATIONAL, INC.**

(Exact name of registrant as specified in its charter)

**Massachusetts**  
(State or other jurisdiction  
of incorporation)

**000-24049**  
(Commission  
file number)

**04-2372210**  
(IRS employer  
identification no.)

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

**02116**  
(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:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02 Results of Operations and Financial Condition.**

On March 1, 2017, we issued a press release reporting our financial results for our fiscal fourth quarter and year ended December 31, 2016. A copy of the press release is set forth as Exhibit 99.1 and is incorporated by reference herein. On March 1, 2017, 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

<u>Number</u>	<u>Title</u>
99.1	March 1, 2017 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.**

**Exhibit Index**

<u>Number</u>	<u>Title</u>
99.1	March 1, 2017 press release
99.2	Supplemental financial information

## FINAL FOR RELEASE

**Contacts:**

Chad Holmes  
Chief Financial Officer  
Charles River Associates  
312-377-2322

Jamie Bernard  
Senior Associate  
Sharon Merrill Associates, Inc.  
617-542-5300

**CHARLES RIVER ASSOCIATES (CRA) ANNOUNCES  
FOURTH-QUARTER AND FULL-YEAR FISCAL 2016 FINANCIAL RESULTS**

*Broad-Based Demand Continues to Drive Revenue and Profit Growth*

BOSTON, March 1, 2017 — Charles River Associates (NASDAQ: CRAI), a worldwide leader in providing economic, financial, and management consulting services, today announced financial results for the fiscal fourth quarter and year ended December 31, 2016.

**Key Fourth-Quarter Fiscal 2016 Financial Results**

- GAAP and non-GAAP revenue up 9.8% and 11.2%, respectively, year over year to \$79.6 million.
- Net income was \$2.1 million compared with a net loss of \$1.3 million in the fourth quarter of fiscal 2015; non-GAAP net income was \$2.1 million compared with \$0.2 million in the fourth quarter of fiscal 2015.
- Earnings per diluted share was \$0.24 compared with a net loss per diluted share of \$0.15 in the fourth quarter of fiscal 2015; non-GAAP earnings per diluted share was \$0.24 compared with \$0.03 in the fourth quarter of fiscal 2015.
- Non-GAAP Adjusted EBITDA grew 30.7% year over year to \$12.9 million.
- Fourth-quarter fiscal 2016 utilization improved to 71% from 68% in the fourth quarter of fiscal 2015, and headcount grew 5.7% year over year.
- On a constant currency basis relative to the fourth quarter of fiscal 2015, GAAP and non-GAAP revenue would have increased by approximately \$2.7 million, resulting in year-over-year revenue growth of 13.6% and 15%, respectively, while GAAP and non-GAAP net income, earnings per diluted share, and Adjusted EBITDA would have increased by approximately \$0.2 million, \$0.02 per diluted share, and \$0.4 million, respectively.

1

---

- In the fourth quarter, CRA paid a quarterly cash dividend of \$0.14 per common share. As reported on February 16, 2017, CRA's Board of Directors declared a quarterly cash dividend of \$0.14 per common share, payable on March 17, 2017 to shareholders of record as of February 27, 2017.

**Key Full-Year Fiscal 2016 Financial Results**

- Revenue up 7% year over year to \$324.8 million; non-GAAP revenue up 8.1% year over year to \$324.0 million.
- Net income up 68.3% year over year to \$12.9 million, or 4.0% of revenue; non-GAAP net income up 13.8% year over year to \$11.5 million, or 3.6% of non-GAAP revenue.
- Earnings per diluted share increased 79.5% year over year to \$1.49; non-GAAP earnings per diluted share increased 20.9% year over year to \$1.33.
- Non-GAAP Adjusted EBITDA grew 14.5% year over year to \$53.6 million.
- Full-year utilization for both fiscal 2016 and 2015 equaled 74%.
- On a constant currency basis relative to fiscal 2015, GAAP and non-GAAP revenue would have increased by approximately \$7.1 million, resulting in year-over-year growth of 9.3% and 10.4%, respectively, while GAAP and non-GAAP net income, earnings per diluted share, and Adjusted EBITDA would have increased by approximately \$0.7 million, \$0.08 per diluted share, and \$1.4 million, respectively.
- For fiscal 2016, CRA returned \$20.3 million of capital to its shareholders, comprised of \$1.2 million of dividend payments and \$19.1 million for share repurchases of approximately 784,000 shares.

**Management Commentary**

“As reported on February 16, CRA concluded fiscal 2016 with a strong fourth-quarter performance driven by solid contributions across our portfolio,” said Paul Maleh, CRA's President and Chief Executive Officer. “We continued to experience broad-based demand for our services with our Legal and Regulatory, and Management Consulting lines of business each growing more than 10% in the fourth quarter of fiscal 2016 compared with a year ago. Further highlighting the strength of our portfolio, despite strong currency headwinds, our international operations grew more than 16% year over year in the fourth quarter led by Antitrust & Competition Economics, Life Sciences, and Marakon.”

2

---

“For the full year, on a constant currency basis relative to fiscal 2015, CRA delivered non-GAAP double-digit growth on the top and bottom lines, demonstrating our ability to generate profitable growth while delivering enhanced shareholder value,” said Maleh. “On a constant currency basis relative to fiscal 2015, fiscal 2016

non-GAAP revenue grew by 10.4% to \$331 million, exceeding our previously announced fiscal 2016 guidance of \$312 million to \$322 million. To summarize, fiscal year 2016 non-GAAP revenue on a constant currency basis relative to fiscal 2015 is \$331 million, comprised of \$324 million of reported results and a \$7 million adjustment for currency headwinds.”

“We also enjoyed our highest annual non-GAAP Adjusted EBITDA margin in 10 years of 16.6% for fiscal 2016,” said Maleh. “On a constant currency basis relative to fiscal 2015, we achieved the upper end of our previously announced annual non-GAAP Adjusted EBITDA margin guidance of 15.8% to 16.6%. Full-year non-GAAP Adjusted EBITDA on a constant currency basis relative to fiscal 2015 is \$55.0 million, comprised of \$53.6 million of reported results and a \$1.4 million adjustment for currency headwinds, resulting in an Adjusted EBITDA margin of 16.6% on a constant currency basis.”

“We appreciate your patience as we finalized our financials for the fourth quarter and full year of fiscal 2016,” said Maleh. “As reported on February 16, we expect to file our annual report on Form 10-K on or prior to the filing deadline of March 16, 2017. We anticipate reporting material weaknesses in CRA’s internal controls in our Form 10-K. These findings do not change CRA’s fiscal 2016 financial performance or fiscal 2017 guidance as provided below. Management is actively pursuing remediation efforts, which will be further described in our Form 10-K.”

## **Outlook and Financial Guidance**

“As reported on February 16, 2017, for full year fiscal 2017, including the expected contributions from the recently acquired C1 Consulting, on a constant currency basis relative to fiscal 2016, CRA expects non-GAAP revenue in the range of \$350 million to \$360 million, and non-GAAP Adjusted EBITDA margin in the range of 15.8% to 16.6%. While we are pleased with CRA’s strong performance in 2016, we remain mindful that short-term challenges arising from the integration of new colleagues and uncertainties around global economic and political conditions can affect our business,” Maleh concluded.

CRA does not provide reconciliations of its annual non-GAAP revenue and Adjusted EBITDA margin guidance to the GAAP comparable financial measures because CRA is unable to estimate with reasonable certainty the financial results of its former NeuCo subsidiary, now known as

3

---

GNU123 Liquidating Corporation (“GNU”), the timing and amount of forgivable loans issued for talent acquisition, share-based compensation expense, unusual gains or charges, foreign exchange rates, and the resulting effect of these items on CRA’s taxes without unreasonable effort. These items are uncertain, depend on various factors, and may have a material effect on CRA’s results computed in accordance with GAAP. A reconciliation between the historical GAAP and non-GAAP financial measures presented in this release is provided in the financial tables at the end of this release.

## **Prepared CFO Remarks**

In combination with this press release, CRA has posted prepared remarks by its CFO Chad Holmes under “Quarterly Earnings” in the “Investor Relations” section on CRA’s website at <http://www.crai.com>. These remarks are offered to provide the investment community with additional background on CRA’s financial results.

## **About Charles River Associates (CRA)**

Charles River Associates® is a global consulting firm specializing in economic, financial, and management consulting services. 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 the world. Detailed information about Charles River Associates, a registered trade name of CRA International, Inc., is available at [www.crai.com](http://www.crai.com). Follow us on LinkedIn, Twitter, and Facebook.

## **NON-GAAP FINANCIAL MEASURES**

In addition to reporting its financial results in accordance with U.S. generally accepted accounting principles, or GAAP, CRA has also provided in this release non-GAAP financial information. CRA believes that the use of non-GAAP measures in addition to GAAP measures is a useful method of evaluating its results of operations. CRA believes that presenting its financial results excluding the results of GNU, certain non-cash and/or non-recurring charges, and the other items identified below, and including presentations of Adjusted EBITDA and comparisons on a constant currency basis, are important to investors and management because they are more indicative of CRA’s 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

4

---

accordance with GAAP, and the results calculated in accordance with GAAP and reconciliations to those results should be carefully evaluated. The non-GAAP financial measures used by CRA may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. Specifically, for full-year fiscal 2017 guidance, CRA has excluded GNU’s results; for the fourth quarter of 2016 and the full year fiscal 2016, CRA has excluded GNU’s results and a non-cash charge relating to an increased liability for a future contingent consideration payment relating to a prior acquisition; and for the fourth quarter of fiscal 2015 and the full year fiscal 2015, CRA has excluded GNU’s results (including its non-cash goodwill impairment charge in the fourth quarter of 2015) and a non-cash charge relating to an increased liability for a future contingent consideration payment relating to a prior acquisition. Also, in calculating “Adjusted EBITDA” from net income (loss) attributable to CRA for these fiscal periods and for purposes of the full-year fiscal 2017 guidance for Adjusted EBITDA margin, CRA has excluded net income (loss) attributable to noncontrolling interests (net of tax), interest expense, net; provision for income taxes, other income (expense), net; and the following non-cash expenses: depreciation and amortization, share-based compensation expenses, and amortization of forgivable loans.

Finally, CRA believes that fluctuations in foreign currency exchange rates can significantly affect its financial results. Therefore, CRA provides a constant currency presentation to supplement disclosures regarding its results of operations and performance. CRA calculates constant currency amounts by converting its applicable fiscal period local currency financial results using the prior fiscal year’s corresponding period exchange rates. CRA has presented in this press release its GAAP and non-GAAP revenue, net income, earnings per diluted share, and Adjusted EBITDA, for the fourth quarter of fiscal 2016 on a constant currency basis relative to the fourth quarter of fiscal 2015, its full-year fiscal 2016 GAAP and non-GAAP revenue, net income, earnings per diluted share, and Adjusted EBITDA on a constant currency basis relative to fiscal 2015, and its guidance for full-year fiscal 2017 non-GAAP revenue and Adjusted EBITDA margin on a constant currency basis relative to fiscal 2016.

## **SAFE HARBOR STATEMENT**

Statements in this press release concerning our future business, operating results and financial condition and determinations with respect to our internal controls over financial reporting, including those concerning guidance on future non-GAAP revenue and non-GAAP Adjusted EBITDA margin, the implied continuation of any current trend or ability, our reporting of material

5

internal control weaknesses or the expected time for filing our annual report on Form 10-K for fiscal 2016, and statements using the terms “expect,” “anticipate,” or similar expressions, are “forward-looking” statements as defined in Section 21 of the Exchange Act. These statements are based upon our current expectations and various underlying assumptions. Although we believe there is a reasonable basis for these statements and assumptions, and these statements are expressed in good faith, these statements are subject to a number of additional factors and uncertainties. Our actual non-GAAP revenue and non-GAAP Adjusted EBITDA margin in fiscal 2017 on a constant currency basis relative to fiscal 2016 could differ materially from the guidance presented herein, and our actual performance and results may differ materially from the performance and results contained or implied by the other forward-looking statements made herein, due to many important factors. These factors include, but are not limited to, the possibility that the demand for our services may decline as a result of changes in general and industry specific economic conditions, the timing of engagements for our services, the effects of competitive services and pricing, our ability to attract and retain key employee or non-employee experts; the impact of a quarterly dividend and/or the failure to declare future dividends; the inability to integrate and utilize existing consultants and personnel; global economic conditions including less stable political and economic environments; foreign exchange rate fluctuations; unanticipated expenses and liabilities; risks inherent in international operations; changes in accounting standards, rules, and regulations; our ability to collect on forgivable loans should any become due; and professional and other legal liability. Additional risks and uncertainties are discussed in our periodic filings with the Securities and Exchange Commission under the heading “Risk Factors.” The inclusion of such forward-looking information should not be regarded as our representation that the future events, plans, or expectations contemplated will be achieved. We undertake no obligation to update any forward-looking statements after the date of this press release, and we do not intend to do so.

6

**CRA INTERNATIONAL, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS INCLUDING A RECONCILIATION TO NON-GAAP RESULTS**  
**FOR THE QUARTER ENDED DECEMBER 31, 2016 COMPARED TO THE QUARTER ENDED JANUARY 2, 2016**  
(In thousands, except per share data)

	Quarter Ended December 31, 2016						Quarter Ended January 2, 2016					
	GAAP		Adjustments to	Adjustments to	Non-GAAP		GAAP		Adjustments to	Adjustments to	Non-GAAP	
	GAAP Results	% of Revenues	GAAP Results (Contingent Liability) (1)	GAAP Results (GNU) (2)	Non-GAAP Results	% of Revenues	GAAP Results	% of Revenues	GAAP Results (Contingent Liability) (1)	GAAP Results (GNU) (2)	Non-GAAP Results	% of Revenues
Revenues	\$ 79,569	100.0%	\$ —	\$ —	\$ 79,569	100.0%	\$ 72,460	100.0%	\$ —	\$ 906	\$ 71,554	100.0%
Costs of services	56,083	70.5%	69	—	56,014	70.4%	51,127	70.6%	(71)	318	50,880	71.1%
Gross profit	23,486	29.5%	(69)	—	23,555	29.6%	21,333	29.4%	71	588	20,674	28.9%
Selling, general and administrative expenses	17,836	22.4%	—	(40)	17,876	22.5%	17,334	23.9%	—	660	16,674	23.3%
Depreciation and amortization	2,035	2.6%	—	—	2,035	2.6%	1,785	2.5%	—	—	1,785	2.5%
GNU goodwill impairment	—	0.0%	—	—	—	0.0%	4,524	6.2%	—	4,524	—	0.0%
Income (loss) from operations	3,615	4.5%	(69)	40	3,644	4.6%	(2,310)	-3.2%	71	(4,596)	2,215	3.1%
Interest and other (expense), net	(240)	-0.3%	—	—	(240)	-0.3%	(243)	-0.3%	—	(14)	(229)	-0.3%
Income (loss) before provision for income taxes and noncontrolling interest	3,375	4.2%	(69)	40	3,404	4.3%	(2,553)	-3.5%	71	(4,610)	1,986	2.8%
(Provision for) benefit from income taxes	(1,299)	-1.6%	13	—	(1,312)	-1.6%	(36)	0.0%	—	1,703	(1,739)	-2.4%
Net income (loss)	2,076	2.6%	(56)	40	2,092	2.6%	(2,589)	-3.5%	71	(2,907)	247	0.4%
Net (income) loss attributable to noncontrolling interests, net of tax	(18)	0.0%	—	(18)	—	0.0%	1,282	1.7%	—	1,282	—	0.0%
Net income (loss) attributable to CRA International, Inc.	\$ 2,058	2.6%	\$ (56)	\$ 22	\$ 2,092	2.6%	\$ (1,307)	-1.8%	\$ 71	\$ (1,625)	\$ 247	0.4%
Net Income per share attributable to CRA International, Inc.:												
Basic	\$ 0.25				\$ 0.25		\$ (0.15)				\$ 0.03	
Diluted	\$ 0.24				\$ 0.24		\$ (0.15)				\$ 0.03	
Weighted average number of shares outstanding:												
Basic	8,269				8,269		8,876				8,876	
Diluted	8,443				8,443		8,876				9,039	

(1) This adjustment includes activity related to an increase in the liability for future contingent consideration payments in connection with a previous acquisition.

(2) These adjustments include activity related to GNU123 Liquidating Corporation (“GNU”), CRA’s majority owned subsidiary formerly known as “NeuCo”, in the Company’s GAAP results. In April 2016, substantially all of GNU’s assets were sold.

**CRA INTERNATIONAL, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS INCLUDING A RECONCILIATION TO NON-GAAP RESULTS**  
**FOR THE YEAR-TO-DATE PERIOD ENDED DECEMBER 31, 2016 COMPARED TO THE YEAR-TO-DATE PERIOD ENDED JANUARY 2, 2016**  
(In thousands, except per share data)

	Year-To-Date Period Ended December 31, 2016						Year-To-Date Period Ended January 2, 2016					
	GAAP		Adjustments to	Adjustments to	Non-GAAP		GAAP		Adjustments to	Adjustments to	Non-GAAP	
	GAAP Results	% of Revenues	GAAP Results (Contingent Liability) (1)	GAAP Results (GNU) (2)	Non-GAAP Results	% of Revenues	GAAP Results	% of Revenues	GAAP Results (Contingent Liability) (1)	GAAP Results (GNU) (2)	Non-GAAP Results	% of Revenues
Revenues	\$ 324,779	100.0%	\$ —	\$ 826	\$ 323,953	100.0%	\$ 303,559	100.0%	\$ —	\$ 3,765	\$ 299,794	100.0%
Costs of services	227,380	70.0%	72	452	226,856	70.0%	207,650	68.4%	762	1,359	205,529	68.6%

Gross profit	97,399	30.0%	(72)	374	97,097	30.0%	95,909	31.6%	(762)	2,406	94,265	31.4%
Selling, general and administrative expenses	70,584	21.7%	—	1,103	69,481	21.4%	72,439	23.9%	—	3,065	69,374	23.1%
Depreciation and amortization	7,896	2.4%	—	—	7,896	2.4%	6,552	2.2%	—	—	6,552	2.2%
GNU goodwill impairment	—	0.0%	—	—	—	0.0%	4,524	1.5%	—	4,524	—	0.0%
Income (loss) from operations	18,919	5.8%	(72)	(729)	19,720	6.1%	12,394	4.0%	(762)	(5,183)	18,339	6.1%
Interest and other income (expense), net	2,970	0.9%	—	3,828	(858)	-0.3%	(579)	-0.1%	—	557	(1,136)	-0.4%
Income (loss) before provision for income taxes and noncontrolling interest	21,889	6.7%	(72)	3,099	18,862	5.8%	11,815	3.9%	(762)	(4,626)	17,203	5.7%
(Provision for) benefit from income taxes	(7,656)	-2.4%	(246)	(50)	(7,360)	-2.3%	(5,490)	-1.8%	—	1,604	(7,094)	-2.4%
Net income (loss)	14,233	4.4%	(318)	3,049	11,502	3.6%	6,325	2.1%	(762)	(3,022)	10,109	3.3%
Net (income) loss attributable to noncontrolling interests, net of tax	(1,345)	-0.4%	—	(1,345)	—	0.0%	1,332	0.4%	—	1,332	—	0.0%
Net income (loss) attributable to CRA International, Inc.	\$ 12,888	4.0%	\$ (318)	\$ 1,704	\$ 11,502	3.6%	\$ 7,657	2.5%	\$ (762)	\$ (1,690)	\$ 10,109	3.3%
Net Income per share attributable to CRA International, Inc.:												
Basic	\$ 1.50			\$ 1.34		\$ 0.84				\$ 1.12		
Diluted	\$ 1.49			\$ 1.33		\$ 0.83				\$ 1.10		
Weighted average number of shares outstanding:												
Basic	8,503			8,503		9,010				9,010		
Diluted	8,601			8,601		9,195				9,195		

(1) This adjustment includes activity related to an increase in the liability for future contingent consideration payments in connection with a previous acquisition.

(2) These adjustments include activity related to GNU123 Liquidating Corporation ("GNU"), CRA's majority owned subsidiary formerly known as "NeuCo", in the Company's GAAP results. In April 2016, substantially all of GNU's assets were sold.

**CRA INTERNATIONAL, INC.**  
**UNAUDITED ADJUSTED EBITDA INCLUDING A RECONCILIATION TO NON-GAAP ADJUSTED EBITDA**  
**FOR THE QUARTER AND YEAR-TO-DATE PERIOD ENDED DECEMBER 31, 2016 COMPARED TO THE QUARTER AND YEAR-TO-DATE**  
**PERIOD ENDED JANUARY 2, 2016**  
(In thousands)

	GAAP Quarter Ended December 31, 2016	GAAP % of Revenues	Adjustments to GAAP Results (Contingent Liability) (1)	Adjustments to GAAP Results (GNU) (2)	Non-GAAP Quarter Ended December 31, 2016	Non- GAAP % of Revenues	GAAP Quarter Ended January 2, 2016	GAAP % of Revenues	Adjustments to GAAP Results (Contingent Liability) (1)	Adjustments to GAAP Results (GNU) (2)	Non-GAAP Quarter Ended January 2, 2016	Non- GAAP % of Revenues
Revenues	\$ 79,569	100.0%	\$ —	\$ —	\$ 79,569	100.0%	\$ 72,460	100.0%	\$ —	\$ 906	\$ 71,554	100.0%
Net income (loss) attributable to CRA International, Inc.	\$ 2,058	2.6%	\$ (56)	\$ 22	\$ 2,092	2.6%	\$ (1,307)	-1.8%	\$ 71	\$ (1,625)	\$ 247	0.3%
Net Income (loss) attributable to noncontrolling interest, net of tax	18	0.0%	—	18	—	0.0%	(1,282)	-1.8%	—	(1,282)	—	0.0%
Net income (loss)	2,076	2.6%	(56)	40	2,092	2.6%	(2,589)	-3.6%	71	(2,907)	247	0.3%
Interest expense, net	113	0.1%	—	—	113	0.1%	136	0.2%	—	14	122	0.2%
Provision for (benefit from) income taxes	1,299	1.6%	(13)	—	1,312	1.6%	36	0.0%	—	(1,703)	1,739	2.4%
Depreciation and amortization	2,035	2.6%	—	—	2,035	2.6%	1,785	2.5%	—	—	1,785	2.5%
EBITDA	5,523	6.9%	(69)	40	5,552	7.0%	(632)	-0.9%	71	(4,596)	3,893	5.4%
Share-based compensation expenses	2,080	2.6%	—	—	2,080	2.6%	1,365	1.9%	—	—	1,365	1.9%
Amortization of forgivable loans	5,127	6.4%	—	—	5,127	6.4%	4,493	6.2%	—	—	4,493	6.3%
Other expense, net	126	0.2%	—	—	126	0.2%	107	0.1%	—	—	107	0.1%
Adjusted EBITDA	\$ 12,856	16.2%	\$ (69)	\$ 40	\$ 12,885	16.2%	\$ 5,333	7.4%	\$ 71	\$ (4,596)	\$ 9,858	13.8%

	GAAP Year-to- Date Period Ended December 31, 2016	GAAP % of Revenues	Adjustments to GAAP Results (Contingent Liability) (1)	Adjustments to GAAP Results (GNU) (2)	Non-GAAP Year-to- Date Period Ended December 31, 2016	Non- GAAP % of Revenues	GAAP Year-to- Date Period Ended January 2, 2016	GAAP % of Revenues	Adjustments to GAAP Results (Contingent Liability) (1)	Adjustments to GAAP Results (GNU) (2)	Non-GAAP Year-to- Date Period Ended January 2, 2016	Non- GAAP % of Revenues
Revenues	\$ 324,779	100.0%	\$ —	\$ 826	\$ 323,953	100.0%	\$ 303,559	100.0%	\$ —	\$ 3,765	\$ 299,794	100.0%
Net income (loss) attributable to CRA International, Inc.	\$ 12,888	4.0%	\$ (318)	\$ 1,704	\$ 11,502	3.6%	\$ 7,657	2.5%	\$ (762)	\$ (1,690)	\$ 10,109	3.4%
Net income (loss) attributable to noncontrolling interest, net of tax	1,345	0.4%	—	1,345	—	0.0%	(1,332)	-0.4%	—	(1,332)	—	0.0%
Net income (loss)	14,233	4.4%	(318)	3,049	11,502	3.6%	6,325	2.1%	(762)	(3,022)	10,109	3.4%
Interest expense, net	470	0.1%	—	7	463	0.1%	538	0.2%	—	49	489	0.2%
Provision for (benefit from) income taxes	7,656	2.4%	246	50	7,360	2.3%	5,490	1.8%	—	(1,604)	7,094	2.4%
Depreciation and amortization	7,896	2.4%	—	—	7,896	2.4%	6,552	2.2%	—	—	6,552	2.2%
EBITDA	30,255	9.3%	(72)	3,106	27,221	8.4%	18,905	6.2%	(762)	(4,577)	24,244	8.1%
Share-based compensation expenses	6,866	2.1%	—	—	6,866	2.1%	5,770	1.9%	—	—	5,770	1.9%
Amortization of forgivable loans	19,150	5.9%	—	—	19,150	5.9%	16,183	5.3%	—	—	16,183	5.4%
Other income (expense), net	(3,440)	-1.1%	—	(3,836)	396	0.1%	41	0.0%	—	(606)	647	0.2%
Adjusted EBITDA	\$ 52,831	16.3%	\$ (72)	\$ (730)	\$ 53,633	16.6%	\$ 40,899	13.5%	\$ (762)	\$ (5,183)	\$ 46,844	15.6%

(1) This adjustment includes activity related to an increase in the liability for future contingent consideration payments in connection with a previous acquisition.

(2) These adjustments include activity related to GNU123 Liquidating Corporation ("GNU"), CRA's majority owned subsidiary formerly known as "NeuCo", in the Company's GAAP results. In April 2016, substantially all of GNU's assets were sold.

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

	December 31, 2016	January 2, 2016
<b>Assets</b>		
Cash and cash equivalents	\$ 53,530	\$ 38,139
Accounts receivable and unbilled, net	91,789	86,377
Other current assets	25,192	16,278
Total current assets	<u>170,511</u>	<u>140,794</u>
Property and equipment, net	36,381	31,338
Goodwill and intangible assets, net	77,449	80,561
Other assets	39,301	61,024
Total assets	<u>\$ 323,642</u>	<u>\$ 313,717</u>
<b>Liabilities and shareholders' equity</b>		
Current liabilities	\$ 94,100	\$ 86,458
Long-term liabilities	21,659	16,191
Total liabilities	<u>115,759</u>	<u>102,649</u>
Total shareholders' equity	207,883	211,068
Total liabilities and shareholders' equity	<u>\$ 323,642</u>	<u>\$ 313,717</u>

**CRA INTERNATIONAL, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

	Fiscal Year-to-Date December 31, 2016	Fiscal Year-to-Date January 2, 2016
<b>Operating activities:</b>		
Net income	\$ 14,233	\$ 6,325
Adjustments to reconcile net income to net cash provided by operating activities, net of effect of acquired business		
GNU gain on sale of business (1)	(3,836)	—
Non-cash items, net	26,676	20,717
Accounts receivable and unbilled services	(9,020)	(4,210)
Working capital items, net	20,110	(2,408)
Net cash provided by operating activities	<u>48,163</u>	<u>20,424</u>
<b>Investing activities:</b>		
Purchase of property and equipment	(13,023)	(17,975)
GNU cash proceeds from sale of business assets	1,100	—
Collections on notes receivable	—	1,557
Payments on notes receivable	—	(78)
Net cash used in investing activities	<u>(11,923)</u>	<u>(16,496)</u>
<b>Financing activities:</b>		
Issuance of common stock, principally stock option exercises	2,853	602
Payments on notes payable	(75)	(300)
Borrowings under line of credit	7,500	4,000
Repayments under line of credit	(7,500)	(4,000)
Cash dividend paid to shareholders	(1,166)	—
Excess tax benefits from share based compensation	393	128
Tax withholding payments reimbursed by restricted shares	(1,880)	(668)
Repurchase of common stock	(19,315)	(12,806)
Net cash used in financing activities	<u>(19,190)</u>	<u>(13,044)</u>
Effect of foreign exchange rates on cash and cash equivalents	(1,659)	(944)
Net increase (decrease) in cash and cash equivalents	15,391	(10,060)
Cash and cash equivalents at beginning of period	<u>38,139</u>	<u>48,199</u>
Cash and cash equivalents at end of period	<u>\$ 53,530</u>	<u>\$ 38,139</u>
<b>Noncash investing and financing activities:</b>		
Issuance of common stock for acquired business	\$ 44	\$ 42
Purchases of property and equipment not yet paid for	\$ 118	\$ 1,593
Purchases of property and equipment paid by a third party	\$ 92	\$ 2,785
Asset retirement obligations	\$ 844	\$ —
<b>Supplemental cash flow information:</b>		
Cash paid for income taxes	\$ 6,184	\$ 9,688

Cash paid for interest	\$	405	\$	240
Securities received from a customer for settlement of accounts receivable	\$	—	\$	192

---

(1) These adjustments include activity related to GNU123 Liquidating Corporation (“GNU”), CRA’s majority owned subsidiary formerly known as “NeuCo”, in the Company’s GAAP results. In April 2016, substantially all of GNU’s assets were sold.

---



FINAL FOR RELEASE



**CHARLES RIVER ASSOCIATES (CRA)  
FOURTH-QUARTER AND FULL-YEAR FISCAL 2016  
EARNINGS ANNOUNCEMENT  
PREPARED CFO REMARKS**

CRA is providing these prepared remarks by CFO Chad Holmes in combination with its press release. These remarks are offered to provide the investment community with additional information on CRA's financial results.

**Q4 Fiscal 2016 Summary (Quarter ended December 31, 2016)**

- Revenue and non-GAAP revenue: \$79.6 million
- Net income and non-GAAP net income: \$2.1 million, or 2.6% of revenue
- Earnings per diluted share and non-GAAP earnings per diluted share: \$0.24
- Operating margin: 4.5%; Non-GAAP operating margin: 4.6%
- Effective tax rate: 38.5%; Non-GAAP effective tax rate: 38.5%
- Utilization: 71%
- Cash and cash equivalents: \$53.5 million at December 31, 2016
- Non-GAAP Adjusted EBITDA: \$12.9 million, or 16.2% of non-GAAP revenue
- Consultant headcount at the end of Q4 of fiscal 2016: 540, which consisted of 119 officers, 270 other senior staff, and 151 junior staff

**Revenue**

Revenue was \$79.6 million for Q4 of fiscal 2016, compared with revenue of \$72.5 million for Q4 of fiscal 2015. Revenue for Q4 of fiscal 2016 included zero contribution from GNU (formerly known as "NeuCo"; see more details in the "Non-GAAP Financial Measures" section). Revenue for Q4 of fiscal 2015 included \$0.9 million from GNU. Non-GAAP revenue was \$79.6 million for Q4 of fiscal 2016, compared with non-GAAP revenue of \$71.6 million for Q4 of fiscal 2015.

Revenue for the full-year fiscal 2016 was \$324.8 million, compared with \$303.6 million for the full-year fiscal 2015. Excluding GNU revenue from both periods, non-GAAP

1

revenue for full-year fiscal 2016 was \$324.0 million, compared with \$299.8 million for the full-year fiscal 2015.

**Headcount**

The following table outlines our consultant headcount at the end of the stated quarters:

	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Officers	119	115	117	118	122
Other Senior Staff	270	270	254	261	267
Junior Staff	151	156	122	120	122
<b>Total</b>	<b>540</b>	<b>541</b>	<b>493</b>	<b>499</b>	<b>511</b>

**Utilization**

Companywide utilization in Q4 of fiscal 2016 was 71%, compared with 68% in Q4 of fiscal 2015. For both the full-year fiscal 2016 and the full-year fiscal 2015, companywide utilization was 74%.

**Contingent Liability**

In Q4 of fiscal 2016, the estimate of the future contingent consideration obligation associated with a prior acquisition was increased by \$0.1 million. This contingent consideration obligation amounted to \$0.5 million at December 31, 2016, compared with \$0.8 million at January 2, 2016.

**Gross Margin**

Gross margin in Q4 of fiscal 2016 was 29.5%, compared with 29.4% in Q4 of fiscal 2015. Non-GAAP gross margin in Q4 of fiscal 2016 was 29.6%, compared with 28.9% in Q4 of fiscal 2015. Client reimbursable expenses, on a GAAP and non-GAAP basis, were 11.3% of revenue in Q4 of fiscal 2016, compared with 12.2% of revenue on a GAAP basis and 12.3% on a non-GAAP basis in Q4 of fiscal 2015.

For the full-year fiscal 2016, gross margin was 30.0%, compared with 31.6% for the full-year fiscal 2015. Non-GAAP gross margin for the full-year fiscal 2016 was 30.0%, compared with 31.4% for the full-year fiscal 2015. Client reimbursable expenses, on a GAAP and non-GAAP basis, were 10.6% of revenue for the full-year fiscal 2016, compared with 11.1% for the full-year fiscal 2015.

### Goodwill Impairment

In Q4 of fiscal 2015, a goodwill impairment related to CRA's GNU subsidiary was identified and resulted in a non-cash charge of \$4.5 million, or \$2.9 million after-tax, before taking into account the portion attributable to noncontrolling interests. No goodwill impairment was taken in Q4 of fiscal 2016.

2

### SG&A Expenses

For Q4 of fiscal 2016, SG&A expenses were \$17.8 million, or 22.4% of revenue, compared with SG&A expenses of \$17.3 million, or 23.9% of revenue, in Q4 of fiscal 2015. Non-GAAP SG&A expenses were \$17.9 million, or 22.5% of non-GAAP revenue, in Q4 of fiscal 2016, compared with \$16.7 million, or 23.3% of non-GAAP revenue, in Q4 of fiscal 2015.

SG&A expenses for the full-year fiscal 2016 were \$70.6 million, or 21.7% of revenue, compared with \$72.4 million, or 23.9% of revenue, for the full-year fiscal 2015. On a non-GAAP basis, the full-year fiscal 2016 SG&A expenses were \$69.5 million, or 21.4% of non-GAAP revenue, compared with \$69.4 million, or 23.1% of non-GAAP revenue, for the full-year fiscal 2015.

Commissions to non-employee experts are included in SG&A. On a GAAP and non-GAAP basis, these commissions represented approximately 3.2% of revenue in Q4 of fiscal 2016 and in Q4 of fiscal 2015. Excluding these commissions, non-GAAP SG&A expenses were 19.2% of non-GAAP revenue in Q4 of fiscal 2016 and 20.1% of non-GAAP revenue in Q4 of fiscal 2015.

For the full-year fiscal 2016, excluding these commissions to non-employee experts, SG&A expenses were 18.9% of revenue, compared with 22.0% of revenue for the full-year fiscal 2015. For the full-year fiscal 2016, excluding these commissions to non-employee experts, non-GAAP SG&A expenses were 18.5% of non-GAAP revenue for the full-year fiscal 2016, compared with 19.8% of non-GAAP revenue for the full-year fiscal 2015.

### Depreciation & Amortization

On a GAAP and non-GAAP basis, depreciation and amortization expense was \$2.0 million for Q4 of fiscal 2016, compared with \$1.8 million for Q4 of fiscal 2015. On a GAAP and non-GAAP basis, depreciation and amortization expense was \$7.9 million for the full-year fiscal 2016, compared with \$6.6 million for the full-year fiscal 2015.

### Share-Based Compensation Expense

The strong performance of the firm and the appreciation of CRA's stock led to a higher share-based compensation expense in Q4 of fiscal 2016. On a GAAP and non-GAAP basis, share-based compensation expense was approximately \$2.1 million for Q4 of fiscal 2016, compared with \$1.4 million for Q4 of fiscal 2015. This equates to 2.6% of both GAAP and non-GAAP revenue in Q4 of fiscal 2016, compared with 1.9% of both GAAP and non-GAAP revenue in Q4 of fiscal 2015.

For the full-year fiscal 2016, on a GAAP and non-GAAP basis, share-based compensation expense was approximately \$6.9 million, or 2.1% of both GAAP and non-

3

GAAP revenue, compared with \$5.8 million, or 1.9% of both GAAP and non-GAAP revenue, for the full-year fiscal 2015.

### Operating Income

Operating income was \$3.6 million, or 4.5% of revenue, in Q4 of fiscal 2016, compared with an operating loss of \$2.3 million, or 3.2% of revenue, in Q4 of fiscal 2015. Non-GAAP operating income was \$3.6 million, or 4.6% of non-GAAP revenue, for Q4 of fiscal 2016, compared with \$2.2 million, or 3.1% of non-GAAP revenue, for Q4 of fiscal 2015.

For the full-year fiscal 2016, operating income was \$18.9 million, or 5.8% of revenue, compared with \$12.4 million, or 4.0% of revenue, for the full-year fiscal 2015. Non-GAAP operating income was \$19.7 million, or 6.1% of non-GAAP revenue, for the full-year fiscal 2016, compared with \$18.3 million, or 6.1% of non-GAAP revenue, for the full-year fiscal 2015.

### Interest and Other (Expense) Income, net

In Q4 of fiscal 2016, interest and other expense was \$240,000 on both a GAAP and non-GAAP basis. This compares with interest and other expense of \$243,000 on a GAAP basis and \$229,000 on a non-GAAP basis for Q4 of fiscal 2015.

For the full-year fiscal 2016, interest and other income was \$3.0 million on a GAAP basis and interest and other expense was \$858,000 on a non-GAAP basis, compared with interest and other expense of \$579,000 on a GAAP basis and interest and other expense of \$1.1 million on a non-GAAP basis for the full-year of fiscal 2015.

### Income Taxes

The following table outlines our income tax provision recorded and the resulting effective tax rates (in \$000):

	GAAP		NON-GAAP	
	Q4		Q4	
	2016	2015	2016	2015
Tax Provision	\$ 1,299	\$ 36	\$ 1,312	\$ 1,739
Effective Tax Rate	38.5%	(1.4)%	38.5%	87.6%

	GAAP		NON-GAAP	
	Full-year		Full-year	
	2016	2015	2016	2015
Tax Provision	\$ 7,656	\$ 5,490	\$ 7,360	\$ 7,094
Effective Tax Rate	35.0%	46.5%	39.0%	41.2%

4

## Net Income

Net income for Q4 of fiscal 2016 was \$2.1 million, or 2.6% of revenue, or \$0.24 per diluted share, compared with net loss of \$1.3 million, or 1.8% of revenue, or \$0.15 net loss per diluted share, for Q4 of fiscal 2015. Non-GAAP net income for Q4 of fiscal 2016 was \$2.1 million, or 2.6% of non-GAAP revenue, or \$0.24 per diluted share, compared with \$0.2 million, or 0.4% of non-GAAP revenue, or \$0.03 per diluted share, for Q4 of fiscal 2015.

Net income for the full-year fiscal 2016 was \$12.9 million, or 4.0% of revenue, or \$1.49 per diluted share, compared with net income of \$7.7 million, or 2.5% of revenue, or \$0.83 per diluted share, for the full-year fiscal 2015. Non-GAAP net income for the full-year fiscal 2016 was \$11.5 million, or 3.6% of non-GAAP revenue, or \$1.33 per diluted share, compared with non-GAAP net income of \$10.1 million, or 3.3% of non-GAAP revenue, or \$1.10 per diluted share, for the full-year fiscal 2015.

## Non-GAAP Adjusted EBITDA

Non-GAAP Adjusted EBITDA for Q4 of fiscal 2016 was \$12.9 million, or 16.2% of non-GAAP revenue, compared with \$9.9 million, or 13.8% of non-GAAP revenue, for Q4 of fiscal 2015.

Non-GAAP Adjusted EBITDA for the full-year fiscal 2016 was \$53.6 million, or 16.6% of non-GAAP revenue, compared with \$46.8 million, or 15.6% of non-GAAP revenue, for the full-year fiscal 2015. See the exhibit to CRA's press release and the information provided below under the heading "Non-GAAP Financial Measures" for more details regarding the calculation of non-GAAP Adjusted EBITDA.

## Constant Currency Basis

On a constant currency basis relative to Q4 of fiscal 2015, Q4 of fiscal 2016 revenue would have increased by approximately \$2.7 million to \$82.3 million, and net income would have increased by approximately \$0.2 million to \$2.2 million, or to 2.7% of revenue, or by approximately \$0.02 per diluted share to \$0.26 per diluted share.

On a constant currency basis relative to Q4 of fiscal 2015, Q4 of fiscal 2016 non-GAAP revenue would have increased by approximately \$2.7 million to \$82.3 million; non-GAAP net income would have increased by approximately \$0.2 million to \$2.2 million, or to 2.7% of revenue, or by approximately \$0.02 per diluted share to \$0.26 per diluted share; Q4 of fiscal 2016 non-GAAP Adjusted EBITDA would have increased by approximately \$0.4 million to \$13.3 million, or 16.1% of revenue.

On a constant currency basis relative to fiscal 2015, the full-year fiscal 2016 revenue would have increased by approximately \$7.1 million to \$331.8 million, and net income

5

would have increased by approximately \$0.7 million to \$13.6 million, or to 4.1% of revenue, or by approximately \$0.08 per diluted share to \$1.57 per diluted share.

On a constant currency basis relative to fiscal 2015, the full-year fiscal 2016 revenue on a non-GAAP basis would have increased by approximately \$7.1 million to \$331.0 million; non-GAAP net income would have increased by approximately \$0.7 million to \$12.2 million, or to 3.7% of revenue, or by approximately \$0.08 per diluted share to \$1.41 per diluted share; and non-GAAP Adjusted EBITDA would have increased by approximately \$1.4 million to \$55.0 million, or 16.6% of revenue. A description of the process for calculating the measures presented on a constant currency basis is contained under the heading "Non-GAAP Financial Measures" below.

## Key Balance Sheet Metrics

Billed and unbilled receivables at December 31, 2016 were \$91.8 million, compared with \$86.4 million at January 2, 2016. Current liabilities at December 31, 2016 were \$94.1 million, compared with \$86.5 million at January 2, 2016.

Total DSO in Q4 of fiscal 2016 were 102 days, consisting of 73 days of billed and 29 days of unbilled. This compares with 105 days we reported in Q4 of fiscal 2015, consisting of 73 days of billed and 32 days of unbilled.

## Cash and Cash Flow

Cash and cash equivalents were \$53.5 million at December 31, 2016, compared with \$38.1 million at January 2, 2016.

For the full-year fiscal 2016, cash flow from operations was \$48.2 million, compared with \$20.4 million for the full-year fiscal 2015. Cash flow from operations in Q4 fiscal 2016 was \$31.2 million compared to \$25.2 million in Q4 fiscal 2015.

Capital expenditures totaled approximately \$13.0 million during fiscal 2016, compared with \$18.0 million during fiscal 2015. Capital expenditures totaled approximately \$1.2 million in Q4 of fiscal 2016, compared with \$5.3 million in Q4 of fiscal 2015.

During fiscal 2016, approximately 784,000 shares of common stock were repurchased for approximately \$19.1 million, compared to approximately 477,000 shares of common stock for approximately \$12.8 million during fiscal 2015. During Q4 of fiscal 2016, no shares of common stock were repurchased. During Q4 of fiscal 2015, approximately 88,000 shares of common stock were repurchased for approximately \$2.0 million.

## NON-GAAP FINANCIAL MEASURES

use of non-GAAP measures in addition to GAAP measures is a useful method of evaluating its results of operations. CRA believes that presenting its financial results excluding the results of GNU123 Liquidating Corporation (“GNU”) formerly known as “NeuCo,” certain non-cash and/or non-recurring charges, and the other items identified below, and including presentations of Adjusted EBITDA and comparisons on a constant currency basis, is important to investors and management because they are more indicative of CRA’s 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 results calculated in accordance with GAAP and reconciliations to those results should be carefully evaluated. The non-GAAP financial measures used by CRA 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 2015 and for the full-year fiscal 2015, CRA has excluded GNU’s results (including its non-cash goodwill impairment charge in the fourth quarter of fiscal 2015) and a non-cash change in estimate associates with a contingent liability for a future contingent consideration payment relating to a prior acquisition. For the fourth quarter of fiscal 2016, and the full-year fiscal 2016, CRA has excluded GNU results, and a non-cash charge relating to an increased liability for a future contingent consideration payment relating to a prior acquisition. Also, in calculating “Adjusted EBITDA” from net income (loss) attributable to CRA for these fiscal periods, CRA has excluded net income (loss) attributable to noncontrolling interests (net of tax), interest expense, net; provision for income taxes, other income (expense), net; and the following non-cash expenses: depreciation and amortization, share-based compensation expenses, and amortization of forgivable loans.

Finally, CRA also believes that fluctuations in foreign currency exchange rates can significantly affect its financial results. Therefore, CRA provides a constant currency presentation to supplement disclosures regarding its results of operations and performance. CRA calculates constant currency amounts by converting its applicable fiscal period local currency financial results using the prior fiscal year’s corresponding period exchange rates. CRA has presented in these remarks its GAAP and non-GAAP revenue, net income, net income margin, and earnings per diluted share, and its Adjusted EBITDA and Adjusted EBITDA margin for the fourth quarter of fiscal 2016 on a constant currency basis relative to the fourth quarter of fiscal 2015 and for full-year fiscal 2016 on a constant currency basis relative to fiscal 2015.

A reconciliation between the historical GAAP and non-GAAP financial measures presented in these remarks is provided in CRA’s fourth-quarter and full-year fiscal 2016 press release posted to CRA’s website at <http://www.crai.com> and in the financial tables below.

**CRA INTERNATIONAL, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS INCLUDING A RECONCILIATION TO NON-GAAP RESULTS**  
**FOR THE QUARTER ENDED DECEMBER 31, 2016 COMPARED TO THE QUARTER ENDED JANUARY 2, 2016**  
(In thousands, except per share data)

	Quarter Ended December 31, 2016						Quarter Ended January 2, 2016					
	GAAP		Adjustments to	Adjustments to	Non-	Non-GAAP	GAAP		Adjustments to	Adjustments to	Non-	Non-GAAP
	GAAP Results	% of Revenues	GAAP Results (Contingent Liability) (1)	GAAP Results (GNU) (2)	GAAP Results		% of Revenues	GAAP Results	% of Revenues	GAAP Results (Contingent Liability) (1)	GAAP Results (GNU) (2)	
Revenues	\$ 79,569	100.0%	\$ —	\$ —	\$ 79,569	100.0%	\$ 72,460	100.0%	\$ —	\$ 906	\$ 71,554	100.0%
Costs of services	56,083	70.5%	69	—	56,014	70.4%	51,127	70.6%	(71)	318	50,880	71.1%
Gross profit	23,486	29.5%	(69)	—	23,555	29.6%	21,333	29.4%	71	588	20,674	28.9%
Selling, general and administrative expenses	17,836	22.4%	—	(40)	17,876	22.5%	17,334	23.9%	—	660	16,674	23.3%
Depreciation and amortization	2,035	2.6%	—	—	2,035	2.6%	1,785	2.5%	—	—	1,785	2.5%
GNU goodwill impairment	—	0.0%	—	—	—	0.0%	4,524	6.2%	—	4,524	—	0.0%
Income (loss) from operations	3,615	4.5%	(69)	40	3,644	4.6%	(2,310)	-3.2%	71	(4,596)	2,215	3.1%
Interest and other (expense), net	(240)	-0.3%	—	—	(240)	-0.3%	(243)	-0.3%	—	(14)	(229)	-0.3%
Income (loss) before provision for income taxes and noncontrolling interest	3,375	4.2%	(69)	40	3,404	4.3%	(2,553)	-3.5%	71	(4,610)	1,986	2.8%
(Provision for) benefit from income taxes	(1,299)	-1.6%	13	—	(1,312)	-1.6%	(36)	0.0%	—	1,703	(1,739)	-2.4%
Net income (loss)	2,076	2.6%	(56)	40	2,092	2.6%	(2,589)	-3.5%	71	(2,907)	247	0.4%
Net (income) loss attributable to noncontrolling interests, net of tax	(18)	0.0%	—	(18)	—	0.0%	1,282	1.7%	—	1,282	—	0.0%
Net income (loss) attributable to CRA International, Inc.	\$ 2,058	2.6%	\$ (56)	\$ 22	\$ 2,092	2.6%	\$ (1,307)	-1.8%	\$ 71	\$ (1,625)	\$ 247	0.4%
Net Income per share attributable to CRA International, Inc.:												
Basic	\$ 0.25				\$ 0.25		\$ (0.15)				\$ 0.03	
Diluted	\$ 0.24				\$ 0.24		\$ (0.15)				\$ 0.03	
Weighted average number of shares outstanding:												
Basic	8,269				8,269		8,876				8,876	
Diluted	8,443				8,443		8,876				9,039	

(1) This adjustment includes activity related to an increase in the liability for future contingent consideration payments in connection with a previous acquisition.

(2) These adjustments include activity related to GNU123 Liquidating Corporation (“GNU”), CRA’s majority owned subsidiary formerly known as “NeuCo”, in the Company’s GAAP results. In April 2016, substantially all of GNU’s assets were sold.

**CRA INTERNATIONAL, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS INCLUDING A RECONCILIATION TO NON-GAAP RESULTS**  
**FOR THE YEAR-TO-DATE PERIOD ENDED DECEMBER 31, 2016 COMPARED TO THE YEAR-TO-DATE PERIOD ENDED JANUARY 2, 2016**  
(In thousands, except per share data)

	Year-To-Date Period Ended December 31, 2016						Year-To-Date Period Ended January 2, 2016					
	GAAP		Adjustments to		Non-GAAP		GAAP		Adjustments to		Non-GAAP	
	GAAP Results	% of Revenues	GAAP Results (Contingent Liability) (1)	GAAP Results (GNU) (2)	Non-GAAP Results	% of Revenues	GAAP Results	% of Revenues	GAAP Results (Contingent Liability) (1)	GAAP Results (GNU) (2)	Non-GAAP Results	% of Revenues
Revenues	\$ 324,779	100.0%	\$ —	\$ 826	\$ 323,953	100.0%	\$ 303,559	100.0%	\$ —	\$ 3,765	\$ 299,794	100.0%
Costs of services	227,380	70.0%	72	452	226,856	70.0%	207,650	68.4%	762	1,359	205,529	68.6%
Gross profit	97,399	30.0%	(72)	374	97,097	30.0%	95,909	31.6%	(762)	2,406	94,265	31.4%
Selling, general and administrative expenses	70,584	21.7%	—	1,103	69,481	21.4%	72,439	23.9%	—	3,065	69,374	23.1%
Depreciation and amortization	7,896	2.4%	—	—	7,896	2.4%	6,552	2.2%	—	—	6,552	2.2%
GNU goodwill impairment	—	0.0%	—	—	—	0.0%	4,524	1.5%	—	4,524	—	0.0%
Income (loss) from operations	18,919	5.8%	(72)	(729)	19,720	6.1%	12,394	4.0%	(762)	(5,183)	18,339	6.1%
Interest and other income (expense), net	2,970	0.9%	—	3,828	(858)	-0.3%	(579)	-0.1%	—	557	(1,136)	-0.4%
Income (loss) before provision for income taxes and noncontrolling interest	21,889	6.7%	(72)	3,099	18,862	5.8%	11,815	3.9%	(762)	(4,626)	17,203	5.7%
(Provision for) benefit from income taxes	(7,656)	-2.4%	(246)	(50)	(7,360)	-2.3%	(5,490)	-1.8%	—	1,604	(7,094)	-2.4%
Net income (loss)	14,233	4.4%	(318)	3,049	11,502	3.6%	6,325	2.1%	(762)	(3,022)	10,109	3.3%
Net (income) loss attributable to noncontrolling interests, net of tax	(1,345)	-0.4%	—	(1,345)	—	0.0%	1,332	0.4%	—	1,332	—	0.0%
Net income (loss) attributable to CRA International, Inc.	\$ 12,888	4.0%	\$ (318)	\$ 1,704	\$ 11,502	3.6%	\$ 7,657	2.5%	\$ (762)	\$ (1,690)	\$ 10,109	3.3%
Net Income per share attributable to CRA International, Inc.:												
Basic	\$ 1.50				\$ 1.34		\$ 0.84			\$ 1.12		
Diluted	\$ 1.49				\$ 1.33		\$ 0.83			\$ 1.10		
Weighted average number of shares outstanding:												
Basic	8,503				8,503		9,010			9,010		
Diluted	8,601				8,601		9,195			9,195		

(1) This adjustment includes activity related to an increase in the liability for future contingent consideration payments in connection with a previous acquisition.

(2) These adjustments include activity related to GNU123 Liquidating Corporation (“GNU”), CRA’s majority owned subsidiary formerly known as “NeuCo”, in the Company’s GAAP results. In April 2016, substantially all of GNU’s assets were sold.

**CRA INTERNATIONAL, INC.**  
**UNAUDITED ADJUSTED EBITDA INCLUDING A RECONCILIATION TO NON-GAAP ADJUSTED EBITDA**  
**FOR THE QUARTER AND YEAR-TO-DATE PERIOD ENDED DECEMBER 31, 2016 COMPARED TO THE QUARTER AND YEAR-TO-DATE PERIOD ENDED JANUARY 2, 2016**  
(In thousands)

	GAAP		Adjustments to		Non-GAAP		GAAP		Adjustments to		Non-GAAP	
	Quarter Ended December 31, 2016	% of Revenues	GAAP Results (Contingent Liability) (1)	GAAP Results (GNU) (2)	Quarter Ended December 31, 2016	% of Revenues	Quarter Ended January 2, 2016	% of Revenues	GAAP Results (Contingent Liability) (1)	GAAP Results (GNU) (2)	Quarter Ended January 2, 2016	% of Revenues
Revenues	\$ 79,569	100.0%	\$ —	\$ —	\$ 79,569	100.0%	\$ 72,460	100.0%	\$ —	\$ 906	\$ 71,554	100.0%
Net income (loss) attributable to CRA International, Inc.	\$ 2,058	2.6%	\$ (56)	\$ 22	\$ 2,092	2.6%	\$ (1,307)	-1.8%	\$ 71	\$ (1,625)	\$ 247	0.3%
Net Income (loss) attributable to noncontrolling interest, net of tax	18	0.0%	—	18	—	0.0%	(1,282)	-1.8%	—	(1,282)	—	0.0%
Net income (loss)	2,076	2.6%	(56)	40	2,092	2.6%	(2,589)	-3.6%	71	(2,907)	247	0.3%
Interest expense, net	113	0.1%	—	—	113	0.1%	136	0.2%	—	14	122	0.2%
Provision for (benefit from) income taxes	1,299	1.6%	(13)	—	1,312	1.6%	36	0.0%	—	(1,703)	1,739	2.4%
Depreciation and amortization	2,035	2.6%	—	—	2,035	2.6%	1,785	2.5%	—	—	1,785	2.5%
EBITDA	5,523	6.9%	(69)	40	5,552	7.0%	(632)	-0.9%	71	(4,596)	3,893	5.4%
Share-based compensation expenses	2,080	2.6%	—	—	2,080	2.6%	1,365	1.9%	—	—	1,365	1.9%
Amortization of	5,127	6.4%	—	—	5,127	6.4%	4,493	6.2%	—	—	4,493	6.3%

	GAAP Year-to- Date Period Ended December 31, 2016	GAAP % of Revenues	Adjustments to GAAP Results (Contingent Liability) (1)	Adjustments to GAAP Results (GNU) (2)	Non-GAAP Year-to- Date Period Ended December 31, 2016	Non- GAAP % of Revenues	GAAP Year-to- Date Period Ended January 2, 2016	GAAP % of Revenues	Adjustments to GAAP Results (Contingent Liability) (1)	Adjustments to GAAP Results (GNU) (2)	Non-GAAP Year-to- Date Period Ended January 2, 2016	Non- GAAP % of Revenues
Revenues	\$ 324,779	100.0%	\$ —	\$ 826	\$ 323,953	100.0%	\$ 303,559	100.0%	\$ —	\$ 3,765	\$ 299,794	100.0%
Net income (loss) attributable to CRA International, Inc.	\$ 12,888	4.0%	\$ (318)	\$ 1,704	\$ 11,502	3.6%	\$ 7,657	2.5%	\$ (762)	\$ (1,690)	\$ 10,109	3.4%
Net income (loss) attributable to noncontrolling interest, net of tax	1,345	0.4%	—	1,345	—	0.0%	(1,332)	-0.4%	—	(1,332)	—	0.0%
Net income (loss)	14,233	4.4%	(318)	3,049	11,502	3.6%	6,325	2.1%	(762)	(3,022)	10,109	3.4%
Interest expense, net	470	0.1%	—	7	463	0.1%	538	0.2%	—	49	489	0.2%
Provision for (benefit from) income taxes	7,656	2.4%	246	50	7,360	2.3%	5,490	1.8%	—	(1,604)	7,094	2.4%
Depreciation and amortization	7,896	2.4%	—	—	7,896	2.4%	6,552	2.2%	—	—	6,552	2.2%
EBITDA	30,255	9.3%	(72)	3,106	27,221	8.4%	18,905	6.2%	(762)	(4,577)	24,244	8.1%
Share-based compensation expenses	6,866	2.1%	—	—	6,866	2.1%	5,770	1.9%	—	—	5,770	1.9%
Amortization of forgivable loans	19,150	5.9%	—	—	19,150	5.9%	16,183	5.3%	—	—	16,183	5.4%
Other income (expense), net	(3,440)	-1.1%	—	(3,836)	396	0.1%	41	0.0%	—	(606)	647	0.2%
Adjusted EBITDA	\$ 52,831	16.3%	\$ (72)	\$ (730)	\$ 53,633	16.6%	\$ 40,899	13.5%	\$ (762)	\$ (5,183)	\$ 46,844	15.6%

(1) This adjustment includes activity related to an increase in the liability for future contingent consideration payments in connection with a previous acquisition.

(2) These adjustments include activity related to GNU123 Liquidating Corporation ("GNU"), CRA's majority owned subsidiary formerly known as "NeuCo", in the Company's GAAP results. In April 2016, substantially all of GNU's assets were sold.

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

	December 31, 2016	January 2, 2016
<b>Assets</b>		
Cash and cash equivalents	\$ 53,530	\$ 38,139
Accounts receivable and unbilled, net	91,789	86,377
Other current assets	25,192	16,278
Total current assets	170,511	140,794
Property and equipment, net	36,381	31,338
Goodwill and intangible assets, net	77,449	80,561
Other assets	39,301	61,024
Total assets	\$ 323,642	\$ 313,717
<b>Liabilities and shareholders' equity</b>		
Current liabilities	\$ 94,100	\$ 86,458
Long-term liabilities	21,659	16,191
Total liabilities	115,759	102,649
Total shareholders' equity	207,883	211,068
Total liabilities and shareholders' equity	\$ 323,642	\$ 313,717

**CRA INTERNATIONAL, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

	Fiscal Year-to-Date December 31, 2016	Fiscal Year-to-Date January 2, 2016
<b>Operating activities:</b>		
Net income	\$ 14,233	\$ 6,325
Adjustments to reconcile net income to net cash provided by operating activities, net of effect of acquired business		
GNU gain on sale of business (1)	(3,836)	—
Non-cash items, net	26,676	20,717
Accounts receivable and unbilled services	(9,020)	(4,210)
Working capital items, net	20,110	(2,408)
Net cash provided by operating activities	48,163	20,424
<b>Investing activities:</b>		
Purchase of property and equipment	(13,023)	(17,975)
GNU cash proceeds from sale of business assets	1,100	—
Collections on notes receivable	—	1,557
Payments on notes receivable	—	(78)

Net cash used in investing activities	(11,923)	(16,496)
<b>Financing activities:</b>		
Issuance of common stock, principally stock option exercises	2,853	602
Payments on notes payable	(75)	(300)
Borrowings under line of credit	7,500	4,000
Repayments under line of credit	(7,500)	(4,000)
Cash dividend paid to shareholders	(1,166)	—
Excess tax benefits from share based compensation	393	128
Tax withholding payments reimbursed by restricted shares	(1,880)	(668)
Repurchase of common stock	(19,315)	(12,806)
Net cash used in financing activities	(19,190)	(13,044)
Effect of foreign exchange rates on cash and cash equivalents	(1,659)	(944)
Net increase (decrease) in cash and cash equivalents	15,391	(10,060)
Cash and cash equivalents at beginning of period	38,139	48,199
Cash and cash equivalents at end of period	<u>\$ 53,530</u>	<u>\$ 38,139</u>
<b>Noncash investing and financing activities:</b>		
Issuance of common stock for acquired business	<u>\$ 44</u>	<u>\$ 42</u>
Purchases of property and equipment not yet paid for	<u>\$ 118</u>	<u>\$ 1,593</u>
Purchases of property and equipment paid by a third party	<u>\$ 92</u>	<u>\$ 2,785</u>
Asset retirement obligations	<u>\$ 844</u>	<u>\$ —</u>
<b>Supplemental cash flow information:</b>		
Cash paid for income taxes	<u>\$ 6,184</u>	<u>\$ 9,688</u>
Cash paid for interest	<u>\$ 405</u>	<u>\$ 240</u>
Securities received from a customer for settlement of accounts receivable	<u>\$ —</u>	<u>\$ 192</u>

(1) These adjustments include activity related to GNU123 Liquidating Corporation (“GNU”), CRA’s majority owned subsidiary formerly known as “NeuCo”, in the Company’s GAAP results. In April 2016, substantially all of GNU’s assets were sold.