

**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): **September 29, 2010**

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 September 30, 2010, we issued a press release reporting our financial results for our third quarter ended September 3, 2010. A copy of the press release is set forth as Exhibit 99.1 and is incorporated by reference herein. On September 30, 2010, 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 2.05 Costs Associated with Exit or Disposal Activities.

On September 29, 2010, our management adopted a proposal to make consulting headcount adjustments to select practices. As a result of this proposal, we are taking steps, subject to local labor law requirements, to reduce our consultant headcount by approximately 15 positions. Each affected individual is aware of these actions. These actions are designed to reduce costs and improve our profitability. We believe that the proposed restructuring will increase our financial strength and better position us for longer-term sustainable growth.

We expect that these actions will be completed during the fourth quarter of fiscal 2010. If all of the positions currently anticipated to be affected by the restructuring are ultimately eliminated, we expect to record a restructuring charge in the approximate range of \$1.5 million to \$1.8 million in the fourth quarter of fiscal 2010 related to one-time termination benefits and that these actions will result in estimated annual costs savings of approximately \$2.7 million. We have not finalized our employee separation costs or the offsetting benefits we may have as a result of these actions. Accordingly, we will provide an estimate of any additional costs, as well as the total amount or range of amounts expected to be incurred, and an estimate of the associated cash expenditures, when they have been determined, by filing an amendment to this current report on Form 8-K. The charge that we expect to incur in connection with the restructuring is subject to a number of assumptions, including assumptions related to the outcome of employee consultations, which are ongoing, and actual results may materially differ.

Statements in this Item 2.05 concerning the future business, operating results, and financial condition of CRA International, Inc. (the "Company"), including the anticipated costs and cost savings associated with the described actions, and statements using the terms "anticipates," "believes," "expects," "should," or similar expressions, are "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. These statements are based upon management's current expectations and are subject to a number of factors and uncertainties. Information contained in these forward-looking statements is inherently uncertain and actual performance and results may differ materially due to many important factors. Such

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factors that could cause actual results to differ materially from any forward-looking statements made by the Company include, among others, the Company's restructuring costs and attributable annual cost savings, changes in the Company's effective tax rate, share dilution from the Company's convertible debt offering and stock-based compensation, dependence on key personnel, attracting and retaining qualified consultants, dependence on outside experts, utilization rates, factors related to its acquisitions, including integration of personnel, clients, offices, and unanticipated expenses and liabilities, the risk of impairment write downs to the Company's intangible assets, including goodwill, if the Company's enterprise value declines below certain levels, risks associated with acquisitions it may make in the future, risks inherent in international operations, the performance of NeuCo, changes in accounting standards, rules and regulations, changes in the law that affect its practice areas, management of new offices, the potential loss of clients, the ability of customers to terminate the Company's engagements on short notice, dependence on the growth of the Company's business consulting practice, the unpredictable nature of litigation-related projects, the ability of the Company to integrate successfully new consultants into its practice, general economic conditions, intense competition, risks inherent in litigation, and professional liability. Further information on these and other potential factors that could affect the Company's financial results is included in the Company's filings with the Securities and Exchange Commission. The Company cannot guarantee any future results, levels of activity, performance or achievement. The Company undertakes no obligation to update any of its forward-looking statements after the date of this report.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Number</u>	<u>Title</u>
99.1	September 30, 2010 press release
99.2	Supplemental financial information

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SIGNATURES

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

CRA INTERNATIONAL, INC.

Dated: September 30, 2010

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

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Exhibit Index

<u>Number</u>	<u>Title</u>
99.1	September 30, 2010 press release
99.2	Supplemental financial information

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FOR IMMEDIATE RELEASE

Contact:

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

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

**CHARLES RIVER ASSOCIATES (CRA) ANNOUNCES THIRD-QUARTER
 FISCAL 2010 FINANCIAL RESULTS**

***Company Delivers Increased Profitability and Higher Margins on a Non-GAAP Basis;
 Generates Cash From Operations of \$12 Million***

BOSTON, September 30, 2010 — Charles River Associates (NASDAQ: CRAI), a worldwide leader in providing management, economic and financial consulting services, today announced financial results for its fiscal third quarter, the sixteen weeks ended September 3, 2010.

Revenue for the third quarter of fiscal 2010 was \$84.6 million, compared with \$89.3 million for the third quarter of fiscal 2009. Non-GAAP revenue for the third quarter of fiscal 2010 was \$82.4 million, compared with \$86.3 million in the same period of fiscal 2009. Sequential non-GAAP revenue for the third quarter of fiscal 2010 on a normalized basis was \$61.8 million compared with \$66.3 million in the second quarter of 2010. With the third quarter consisting of 16 weeks, the Company is providing results on a “normalized” basis in order to compare it with the sequential second quarter, which is a 12-week period.

Net income for the third quarter of fiscal 2010 was \$2.1 million, or \$0.19 per diluted share, compared with net income of \$2.6 million, or \$0.24 per diluted share, in the same period a year ago. GAAP net income this quarter included a pre-tax expense of \$1.8 million associated with restructuring, a \$704,000 related tax benefit, and a \$56,000 net loss associated with NeuCo. GAAP net income for the third quarter of fiscal 2009 included a \$478,000 net loss associated with NeuCo. Excluding these items from both periods, non-GAAP net income for the third quarter of fiscal 2010 was \$3.2 million, or \$0.30 per diluted share, compared with \$3.1 million, or \$0.29 per diluted share, in the same period of fiscal 2009. On a normalized basis, the Company achieved non-GAAP third-quarter net income of \$2.4 million, or \$0.22 per diluted share, compared with \$2.0 million, or \$0.19 per diluted share, in the second quarter of fiscal 2010.

A complete reconciliation between GAAP and non-GAAP financial information for the third quarters of fiscal 2010 and fiscal 2009, and the first three quarters of fiscal 2010 and fiscal 2009, as well as a non-GAAP comparison of the third quarter of fiscal 2010 on a normalized basis with the second quarter of fiscal 2010, is provided in the financial tables at the end of this release.

The Company ended the third quarter with cash and equivalents and short-term investments of \$86.6 million, compared with \$80.0 million at the end of the second quarter of fiscal 2010.

Comments on the Third Quarter

“Our third-quarter results built upon the momentum we began to see in the second quarter of this year and reflect additional progress in reaching our goals for this fiscal year,” said Paul Maleh, CRA’s President and Chief Executive Officer. “We secured several large strategy engagements, with notable revenue contributions by our GIC and Marakon practices. Although our Litigation portfolio was impacted by the usual summer seasonality, we continue to see signs of performance trending upward.”

“The highlight of our third-quarter financial results was our margin improvement, which drove increased profitability,” Maleh said. “Despite lower revenue in the third quarter, on a non-GAAP basis, our gross profit margin and operating margin improved on both a year-over-year and sequential normalized basis. Our non-GAAP gross profit margin for the third quarter of 2010 was 34.1% as compared with 30.8% in the second quarter and 32.9% in the third quarter of fiscal 2009. We achieved a non-GAAP operating margin of 8.0% compared with 6.5% in the second quarter and 7.2% in the third quarter of fiscal 2009. The comprehensive series of restructuring initiatives we implemented during the past two years have streamlined our organization and focused our resources on growth and expense management. These actions contributed to utilization improving to 68% from 65% in the sequential second quarter and 60% in the first quarter.”

“We were pleased to achieve cash flow from operations during the quarter of approximately \$12 million. It enabled us to spend approximately \$4 million on our ongoing stock buyback program, while still increasing our cash and short-term investments balance by nearly \$7 million. We continue to maintain an excellent capital position, which affords us financial flexibility to execute our growth strategy,” Maleh said.

Outlook

“Overall, we see signs of business conditions starting to improve within our markets as we continue to rebound from the difficult start to fiscal 2010,” said Maleh. “Utilization, while still below our target levels, is trending upward. Our new business lead flow is healthy and we have an active pipeline of both Management Consulting and Litigation opportunities.”

“Looking forward, our primary challenge continues to be the uncertain economic environment, which has the potential to limit near-term client spending on major consulting projects and disrupt litigation-related activity. However, we have substantially lowered CRA’s overall cost structure during the past two years to create a leaner, more leverageable business model in the process. While we will continue to seek to align our cost structure with revenue, particularly our office leases, our primary focus now is on generating profitable growth and deepening our client relationships. We are on track to achieve our fiscal year goals. We are seeing some encouraging signs in our markets and are entering the fourth quarter cautiously optimistic,” Maleh said.

Conference Call Information and Prepared CFO Remarks

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

In combination with this press release, CRA is providing prepared remarks by its CFO Wayne Mackie under "Conference Call Materials" in the investor relations section on the Company's

website at <http://www.crai.com>. These remarks are offered to provide the investment community with additional background on CRA's financial results prior to the start of the conference call.

About Charles River Associates (CRA)

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

NON-GAAP FINANCIAL MEASURES

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

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

CRA INTERNATIONAL, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS INCLUDING A RECONCILIATION TO NON-GAAP RESULTS

FOR THE SIXTEEN WEEKS ENDED SEPTEMBER 3, 2010 COMPARED TO THE SIXTEEN WEEKS ENDED SEPTEMBER 4, 2009

(In thousands, except per share data)

	Sixteen Weeks Ended September 3, 2010			Sixteen Weeks Ended September 4, 2009 (as revised) (3)			
	GAAP Results	Adjustments to GAAP Results (Restructuring) (1)	Adjustments to GAAP Results (NeuCo) (2)	Non-GAAP Results	GAAP Results	Adjustments to GAAP Results (NeuCo) (2)	Non-GAAP Results
Revenues	\$ 84,641	\$ —	\$ 2,195	\$ 82,446	\$ 89,262	\$ 2,929	\$ 86,333
Costs of services	54,860	—	521	54,339	59,036	1,134	57,902
Gross profit	29,781	—	1,674	28,107	30,226	1,795	28,431

Selling, general and administrative expenses	22,906	1,625	1,519	19,762	21,744	1,775	19,969
Depreciation and amortization	1,959	156	81	1,722	2,437	156	2,281
Income (loss) from operations	4,916	(1,781)	74	6,623	6,045	(136)	6,181
Interest and other income (expense), net	(1,143)	—	(45)	(1,098)	(1,435)	(47)	(1,388)
Income (loss) before (provision) benefit for income taxes	3,773	(1,781)	29	5,525	4,610	(183)	4,793
(Provision) benefit for income taxes	(1,746)	704	(129)	(2,321)	(2,425)	(731)	(1,694)
Net income (loss)	2,027	(1,077)	(100)	3,204	2,185	(914)	3,099
Net (income) loss attributable to noncontrolling interest, net of tax	44	—	44	—	436	436	—
Net income (loss) attributable to CRA International, Inc.	\$ 2,071	\$ (1,077)	\$ (56)	\$ 3,204	\$ 2,621	\$ (478)	\$ 3,099
Net income per share attributable to CRA International, Inc.:							
Basic	\$ 0.19			\$ 0.30	\$ 0.25		\$ 0.29
Diluted	\$ 0.19			\$ 0.30	\$ 0.24		\$ 0.29
Weighted average number of shares outstanding:							
Basic	10,650			10,650	10,627		10,627
Diluted	10,734			10,734	10,751		10,751

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

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

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

CRA INTERNATIONAL, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS INCLUDING A RECONCILIATION TO NON-GAAP RESULTS
FOR THE FORTY WEEKS ENDED SEPTEMBER 3, 2010 COMPARED TO THE FORTY WEEKS ENDED SEPTEMBER 4, 2009
(In thousands, except per share data)

	Forty Weeks Ended September 3, 2010					Forty Weeks Ended September 4, 2009 (as revised) (4)				
	GAAP Results	Adjustments to GAAP Results (Restructuring) (1)	Adjustments to GAAP Results (Bond Buyback) (2)	Adjustments to GAAP Results (NeuCo) (3)	Non-GAAP Results	GAAP Results	Adjustments to GAAP Results (Restructuring)	Adjustments to GAAP Results (Bond Buyback) (7)	Adjustments to GAAP Results (NeuCo) (3)	Non-GAAP Results
Revenues	\$ 211,562	\$ —	\$ —	\$ 5,065	\$ 206,497	\$ 227,057	\$ —	\$ —	\$ 7,076	\$ 219,981
Costs of services	145,369	3,687	—	1,368	140,314	149,895	1,944(5)	—	3,487	144,464
Gross profit (loss)	66,193	(3,687)	—	3,697	66,183	77,162	(1,944)	—	3,589	75,517
Selling, general and administrative expenses	56,175	2,949	—	4,099	49,127	57,508	1,284(5)	—	3,898	52,326
Depreciation and amortization	4,684	187	—	184	4,313	6,119	—	—	469	5,650
Income (loss) from operations	5,334	(6,823)	—	(586)	12,743	13,535	(3,228)	—	(778)	17,541
Interest and other income (expense), net	(3,183)	—	(425)	(124)	(2,634)	(3,340)	(390)(6)	(29)	(116)	(2,805)
Income (loss) before (provision) benefit for income taxes and noncontrolling interest	2,151	(6,823)	(425)	(710)	10,109	10,195	(3,618)	(29)	(894)	14,736
(Provision) benefit for income taxes	(1,605)	2,523	175	133	(4,436)	(6,480)	728(5)	12	(494)	(6,726)
Net income (loss)	546	(4,300)	(250)	(577)	5,673	3,715	(2,890)	(17)	(1,388)	8,010
Net (income) loss attributable to noncontrolling interest, net of tax	268	—	—	268	—	606	—	—	606	—
Net income (loss) attributable to CRA International, Inc.	\$ 814	\$ (4,300)	\$ (250)	\$ (309)	\$ 5,673	\$ 4,321	\$ (2,890)	\$ (17)	\$ (782)	\$ 8,010
Net income per share attributable to CRA International, Inc.:										
Basic	\$ 0.08				\$ 0.53	\$ 0.41				\$ 0.76
Diluted	\$ 0.08				\$ 0.53	\$ 0.40				\$ 0.75
Weighted average number of shares outstanding:										
Basic	10,670				10,670	10,600				10,600
Diluted	10,801				10,801	10,703				10,703

(1) During the forty weeks ended September 3, 2010, the Company incurred pre-tax expenses of \$6.8 million and related income tax effect of \$2.5 million principally associated with an employee workforce reduction designed to better align staffing levels with revenue, closing the Houston, TX office, office space reductions in Boston and Chicago, and restructuring select practice areas.

(2) During the forty weeks ended September 3, 2010, the Company repurchased \$15.0 million of its convertible bonds at a discount, however, under FASB Accounting Standards Codification Topic 470-20, "Debt", this resulted in a \$0.4 million loss on a pre-tax basis.

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

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

(5) During the forty weeks ended September 4, 2009, the Company incurred pre-tax expenses of \$3.2 million and related income tax effect of \$0.7 million associated principally with an employee workforce reduction designed to reduce the Company's operating expenses and improve its utilization rate. The \$3.2 million also includes a \$0.3 million revision to an estimate for a previously recorded office closure liability.

(6) During the forty weeks ended September 4, 2009, the Company recognized \$0.4 million in foreign currency exchange loss related to the liquidation of the Company's Australian-based operations.

(7) During the forty weeks ended September 4, 2009, the Company repurchased \$7.0 million of its convertible bonds at a discount, however, under FASB Accounting Standards Codification Topic 470-20, "Debt", this resulted in a \$29,000 loss on a pre-tax basis.

CRA INTERNATIONAL, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS INCLUDING A RECONCILIATION TO NON-GAAP RESULTS

FOR THE SIXTEEN WEEKS ENDED SEPTEMBER 3, 2010, INCLUDING NORMALIZED RESULTS, COMPARED TO THE TWELVE WEEKS ENDED MAY 14, 2010

(In thousands, except per share data)

	Sixteen Weeks Ended September 3, 2010					Twelve Weeks Ended May 14, 2010				
	GAAP Results	Adjustments to GAAP Results (Restructuring) (1)	Adjustments to GAAP Results (NeuCo) (2)	Non-GAAP Results	Non-GAAP Results Normalized (3)	GAAP Results	Adjustments to GAAP Results (Restructuring) (4)	Adjustments to GAAP Results (Bond Buyback) (5)	Adjustments to GAAP Results (NeuCo) (2)	Non-GAAP Results
Revenues	\$ 84,641	\$ —	\$ 2,195	\$ 82,446	\$ 61,835	\$ 68,075	\$ —	\$ —	\$ 1,786	\$ 66,289
Costs of services	54,860	—	521	54,339	40,754	50,055	3,687	—	473	45,895
Gross profit (loss)	29,781	—	1,674	28,107	21,081	18,020	(3,687)	—	1,313	20,394
Selling, general and administrative expenses	22,906	1,625	1,519	19,762	14,821	17,475	1,324	—	1,425	14,726
Depreciation and amortization	1,959	156	81	1,722	1,292	1,467	31	—	62	1,374
Income (loss) from operations	4,916	(1,781)	74	6,623	4,968	(922)	(5,042)	—	(174)	4,294
Interest and other income (expense), net	(1,143)	—	(45)	(1,098)	(824)	(1,235)	—	(425)	(49)	(761)
Income (loss) before (provision) benefit for income taxes	3,773	(1,781)	29	5,525	4,144	(2,157)	(5,042)	(425)	(223)	3,533
(Provision) benefit for income taxes	(1,746)	704	(129)	(2,321)	(1,741)	577	1,819	175	93	(1,510)
Net income (loss)	2,027	(1,077)	(100)	3,204	2,403	(1,580)	(3,223)	(250)	(130)	2,023
Net (income) loss attributable to noncontrolling interest, net of tax	44	—	44	—	—	57	—	—	57	—
Net income (loss) attributable to CRA International, Inc.	\$ 2,071	\$ (1,077)	\$ (56)	\$ 3,204	\$ 2,403	\$ (1,523)	\$ (3,223)	\$ (250)	\$ (73)	\$ 2,023
Net income per share attributable to CRA International, Inc.:										
Basic	\$ 0.19			\$ 0.30	\$ 0.23	\$ (0.14)				\$ 0.19
Diluted	\$ 0.19			\$ 0.30	\$ 0.22	\$ (0.14)				\$ 0.19
Weighted average number of shares outstanding:										
Basic	10,650			10,650	10,650	10,713				10,713
Diluted	10,734			10,734	10,734	10,713 ⁽⁶⁾				10,856 ⁽⁶⁾

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

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

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

(4) During the twelve weeks ended May 14, 2010, the Company incurred pre-tax expenses of \$5.0 million and related income tax effect of \$1.8 million principally associated with an employee workforce reduction designed to better align staffing levels with revenue, closing the Houston, TX office, and restructuring select practice areas.

(5) During the twelve weeks ended May 14, 2010, the Company repurchased \$15.0 million of its convertible bonds at a discount, however, under FASB Accounting Standards Codification Topic 470-20, "Debt", this resulted in a \$0.4 million loss on a pre-tax basis.

(6) Approximately 143,000 common stock equivalents are excluded from the GAAP results because they are antidilutive in the second quarter of fiscal 2010 but they are included in the non-GAAP results because they are dilutive.

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

	<u>September 3, 2010</u>	<u>November 28, 2009</u>
Assets		
Cash and cash equivalents and short-term investments	\$ 86,636	\$ 106,484
Accounts receivable and unbilled, net	79,110	88,222
Other current assets	28,874	35,076
Total current assets	<u>194,620</u>	<u>229,782</u>
Property and equipment, net	16,931	19,050
Goodwill and intangible assets, net	143,940	148,126
Other assets	18,737	25,153
Total assets	<u>\$ 374,228</u>	<u>\$ 422,111</u>
Liabilities and shareholders' equity		
Current liabilities	\$ 104,474	\$ 79,092
Long-term liabilities	17,591	87,304
Total liabilities	<u>122,065</u>	<u>166,396</u>
Total shareholders' equity	252,163	255,715
Total liabilities and shareholders' equity	<u>\$ 374,228</u>	<u>\$ 422,111</u>



**CHARLES RIVER ASSOCIATES (CRA)
THIRD QUARTER FISCAL YEAR 2010
EARNINGS ANNOUNCEMENT
PREPARED CFO REMARKS
September 30, 2010**

CRA is providing a copy of prepared remarks by CFO Wayne Mackie in combination with its third-quarter fiscal 2010 earnings press release. These remarks are offered to provide the investment community with additional information on CRA's financial results prior to the start of the conference call. As previously announced, the conference call will begin today, September 30, 2010 at 9:00 am ET. These prepared remarks will not be read on the call.

Revenue

In today's press release, we reported Q3 of fiscal 2010 GAAP revenue of \$84.6 million compared with \$89.3 million for Q3 of fiscal 2009. Our GAAP revenue in Q3 of fiscal 2010 included \$2.2 million from NeuCo compared with \$2.9 million in Q3 last year. Excluding this revenue from both periods, non-GAAP revenue was \$82.4 million during the third quarter of fiscal 2010, a 4.5% decrease from \$86.3 million in Q3 of fiscal 2009.

With the third quarter being a 16-week period, in order to look at our business on an apples-to-apples sequential basis with Q2, we normalize Q3 to do a 12-week comparison. That table is included at the back of the financials in today's news release. Non-GAAP revenue for Q3 of fiscal 2010 on a normalized basis was \$61.8 million compared with \$66.3 million in Q2 of fiscal 2010. This nearly 7% sequential decrease principally reflects the typical seasonal decline from Q2 to Q3 due to the summer holiday period.

Despite this sequential revenue decline from Q2 of fiscal 2010, increased activity and the effect of earlier 2010 staff reductions contributed to an increased utilization level. Q3 of fiscal 2010 utilization was 68% compared with 65% in Q2, 60% in Q1 and 69% in the third quarter of fiscal 2009.

Gross Margin

Our gross margin percentage during Q3 of fiscal 2010 on a GAAP basis increased to 35.2%, compared with 33.9% for Q3 of fiscal 2009. Non-GAAP gross margin percentage, which excludes NeuCo and restructuring charges, for Q3 of fiscal 2010 was 34.1%, compared with 32.9% in Q3 of last year. Looking at normalized Q3 versus Q2 on a non-GAAP basis, our gross profit percentage rose considerably to 34.1% from 30.8%. On a year-over-year non-GAAP basis, our gross margin percentage increased primarily due to the lower level of client reimbursables. Lower employee compensation and related costs in the comparable period, on a dollar basis, also benefitted our gross

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margin. The sequential increase in gross margin percentage on a normalized basis from Q2 of fiscal 2010 to Q3 of fiscal 2010 was principally the result of lower employee compensation and related costs.

SG&A Expenses

Third-quarter fiscal 2010 SG&A expenses on a GAAP basis were \$22.9 million, or 27.1% of revenue compared with \$21.7 million, or 24.4% of revenue a year ago. On a non-GAAP basis, SG&A expenses for the third quarter were \$19.8 million, or 24.0% of revenue, compared with \$20.0 million, or 23.1% of revenue a year ago. The SG&A percentage in Q2 of this year on a non-GAAP basis was 22.2%.

On a year-over-year basis, we lowered our non-GAAP SG&A on an absolute dollar basis by about \$200,000. This decrease was related to our continual efforts to reduce our office leasing costs, as well as lower employee compensation and related costs, and lower legal and audit fees partially offset by higher travel, recruiting and commissions to non-employee experts. On a sequential, normalized basis, our non-GAAP SG&A for Q3 of fiscal 2010 was consistent on an absolute dollar basis compared to Q2 of fiscal 2010, but rose slightly as a percentage due to lower revenue. Lower employee compensation and related costs and professional fees were offset by higher commissions to non-employee experts, and higher recruiting and training costs in Q3 normalized, as compared to Q2 results.

Share-Based Compensation Expense

Share-based compensation expense was approximately \$1.8 million for the third quarter of fiscal 2010, compared with \$2.2 million for Q3 of fiscal 2009 and \$1.5 million for Q2 of fiscal 2010.

Operating Income

On a GAAP basis, operating income for the third quarter of fiscal 2010 was \$4.9 million, or 5.8% of revenue, compared with operating income of \$6.0 million, or 6.8% of revenue, in Q3 of last year. The GAAP operating income for Q3 of fiscal 2010 includes \$1.8 million in restructuring expenses and \$0.1 million for NeuCo's operating income. GAAP operating income for Q3 of fiscal 2009 included a \$0.1 million operating loss related to NeuCo. Non-GAAP operating income for Q3 of fiscal 2010 was \$6.6 million, or 8.0% of revenue, compared with \$6.2 million, or 7.2% of revenue in the third quarter of fiscal 2009. Our non-GAAP operating income percentage in Q2 of fiscal 2010 was 6.5%.

On a non-GAAP basis, the sequential and year-over-year increase in operating margin is due to our effective expense control initiatives, which resulted in lower cost of services and essentially flat SG&A costs. This increase in operating margin is encouraging given the lower revenue both on a year-over-year and normalized Q3 vs. Q2 basis.

New Accounting Standard for Convertible Bonds

In Q1 of fiscal 2010, we adopted FASB Accounting Standards Codification Topic 470-20, which was formerly referred to as FASB Staff Position APB 14-1. This new accounting standard applies to the convertible bonds that we issued several years ago. It is having the net effect of increasing our non-cash interest expense. As we mentioned on our prior conference calls, we are anticipating a total

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incremental non-cash interest expense in fiscal 2010 of \$1.2 million. The incremental non-cash interest expense for Q3 was \$332,000, compared with \$446,000 a year ago and \$292,000 last quarter.

Interest and Other Income (Expense), net

In Q3 of fiscal 2010, interest and other expense was \$1.1 million on a GAAP and non-GAAP basis, compared with \$1.4 million a year ago. On a normalized non-GAAP basis, Q3 of fiscal 2010 was \$824,000 compared with \$761,000 in Q2. The year-over-year decline in interest expense reflects the repurchase of a portion of the Company's convertible bonds in the past 12 months.

Income Taxes

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

	GAAP		NON-GAAP	
	Q3		Q3	
	2010	2009	2010	2009
Provision	\$ 1,746	\$ 2,425	\$ 2,321	\$ 1,694
Effective Tax Rate	46.3%	52.6%	42.0%	35.3%

In Q3 of fiscal 2010, our effective tax rate on a GAAP basis was 46.3% as compared to 52.6% for the same quarter of last year. Our third quarter effective tax rate on a non-GAAP basis was essentially flat at 42% compared to the second quarter of fiscal 2010 at 42.7%. Our effective tax rate in the current quarter was primarily driven by improved performance in our international operations. International revenues accounted for 28% of total revenue in Q3, same as in Q2 of this year, compared with 25% for Q3 of fiscal 2009.

Net Income

Q3 of fiscal 2010 GAAP net income was \$2.1 million, or \$0.19 per diluted share, compared with net income of \$2.6 million, or \$0.24 per diluted share a year ago. GAAP net income in Q3 this year included an after-tax expense of \$1.1 million associated with restructuring and \$56,000 in net loss associated with NeuCo. GAAP net income for Q3 of fiscal 2009 included a \$478,000 net loss associated with NeuCo. Excluding these items from both periods, non-GAAP net income for Q3 of fiscal 2010 was \$3.2 million, or \$0.30 per diluted share, compared with \$3.1 million, or \$0.29 per diluted share, in Q3 of fiscal 2009. When normalizing our non-GAAP earnings for Q3 of fiscal 2010 for sequential comparison, we recorded net income of \$2.4 million, or \$0.22 per diluted share, in Q3 compared with \$2.0 million, or \$0.19 per diluted share in Q2.

Key Balance Sheet Metrics

Turning to the balance sheet, billed and unbilled receivables at the end of Q3 of fiscal 2010 were \$79.1 million, compared with \$77.9 million at the end of Q2 of fiscal 2010 and \$88.2 million at the end of fiscal 2009. Current liabilities at the end of Q3 of fiscal 2010 were \$104.5 million, compared with \$50.1 million at the end of Q2 of fiscal 2010 and \$79.1 million at the end of fiscal 2009. The substantial increase in current liabilities reflects the reclassification of the \$47.5 million convertible bond principal balance from long-term to short-term since we may be required to repurchase the

remaining bonds as early as June, 2011. Since year-end, our long-term liabilities have dropped from \$87.3 million to just \$17.6 million at the end of Q3 of fiscal 2010.

Our DSO performance in Q3 fell short of our expectations as total DSOs rose to 102 days, consisting of 59 billed and 43 days of unbilled. This compares with DSOs in Q2 of fiscal 2010 of 94 days, consisting of 59 days of billed and 35 days of unbilled and Q1 of 103 days, consisting of 64 days of billed and 39 days of unbilled. The increase in unbilled during the summer months contributed to the increase in our DSO. We are working to bring this area more in line with our plans, and our goal remains to keep our DSOs below 100 days.

Goodwill Impairment Evaluation

During the fourth quarter of each year, we perform a required annual assessment of the carrying value of our intangible assets, including goodwill. During our just completed third quarter, continued uncertainty in macroeconomic conditions globally contributed to a decline in many stocks in the specialty consulting sector, including our stock. If our recent stock price continues to deteriorate, we may be required to record an impairment of our intangible assets as a result of the annual assessment that we will conduct in the upcoming fourth quarter, or at future dates. An impairment charge, if required, would have no effect on our cash or working capital. There are a number of variables involved in determining fair value, but given our current market capitalization and our intangible asset carrying values, the possibility of a non-cash impairment charge in the near future exists.

Cash and Cash Flow

Cash and equivalents and short-term investments stood at \$86.6 million at the end of Q3 of fiscal 2010, compared with \$80.0 million at the end of last quarter and \$106.5 million at the end of fiscal 2009. Our cash balance increased nicely during the quarter due to cash flow from operations. The difference since year-end primarily reflects the payment of the fiscal 2009 bonuses in Q1 and Q2, \$15 million related to the repurchase of our convertible bonds in fiscal 2010, and \$4 million related to the repurchase of our common stock in the third quarter. Net cash flow from operating activities in Q3 was \$12.0 million, compared with \$20.6 million a year ago. Our capital expenditures totaled approximately \$1.2 million for Q3 of fiscal 2010, compared with approximately \$600,000 a year ago and \$466,000 for Q2 of fiscal 2010.

This concludes the prepared CFO remarks.

NON-GAAP FINANCIAL MEASURES

In addition to reporting its financial results in accordance with U.S. generally accepted accounting principles, or GAAP, the Company has also provided non-GAAP financial information in these remarks. The Company believes the use of non-GAAP measures in addition to GAAP measures is an additional useful

method of evaluating its results of operations. The Company believes that presenting its financial results excluding restructuring costs, non-cash expenses related to the repurchase of its convertible bonds, and NeuCo's results is important to investors and management because it is more indicative of its ongoing operating results and financial condition. These non-GAAP financial measures should be considered in conjunction with, but not as a substitute for, the financial information presented in accordance with GAAP, and the expected results calculated in accordance with GAAP and reconciliations to those expected results should be carefully evaluated. The non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. Specifically, for Q3 of fiscal 2010, the Company has excluded certain restructuring costs and NeuCo's results. For Q2 of fiscal 2010, the Company has excluded certain restructuring costs, expenses related to the repurchase of its convertible bonds and NeuCo's results. For Q3 of fiscal 2009, the Company has excluded NeuCo's results. In addition, the Company has provided normalized non-GAAP financial information for the third quarter of fiscal 2010 on a basis intended to convert the 16-week period to an "as if" 12-week period in order to provide an equivalent comparison to financial information for the 12-week second quarter of fiscal 2010.

SAFE HARBOR STATEMENT

Statements in these prepared CFO remarks concerning the future business, operating results, estimated cost savings, and financial condition of the Company and statements using the terms "anticipates," "believes," "expects," "should," or similar expressions, are "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. These statements are based upon management's current expectations and are subject to a number of factors and uncertainties. Information contained in these forward-looking statements is inherently uncertain and actual performance and results may differ materially due to many important factors. Such factors that could cause actual results to differ materially from any forward-looking statements made by the Company include, among others, the Company's restructuring costs and attributable annual cost savings, changes in the Company's effective tax rate, share dilution from the Company's convertible debt offering and stock-based compensation, dependence on key personnel, attracting and retaining qualified consultants, dependence on outside experts, utilization rates, factors related to its acquisitions, including integration of personnel, clients, offices, and unanticipated expenses and liabilities, the risk of impairment write downs to the Company's intangible assets, including goodwill, if the Company's enterprise value declines below certain levels, risks associated with acquisitions it may make in the future, risks inherent in international operations, the performance of NeuCo, changes in accounting standards, rules and regulations, changes in the law that affect its practice areas, management of new offices, the potential loss of clients, the ability of customers to terminate the Company's engagements on short notice, dependence on the growth of the Company's business consulting practice, the unpredictable nature of litigation-related projects, the ability of the Company

to integrate successfully new consultants into its practice, general economic conditions, intense competition, risks inherent in litigation, and professional liability. Further information on these and other potential factors that could affect the Company's financial results is included in the Company's filings with the Securities and Exchange Commission. The Company cannot guarantee any future results, levels of activity, performance or achievement. The Company undertakes no obligation to update any of its forward-looking statements after the date of these remarks.