

**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): **July 30, 2015**

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 July 30, 2015, we issued a press release reporting our financial results for our second quarter ended July 4, 2015. A copy of the press release is set forth as Exhibit 99.1 and is incorporated by reference herein. On July 30, 2015, 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
99.1	July 30, 2015 press release
99.2	Supplemental financial information

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: July 30, 2015

By: /s/ Chad M. Holmes

Chad M. Holmes
Chief Financial Officer, Executive Vice President and Treasurer

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Exhibit Index

Number	Title
99.1	July 30, 2015 press release
99.2	Supplemental financial information

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Contact:

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 SECOND QUARTER 2015 FINANCIAL RESULTS AND CONTINUED EXECUTION OF ITS GROWTH STRATEGY

BOSTON, July 30, 2015 — Charles River Associates (NASDAQ: CRAI), a worldwide leader in providing economic, financial, and management consulting services, today announced financial results for the fiscal second quarter ended July 4, 2015.

“We are pleased with our second quarter financial results and the progress we are making in executing our growth strategy,” said Paul Maleh, CRA’s President and Chief Executive Officer. “Overcoming continued currency pressure, we achieved the following non-GAAP results: quarterly revenue of \$75.6 million, gross margin of 33.5%, Adjusted EBITDA margin of 16.9%, and diluted EPS of \$0.38. We also positioned the Company for growth in the quarters ahead through our ongoing recruiting efforts, all while maintaining a companywide utilization of 75%.”

“Our financial performance was led by the Antitrust & Competition Economics practice, which recorded its highest quarterly revenue ever, with strong contributions across both North America and Europe,” said Maleh. “In addition, the Financial Economics and Auctions & Competitive Bidding practices generated double-digit growth compared with a year ago.”

“We continue to invest in our business, welcoming senior-level talent to Antitrust & Competition Economics, Finance, and Marakon,” said Maleh. “Based on committed hires at both the junior and senior staff levels, we expect overall headcount to increase by approximately 8% to 10% by the end of the third quarter of fiscal 2015 from the second quarter-end of 447 consulting staff. These new hires are concentrated in areas with the most opportunities to generate revenue expansion, with a significant portion of the hiring directed toward our Antitrust & Competition Economics practice. We expect the higher headcount to improve company-wide staff leverage and drive revenue growth in the quarters ahead.”

“CRA’s outlook remains positive as project lead flow throughout the organization is healthy and the conversion rate for revenue generating projects continues to strengthen. Although the U.S. dollar continues to put downward pressure on the contributions of our international operations, we are pleased with our overall performance to date. On a constant currency basis relative to fiscal 2014,

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we are expecting 2015 non-GAAP revenue in the range of \$312 million to \$320 million, and non-GAAP Adjusted EBITDA margin between 16.3% to 16.7%,” Maleh concluded.

Second Quarter Fiscal 2015 Results

Revenue for the second quarter of fiscal 2015 was \$76.5 million, compared with \$78.2 million for the fiscal second quarter ended June 28, 2014. Non-GAAP revenue for the second quarter of fiscal 2015 was \$75.6 million, compared with \$76.9 million for the second quarter of fiscal 2014.

Gross profit for the second quarter of fiscal 2015 was \$25.9 million, or 33.8% of revenue, compared with \$25.5 million, or 32.6% of revenue, for the second quarter of fiscal 2014. On a non-GAAP basis, gross profit for the second quarter of fiscal 2015 was \$25.3 million, or 33.5% of revenue, compared with \$24.6 million, or 32.0% of revenue, for the second quarter of fiscal 2014. This improvement was largely driven by the rate of reimbursable expenses, which equaled 9.8% of revenue on a non-GAAP basis during the second quarter of fiscal 2015 compared with 11.2% of revenue a year ago.

Adjusted EBITDA for the second quarter of fiscal 2015 was \$12.5 million, or 16.3% of revenue, compared with \$12.9 million, or 16.5% of revenue, for the second quarter of fiscal 2014. On a non-GAAP basis, Adjusted EBITDA for the second quarter of fiscal 2015 was \$12.8 million, or 16.9% of revenue, compared with \$12.9 million, or 16.8% of revenue, for the second quarter of fiscal 2014.

Net income for the second quarter of fiscal 2015 was \$3.3 million, or \$0.36 per diluted share, compared with \$3.2 million, or \$0.32 per diluted share, for the second quarter of fiscal 2014. Non-GAAP net income for the second quarter of fiscal 2015 was \$3.5 million, or \$0.38 per diluted share, compared with \$3.2 million, or \$0.32 per diluted share, for the second quarter of fiscal 2014.

On a constant currency basis relative to the second quarter of fiscal 2014, non-GAAP revenue would have increased by approximately \$1.9 million to \$77.5 million; non-GAAP gross profit as a percent of revenue would have decreased slightly to 33.4%; non-GAAP Adjusted EBITDA would have increased by approximately \$0.5 million to \$13.2 million or 17.0% of revenue; and non-GAAP net income would have increased by approximately \$0.2 million to \$3.7 million, or by approximately \$0.02 per diluted share to \$0.40 per diluted share. 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.

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A complete reconciliation between revenue, gross profit, net income and net income per diluted share, and the calculation of Adjusted EBITDA, on a GAAP and non-GAAP basis, for the second quarters and year-to-date periods of fiscal 2015 and fiscal 2014, are provided in the financial tables at the end of this release.

Conference Call Information and Prepared CFO Remarks

CRA will host a conference call this morning at 10:00 a.m. ET to discuss its second-quarter 2015 financial results. To listen to the live call, please visit the “Investor Relations” section of the Company’s website at <http://www.crai.com>, or dial (877) 709-8155 or (201) 689-8881. An archived version of the webcast

will be available on CRA's website for one year.

In combination with this press release, CRA has posted prepared remarks by its CFO Chad Holmes 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, financial, 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 the world and is celebrating its 50th year anniversary in 2015. Detailed information about Charles River Associates, a registered trade name of CRA International, Inc., is available at 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, the Company has also provided in this release non-GAAP financial information. The Company believes that the use of non-GAAP measures in addition to GAAP measures is a useful method of evaluating its results of operations. The Company believes that presenting its financial results excluding the results of the Company's NeuCo subsidiary and including a presentation of Adjusted EBITDA is important to investors and management because it is more indicative of the Company's ongoing operating results and financial condition. These non-

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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 the second quarter of fiscal 2015, the second quarter of fiscal 2014, the year to date period ended as of the second quarter of fiscal 2014, and its fiscal 2015 guidance, the Company has excluded NeuCo's results, and for the year to date period ended as of the second quarter of fiscal 2015, the Company has excluded NeuCo's results and a non-cash charge relating to an increased liability for a future contingent consideration payment related to a prior acquisition. Also, in calculating "Adjusted EBITDA" from income (loss) from operations, the Company has excluded the following non-cash expenses: depreciation and amortization, share-based compensation expenses, and amortization of forgivable loans.

Finally, the Company also believes that fluctuations in foreign currency exchange rates can significantly affect its financial results and provides a constant currency presentation to supplement disclosures regarding its results of operations and performance. The Company calculates constant currency amounts relative to a prior period, which also constitute non-GAAP financial information, by converting its current period local currency financial results using the prior period exchange rates. The Company has presented in this press release its non-GAAP revenue, gross profit, net income, earnings per diluted share and Adjusted EBITDA for the second quarter of fiscal 2015 on a constant currency basis relative to the second quarter of fiscal 2014, and its guidance for fiscal 2015 non-GAAP revenue and Adjusted EBITDA on a constant currency basis relative to fiscal 2014.

SAFE HARBOR STATEMENT

Statements in this press release concerning our future business, operating results and financial condition, including statements regarding increasing our headcount and any resulting effects on our performance, or containing any guidance regarding our future revenues, profits or other financial measures, and statements using the terms "expect," "outlook," "position," "anticipate," "believe" or similar expressions, are "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. 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 factors and uncertainties. Information contained in these forward-looking

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statements is inherently uncertain, and actual performance and results may differ materially due to many important factors. Our actual non-GAAP revenue and non-GAAP Adjusted EBITDA margin in 2015 could differ materially from the guidance presented herein as a result of, including, among other things, the loss of key employee consultants or non-employee experts; their failure to generate engagements for us; our inability to attract or hire qualified consultants or to utilize existing consultants; the unpredictable nature of litigation-related projects; dependence on the growth of our management consulting practice; the potential loss of clients; changes in the law that affect our practice areas; the demand environment; global economic conditions; foreign exchange rate fluctuations; intense competition; and the timing of and amount of new hires. In addition to these factors, other factors that could cause our actual performance or results to differ materially from any forward-looking statements include, among others, our restructuring costs and attributable annual cost savings, changes in our effective tax rate, share dilution from our stock-based compensation, completing acquisitions and factors related to our completed acquisitions, including integration of personnel, clients and offices and unanticipated expenses and liabilities, the risk of impairment write downs to our intangible assets, including goodwill, if our enterprise value declines below certain levels, risks associated with acquisitions we may make in the future, risks inherent in international operations, changes in accounting standards, rules and regulations, management of new offices, the ability of customers to terminate engagements with us on short notice, our ability to integrate successfully new consultants into our practice, our ability to collect on forgivable loans should any become due, general economic conditions, risks inherent in litigation, the performance of our NeuCo subsidiary, and professional liability. Further information on these and other potential factors that could affect our financial results is included in our periodic filings with the Securities and Exchange Commission, including risks under the heading "Risk Factors." We cannot guarantee any future results, levels of activity, performance or achievement. 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.

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CRA INTERNATIONAL, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS INCLUDING A RECONCILIATION TO NON-GAAP RESULTS
FOR THE QUARTER ENDED JULY 4, 2015 COMPARED TO THE QUARTER ENDED JUNE 28, 2014
(In thousands, except per share data)

	Quarter Ended July 4, 2015					Quarter Ended June 28, 2014				
	GAAP Results	GAAP % of Revenues	Adjustments to GAAP Results (NeuCo) (1)	Non-GAAP Results	Non-GAAP % of Revenues	GAAP Results	GAAP % of Revenues	Adjustments to GAAP Results (NeuCo) (1)	Non-GAAP Results	Non-GAAP % of Revenues
Revenues	\$ 76,535	100.0%	\$ 937	\$ 75,598	100.0%	\$ 78,184	100.0%	\$ 1,309	\$ 76,875	100.0%
Costs of services	50,675	66.2%	365	50,310	66.5%	52,669	67.4%	400	52,269	68.0%
Gross profit	25,860	33.8%	572	25,288	33.5%	25,515	32.6%	909	24,606	32.0%
Selling, general and administrative expenses	18,667	24.4%	830	17,837	23.6%	17,463	22.3%	925	16,538	21.5%
Depreciation and amortization	1,545	2.0%	—	1,545	2.0%	1,559	2.0%	—	1,559	2.0%
Income (loss) from operations	5,648	7.4%	(258)	5,906	7.8%	6,493	8.3%	(16)	6,509	8.5%
Interest and other income (expense), net	(257)	-0.3%	(14)	(243)	-0.3%	(159)	-0.2%	11	(170)	-0.2%
Income (loss) before provision for income taxes	5,391	7.0%	(272)	5,663	7.5%	6,334	8.1%	(5)	6,339	8.2%
Provision for income taxes	(2,189)	-2.9%	(7)	(2,182)	-2.9%	(3,167)	-4.1%	(41)	(3,126)	-4.1%
Net income (loss)	3,202	4.2%	(279)	3,481	4.6%	3,167	4.1%	(46)	3,213	4.2%
Net loss attributable to noncontrolling interest, net of tax	123	0.2%	123	—	0.0%	21	0.0%	21	—	0.0%
Net income (loss) attributable to CRA International, Inc.	\$ 3,325	4.3%	\$ (156)	\$ 3,481	4.6%	\$ 3,188	4.1%	\$ (25)	\$ 3,213	4.2%
Net income per share attributable to CRA International, Inc.:										
Basic	\$ 0.37			\$ 0.39		\$ 0.32			\$ 0.32	
Diluted	\$ 0.36			\$ 0.38		\$ 0.32			\$ 0.32	
Weighted average number of shares outstanding:										
Basic	9,034			9,034		9,919			9,919	
Diluted	9,253			9,253		10,026			10,026	

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

CRA INTERNATIONAL, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS INCLUDING A RECONCILIATION TO NON-GAAP RESULTS
FOR THE YEAR-TO-DATE PERIOD ENDED JULY 4, 2015 COMPARED TO THE YEAR-TO-DATE PERIOD ENDED JUNE 28, 2014
(In thousands, except per share data)

	Year-To-Date Period Ended July 4, 2015					Year-To-Date Period Ended June 28, 2014					
	GAAP Results	GAAP % of Revenues	Adjustments to GAAP Results (Contingent Liability) (1)	Adjustments to GAAP Results (NeuCo) (2)	Non-GAAP Results	Non-GAAP % of Revenues	GAAP Results	GAAP % of Revenues	Adjustments to GAAP Results (NeuCo) (2)	Non-GAAP Results	Non-GAAP % of Revenues
Revenues	\$ 154,574	100.0%	\$ —	\$ 1,804	\$ 152,770	100.0%	\$ 154,429	100.0%	\$ 2,473	\$ 151,956	100.0%
Costs of services	104,494	67.6%	833	706	102,955	67.4%	104,535	67.7%	764	103,771	68.3%
Gross profit	50,080	32.4%	(833)	1,098	49,815	32.6%	49,894	32.3%	1,709	48,185	31.7%
Selling, general and administrative expenses	36,750	23.8%	—	1,633	35,117	23.0%	34,623	22.4%	1,887	32,736	21.5%
Depreciation and amortization	3,206	2.1%	—	—	3,206	2.1%	3,149	2.0%	—	3,149	2.1%
Income (loss) from operations	10,124	6.5%	(833)	(535)	11,492	7.5%	12,122	7.8%	(178)	12,300	8.1%
Interest and other income (expense), net	(102)	-0.1%	—	584	(686)	-0.4%	(404)	-0.3%	(6)	(398)	-0.3%
Income (loss) before	10,022	6.5%	(833)	49	10,806	7.1%	11,718	7.6%	(184)	11,902	7.8%

provision for income taxes and noncontrolling interest											
Provision for income taxes	(3,921)	-2.5%	—	(55)	(3,866)	-2.5%	(5,243)	-3.4%	(94)	(5,149)	-3.4%
Net income (loss)	6,101	3.9%	(833)	(6)	6,940	4.5%	6,475	4.2%	(278)	6,753	4.4%
Net loss attributable to noncontrolling interest, net of tax	3	0.0%	—	3	—	0.0%	123	0.1%	123	—	0.0%
Net income (loss) attributable to CRA International, Inc.	\$ 6,104	3.9%	\$ (833)	(3)	\$ 6,940	4.5%	\$ 6,598	4.3%	\$ (155)	\$ 6,753	4.4%
Net income per share attributable to CRA International, Inc.:											
Basic	\$ 0.66				\$ 0.76		\$ 0.66			\$ 0.68	
Diluted	\$ 0.65				\$ 0.74		\$ 0.66			\$ 0.67	
Weighted average number of shares outstanding:											
Basic	9,112				9,112		9,974			9,974	
Diluted	9,328				9,328		10,067			10,067	

(1) These adjustments include activity related to the increase of the liability for future contingent consideration payments related to a prior acquisition.

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

CRA INTERNATIONAL, INC.
UNAUDITED ADJUSTED EBITDA INCLUDING A RECONCILIATION TO NON-GAAP ADJUSTED EBITDA
FOR THE QUARTER AND YEAR-TO-DATE PERIOD ENDED JULY 4, 2015 COMPARED TO THE QUARTER AND YEAR-TO-DATE
PERIOD ENDED JUNE 28, 2014
(In thousands)

	GAAP Quarter Ended July 4, 2015	GAAP % of Revenues	Adjustments to GAAP Results Contingent Liability (1)	Adjustments to GAAP Results NeuCo (2)	Non-GAAP Quarter Ended July 4, 2015	Non- GAAP % of Revenues	GAAP Quarter Ended June 28, 2014	GAAP % of Revenues	Adjustments to GAAP Results NeuCo (2)	Non-GAAP Quarter Ended June 28, 2014	Non- GAAP % of Revenues
Income (loss) from operations	\$ 5,648	7.4%	\$ —	\$ (258)	\$ 5,906	7.8%	\$ 6,493	8.3%	\$ (16)	\$ 6,509	8.5%
Depreciation and amortization	1,545	2.0%	—	—	1,545	2.0%	1,559	2.0%	—	1,559	2.0%
EBITDA	7,193	9.4%	—	(258)	7,451	9.9%	8,052	10.3%	(16)	8,068	10.5%
Share-based compensation expenses	1,389	1.8%	—	—	1,389	1.8%	1,289	1.6%	—	1,289	1.7%
Amortization of forgivable loans	3,926	5.1%	—	—	3,926	5.2%	3,543	4.5%	—	3,543	4.6%
Adjusted EBITDA	\$ 12,508	16.3%	\$ —	\$ (258)	\$ 12,766	16.9%	\$ 12,884	16.5%	\$ (16)	\$ 12,900	16.8%

	GAAP Year-to-Date Period Ended July 4, 2015	GAAP % of Revenues	Adjustments to GAAP Results Contingent Liability (1)	Adjustments to GAAP Results NeuCo (2)	Non-GAAP Year-to-Date Period Ended July 4, 2015	Non- GAAP % of Revenues	GAAP Year-to-Date Period Ended June 28, 2014	GAAP % of Revenues	Adjustments to GAAP Results NeuCo (2)	Non-GAAP Year-to-Date Period Ended June 28, 2014	Non- GAAP % of Revenues
Income (loss) from operations	\$ 10,124	6.5%	\$ (833)	\$ (535)	\$ 11,492	7.5%	\$ 12,122	7.8%	\$ (178)	\$ 12,300	8.1%
Depreciation and amortization	3,206	2.1%	—	—	3,206	2.1%	3,149	2.0%	—	3,149	2.1%
EBITDA	13,330	8.6%	(833)	(535)	14,698	9.6%	15,271	9.9%	(178)	15,449	10.2%
Share-based	2,998	1.9%	—	—	2,998	2.0%	2,616	1.7%	—	2,616	1.7%

compensation expenses											
Amortization of forgivable loans	7,500	4.9%	—	—	7,500	4.9%	6,922	4.5%	—	6,922	4.6%
Adjusted EBITDA	<u>\$ 23,828</u>	<u>15.4%</u>	<u>\$ (833)</u>	<u>\$ (535)</u>	<u>25,196</u>	<u>16.5%</u>	<u>24,809</u>	<u>16.1%</u>	<u>\$ (178)</u>	<u>24,987</u>	<u>16.4%</u>

(1) These adjustments include activity related to the increase of the liability for future contingent consideration payments related to a prior acquisition.

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

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

	<u>July 4, 2015</u>	<u>January 3, 2015</u>
Assets		
Cash and cash equivalents	\$ 15,816	\$ 48,199
Accounts receivable and unbilled, net	87,524	83,165
Other current assets	40,180	33,803
Total current assets	<u>143,520</u>	<u>165,167</u>
Property and equipment, net	23,509	14,696
Goodwill and intangible assets, net	86,383	87,060
Other assets	42,975	48,089
Total assets	<u>\$ 296,387</u>	<u>\$ 315,012</u>
Liabilities and shareholders' equity		
Current liabilities	\$ 65,500	\$ 88,394
Long-term liabilities	15,821	11,914
Total liabilities	<u>81,321</u>	<u>100,308</u>
Total shareholders' equity	<u>215,066</u>	<u>214,704</u>
Total liabilities and shareholders' equity	<u>\$ 296,387</u>	<u>\$ 315,012</u>

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

	<u>Fiscal Year-to-Date Period Ended July 4, 2015</u>	<u>Fiscal Year-to-Date Period Ended June 28, 2014</u>
Operating activities:		
Net income	\$ 6,101	\$ 6,475
Adjustments to reconcile net income to net cash used in operating activities, net of effect of acquired businesses:		
Non-cash items, net	9,677	3,768
Accounts receivable and unbilled services	(5,228)	(8,621)
Working capital items, net	(27,114)	(16,792)
Net cash used in operating activities	<u>(16,564)</u>	<u>(15,170)</u>
Investing activities:		
Consideration relating to acquisitions, net	—	(1,537)
Purchase of property and equipment	(8,492)	(1,358)
Collections on notes receivable	1,560	14
Payments on notes receivable	(40)	—
Net cash used in investing activities	<u>(6,972)</u>	<u>(2,881)</u>
Financing activities:		
Issuance of common stock, principally stock option exercises	105	—
Payments on notes payable	(300)	(26)
Borrowings under line of credit	4,000	—
Repayments under line of credit	(4,000)	—
Tax withholding payments reimbursed by restricted shares	(111)	(143)
Excess tax benefits from share-based compensation	87	—

Repurchase of common stock	(7,968)	(5,355)
Net cash used in financing activities	(8,187)	(5,524)
Effect of foreign exchange rates on cash and cash equivalents	(660)	(62)
Net decrease in cash and cash equivalents	(32,383)	(23,637)
Cash and cash equivalents at beginning of period	48,199	51,251
Cash and cash equivalents at end of period	\$ 15,816	\$ 27,614
Supplemental cash flow information:		
Cash paid for income taxes	\$ 5,000	\$ 8,600
Cash paid for interest	\$ 162	\$ 189
Common stock issued for acquired business	\$ 42	\$ 427
Purchased property and equipment not yet paid for	\$ 2,998	\$ —



**CHARLES RIVER ASSOCIATES (CRA)
SECOND QUARTER FISCAL YEAR 2015
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 prior to the start of the conference call. As previously announced, the conference call will be held July 30, 2015 at 10:00 a.m. ET. These prepared remarks will not be read on the call.

Q2 2015 Summary (Quarter ended July 4, 2015)

- Non-GAAP Revenue: \$75.6 million
- Non-GAAP Net Income: \$3.5 million, or \$0.38 per diluted share
- Non-GAAP Operating Margin: 7.8%
- Non-GAAP Effective Tax Rate: 38.5%
- Utilization: 75%
- Cash and Cash Equivalents: \$15.8 million at July 4, 2015
- Non-GAAP Adjusted EBITDA: \$12.8 million, or 16.9% of non-GAAP revenue
- Consultant Headcount at July 4, 2015: 447

Revenue

We reported GAAP revenue of \$76.5 million for Q2 of fiscal 2015, compared with GAAP revenue of \$78.2 million for Q2 of fiscal 2014. GAAP revenue for Q2 of fiscal 2015 included \$937,000 from our NeuCo subsidiary. GAAP revenue for Q2 of fiscal 2014 included \$1.3 million from NeuCo.

Excluding NeuCo revenue from all periods, non-GAAP revenue was \$75.6 million for Q2 of fiscal 2015, compared with \$76.9 million for Q2 of fiscal 2014.

Utilization

Utilization on a firm-wide basis in Q2 of fiscal 2015 was 75%. This compares with 78% in both Q2 of fiscal 2014 and Q1 of fiscal 2015.

Gross Margin

GAAP gross margin in Q2 of fiscal 2015 was 33.8%, compared with 32.6% in Q2 of fiscal 2014. Non-GAAP gross margin for Q2 of fiscal 2015 was 33.5%, up from 32.0% in Q2 of fiscal 2014. Client reimbursable expenses, on a non-GAAP basis, were 9.8% of revenue in Q2 of fiscal 2015, compared with 11.2% in Q2 of fiscal 2014.

SG&A Expenses

For Q2 of fiscal 2015, GAAP SG&A expenses were \$18.7 million, or 24.4% of revenue, compared with GAAP SG&A expenses of \$17.5 million, or 22.3% of revenue, in Q2 of fiscal 2014.

Non-GAAP SG&A expenses, excluding NeuCo, were \$17.8 million, or 23.6% of revenue, in Q2 of fiscal 2015, compared with \$16.5 million, or 21.5% of revenue, in Q2 of fiscal 2014.

Commissions to non-employee experts are included in SG&A. Those commissions represented 2.7% of non-GAAP revenue in Q2 of fiscal 2015, compared with 3.6% of non-GAAP revenue in Q2 of fiscal 2014. Excluding these commissions, non-GAAP SG&A expenses were 20.9% of non-GAAP revenue in Q2 of fiscal 2015 and 18.0% of non-GAAP revenue in Q2 of fiscal 2014.

Depreciation & Amortization

On a GAAP and non-GAAP basis, depreciation and amortization expense was \$1.5 million for Q2 of fiscal 2015, compared with \$1.6 million for Q2 of fiscal 2014.

Share-Based Compensation Expense

On a GAAP and non-GAAP basis, share-based compensation expense was approximately \$1.4 million for Q2 of fiscal 2015, compared with \$1.3 million for Q2 of fiscal 2014.

Operating Income

On a GAAP basis, operating income was \$5.6 million, or 7.4% of revenue, in Q2 of fiscal 2015, compared with operating income of \$6.5 million, or 8.3% of revenue, in Q2 of fiscal 2014. Non-GAAP operating income was \$5.9 million, or 7.8% of non-GAAP revenue, for Q2 of fiscal 2015, compared with \$6.5 million, or 8.5% of non-GAAP revenue, for Q2 of fiscal 2014.

Interest and Other (Expense) Income, net

In Q2 of fiscal 2015, interest and other expense was \$257,000 on a GAAP basis and

\$243,000 on a non-GAAP basis. This compares with interest and other expense of \$159,000 on a GAAP basis and \$170,000 on a non-GAAP basis for Q2 of fiscal 2014.

Income Taxes

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

	GAAP		NON-GAAP	
	Q2		Q2	
	2015	2014	2015	2014
Tax Provision	\$ 2,189	\$ 3,167	\$ 2,182	\$ 3,126
Effective Tax Rate	40.6%	50.0%	38.5%	49.3%

Net Income

GAAP net income for Q2 of fiscal 2015 was \$3.3 million, or \$0.36 per diluted share, compared with GAAP net income of \$3.2 million, or \$0.32 per diluted share, for Q2 of fiscal 2014. Non-GAAP net income for Q2 of fiscal 2015 was \$3.5 million, or \$0.38 per diluted share, compared with \$3.2 million, or \$0.32 per diluted share, for Q2 of fiscal 2014.

Adjusted EBITDA

On a GAAP basis, Adjusted EBITDA for Q2 of fiscal 2015 was \$12.5 million, or 16.3% of revenue, compared with \$12.9 million, or 16.5% of revenue, for Q2 of fiscal 2014. Adjusted EBITDA on a non-GAAP basis for Q2 of fiscal 2015 was \$12.8 million, or 16.9% of non-GAAP revenue, compared with \$12.9 million, or 16.8% of non-GAAP revenue, for Q2 of fiscal 2014. See the exhibit to our press release for more details and the calculation of Adjusted EBITDA.

Constant Currency Basis

On a constant currency basis relative to Q2 of fiscal 2014, non-GAAP revenue would have increased by approximately \$1.9 million to approximately \$77.5 million; non-GAAP gross profit as a percent of revenue would have decreased slightly to 33.4%; non-GAAP Adjusted EBITDA would have increased by approximately \$0.5 million to \$13.2 million, or 17.0% of revenue; and non-GAAP net income would have increased by approximately \$0.2 million to \$3.7 million, or by approximately \$0.02 to \$0.40 per diluted share. 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 July 4, 2015 were \$87.5 million, compared with \$88.3 million at April 4, 2015. Current liabilities at July 4, 2015 were \$65.5 million, compared with \$66.2 million at April 4, 2015.

Total DSO in Q2 of fiscal 2015 was 102 days, consisting of 66 days of billed and 36 days of unbilled. This compares to 100 days we reported in Q1 of fiscal 2015, consisting of 62 days of billed and 38 days of unbilled.

Cash and Cash Flow

Cash and cash equivalents were \$15.8 million at July 4, 2015, compared with \$17.2 million at April 4, 2015.

Capital expenditures totaled approximately \$6.1 million in Q2 of fiscal 2015, compared with \$0.9 million in Q2 of fiscal 2014.

During the second quarter of fiscal 2015, approximately 119,000 shares of common stock were repurchased for approximately \$3.4 million.

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 in these remarks non-GAAP revenue, non-GAAP gross margin, non-GAAP SG&A expenses (with and without commission to non-employee experts), non-GAAP depreciation and amortization, non-GAAP operating income, non-GAAP operating margin, non-GAAP interest and other income (expense), net, non-GAAP effective tax rate and tax provision, non-GAAP net income, non-GAAP net income per diluted share, and EBITDA and Adjusted EBITDA on a GAAP and non-GAAP basis. The Company believes that the use of non-GAAP measures in addition to GAAP measures is a useful method for evaluating its results of operations. The Company believes that presenting its financial results excluding NeuCo's results, and excluding commissions to non-employee experts from SG&A, and including a presentation of Adjusted EBITDA, 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 results calculated in accordance with GAAP and reconciliations to those 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 second quarter of fiscal 2015, the second quarter of fiscal 2014, and the year to date period ended as of the second quarter of fiscal 2014, the Company has excluded NeuCo's results, and for the year to date period ended as of the second quarter of fiscal 2015, the Company has excluded NeuCo's results and a non-cash charge relating to an increased liability for a future contingent consideration payment related to a prior acquisition. Also, in calculating "Adjusted EBITDA" from income (loss) from operations for these fiscal periods, the Company has excluded the following non-cash expenses: depreciation and amortization,

share-based compensation expenses, and amortization of forgivable loans. Finally, the Company also believes that fluctuations in foreign currency exchange rates can significantly affect its financial results and provides a constant currency presentation to supplement disclosures regarding its results of operations and performance. The Company calculates constant currency amounts relative to a prior period, which also constitute non-GAAP financial information, by converting its current period local currency financial results using the prior period exchange rates. The Company has presented in these CFO remarks its non-GAAP revenue, gross profit, net income, earnings per diluted share and Adjusted EBITDA for the second quarter of fiscal 2015 on a constant currency basis relative to the second quarter of fiscal 2014.
