

**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): **February 19, 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 February 19, 2015, we issued a press release reporting our financial results for our fiscal year ended January 3, 2015. A copy of the press release is set forth as Exhibit 99.1 and is incorporated by reference herein. On February 19, 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

<u>Number</u>	<u>Title</u>
99.1	February 19, 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: February 19, 2015

By: /s/ Chad M. Holmes  
Chad M. Holmes  
Chief Financial Officer, Executive Vice  
President, and Treasurer

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**Exhibit Index**

<b>Number</b>	<b>Title</b>
99.1	February 19, 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  
 FOURTH QUARTER AND FULL YEAR FISCAL 2014 FINANCIAL RESULTS**

*Company Delivers Strong Fourth Quarter Performance and Outstanding Annual Growth in Profits*

BOSTON, February 19, 2015 — 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 January 3, 2015. “CRA concluded fiscal 2014 with another strong quarter of performance,” said Paul Maleh, CRA’s President and Chief Executive Officer. “We continued to experience broad-based demand for our services, and on a full-year non-GAAP basis our portfolio performed exceptionally well with Litigation and Regulatory revenue growing by 9.2% and Management Consulting revenue increasing by 16.2% as compared to fiscal 2013. This annual growth contributed to a fiscal 2014 non-GAAP Adjusted EBITDA margin of 16.5%, our highest full-year margin since 2006.”

Revenue for the fourth quarter of fiscal 2014 increased to \$78.5 million, compared with \$75.7 million for the fiscal fourth quarter ended December 28, 2013. Non-GAAP revenue for the fourth quarter of fiscal 2014 increased to \$77.4 million, compared with \$74.3 million for the fourth quarter of fiscal 2013.

Net income for the fourth quarter of fiscal 2014 was \$3.4 million, or \$0.36 per diluted share, compared with \$3.7 million, or \$0.37 per diluted share, for the fourth quarter of fiscal 2013. Non-GAAP net income for the fourth quarter of fiscal 2014 was \$3.5 million, or \$0.37 per diluted share, compared with \$3.7 million, or \$0.37 per diluted share, for the fourth quarter of fiscal 2013.

Adjusted EBITDA for the fourth quarter of fiscal 2014 was \$12.5 million, or 16.0% of revenue, compared with \$11.9 million, or 15.8% of revenue, for the fourth quarter of fiscal 2013. On a non-GAAP basis, Adjusted EBITDA for the fourth quarter of fiscal 2014 was \$12.6 million, or 16.3% of revenue, compared with \$11.9 million, or 16.0% of revenue, for the fourth quarter of fiscal 2013.

A complete reconciliation between revenue, net income and net income per diluted share, and the calculation of Adjusted EBITDA, on a GAAP and non-GAAP basis, for the fourth quarters of fiscal

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2014 and fiscal 2013, and for the full 2014 and 2013 fiscal years, are provided in the financial tables at the end of this release.

**Management Comments**

“For the full year fiscal 2014, CRA delivered non-GAAP revenue growth of 10.3% and non-GAAP income from operations grew at nearly three times that rate, at 28.5%,” said Maleh. “We drove revenue growth principally through organic expansion and achieved companywide utilization of 76% for fiscal 2014.”

“On a non-GAAP basis, revenue for the fourth quarter increased 4.2% in fiscal 2014 over a year ago, led by solid contributions across our portfolio and double-digit growth in our Finance, Life Sciences, and Energy practices,” Maleh said. “Project lead flow throughout the organization remains strong and the conversion rate for revenue generating projects continues to strengthen.”

“Our consulting productivity continued to drive the fourth quarter non-GAAP gross profit as a percent of revenue to 31.5% in fiscal 2014 from 31.0% a year ago,” said Maleh. “For the full fiscal year, non-GAAP gross profit as a percent of revenue was 31.7% in fiscal 2014 compared with 31.3% in fiscal 2013.”

“Fourth quarter non-GAAP selling, general and administrative (SG&A) expenses as a percent of revenue, excluding commissions to non-employee experts, increased to 19.2% in fiscal 2014 from 18.6% a year ago, primarily due to the heavy holiday calendar that fell during the fourth quarter of 2014,” said Maleh. “For the full fiscal year, non-GAAP SG&A expenses as a percent of revenue, excluding commissions to non-employee experts, was 18.7% in fiscal 2014 compared with 19.0% in fiscal 2013. The annual improvements in gross margin and SG&A drove non-GAAP income from operations as a percent of revenue to 7.9% in fiscal 2014 compared with 6.7% in fiscal 2013.”

“We concluded the year with cash and cash equivalents of \$48.2 million, up from \$44.7 million at the end of the third quarter of fiscal 2014. Cash flow from operations was \$30.2 million for fiscal 2014. Cash generated by operations was reinvested into the business for staff development, recruiting, and infrastructure improvements, as well as for share repurchases. During the fourth quarter, we repurchased approximately 440,000 shares of common stock for \$12.8 million, bringing the total fiscal 2014 repurchased shares amount to approximately 971,500 shares of common stock for \$25.5 million,” Maleh said.

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**Outlook and Financial Guidance**

“CRA’s results in 2014 have positioned the Company for continued success in fiscal 2015. CRA introduces full-year fiscal 2015 non-GAAP revenue guidance in the range of \$312 million to \$320 million, with revenue growth anticipated to be more weighted toward the latter half of the year as new hires join the Company through our normal recruiting efforts. With respect to profitability, as we pursue top-line growth, CRA expects full-year fiscal 2015 non-GAAP Adjusted EBITDA margin in the range of 16.3% to 16.7%,” concluded Maleh.

**Conference Call Information and Prepared CFO Remarks**

CRA will host a conference call this morning at 10:00 a.m. ET to discuss its fourth-quarter and full-year 2014 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, 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 the world and is celebrating its 50<sup>th</sup> year anniversary in 2015. 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 that the use of non-GAAP measures in addition to GAAP measures is an additional useful method of evaluating its results of operations. The Company

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believes that presenting its financial results excluding the results of the Company's NeuCo subsidiary, 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 the Company'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 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 fourth quarters of fiscal 2014 and fiscal 2013, for the full 2014 and 2013 fiscal years, and for the full 2015 fiscal year financial guidance, the Company has excluded NeuCo's results. 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.

### **SAFE HARBOR STATEMENT**

*Statements in this press release concerning our future business, operating results and financial condition, including statements regarding our position for continued success, our conversion rate strengthening, or containing any guidance regarding our future revenues, profits or other financial measures, and statements using the terms "expect" 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 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, 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; intense competition; and the timing of and amount of new hires. In addition to*

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*these factors, other factors that could cause 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, the performance of our NeuCo subsidiary, 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, foreign exchange rate fluctuations, risks inherent in litigation, 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 JANUARY 3, 2015 COMPARED TO THE QUARTER ENDED DECEMBER 28, 2013**

## (In thousands, except per share data)

	Quarter Ended January 3, 2015 (1)					Quarter Ended December 28, 2013 (1)				
	GAAP		Adjustments to GAAP Results (NeuCo) (2)	Non-GAAP		GAAP		Adjustments to GAAP Results (NeuCo) (2)	Non-GAAP	
	GAAP Results	% of Revenues		GAAP Results	% of Revenues	GAAP Results	% of Revenues		GAAP Results	% of Revenues
Revenues	\$ 78,459	100.0%	\$ 1,033	\$ 77,426	100.0%	\$ 75,672	100.0%	\$ 1,347	\$ 74,325	100.0%
Costs of services	53,375	68.0%	319	53,056	68.5%	51,628	68.2%	339	51,289	69.0%
Gross profit	25,084	32.0%	714	24,370	31.5%	24,044	31.8%	1,008	23,036	31.0%
Selling, general and administrative expenses	17,906	22.8%	831	17,075	22.1%	16,966	22.4%	942	16,024	21.6%
Depreciation and amortization	1,697	2.2%	—	1,697	2.2%	1,619	2.1%	—	1,619	2.2%
Income (loss) from operations	5,481	7.0%	(117)	5,598	7.2%	5,459	7.2%	66	5,393	7.3%
Interest and other expense, net	(102)	-0.1%	—	(102)	-0.1%	(238)	-0.3%	(17)	(221)	-0.3%
Income (loss) before provision for income taxes and noncontrolling interest	5,379	6.9%	(117)	5,496	7.1%	5,221	6.9%	49	5,172	7.0%
Provision for income taxes	(2,055)	-2.6%	(50)	(2,005)	-2.6%	(1,505)	-2.0%	(63)	(1,442)	-1.9%
Net income (loss)	3,324	4.2%	(167)	3,491	4.5%	3,716	4.9%	(14)	3,730	5.0%
Net loss attributable to noncontrolling interest, net of tax	73	0.1%	73	—	0.0%	6	0.0%	6	—	0.0%
Net income (loss) attributable to CRA International, Inc.	\$ 3,397	4.3%	\$ (94)	\$ 3,491	4.5%	\$ 3,722	4.9%	\$ (8)	\$ 3,730	5.0%
Net income per share attributable to CRA International, Inc.:										
Basic	\$ 0.36			\$ 0.37		\$ 0.37			\$ 0.37	
Diluted	\$ 0.36			\$ 0.37		\$ 0.37			\$ 0.37	
Weighted average number of shares outstanding:										
Basic	9,344			9,344		10,071			10,071	
Diluted	9,560			9,560		10,148			10,148	

(1) The fiscal quarter ended January 3, 2015 includes fourteen weeks of operating results and the fiscal quarter ended December 28, 2013 includes thirteen weeks of operating results.

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

**CRA INTERNATIONAL, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS INCLUDING A RECONCILIATION TO NON-GAAP RESULTS**  
**FOR THE FISCAL YEAR ENDED JANUARY 3, 2015 COMPARED TO THE FISCAL YEAR ENDED DECEMBER 28, 2013**  
(In thousands, except per share data)

	Fiscal Year Ended January 3, 2015 (1)					Fiscal Year Ended December 28, 2013 (1)				
	GAAP		Adjustments to GAAP Results (NeuCo) (2)	Non-GAAP		GAAP		Adjustments to GAAP Results (NeuCo) (2)	Non-GAAP	
	GAAP Results	% of Revenues		GAAP Results	% of Revenues	GAAP Results	% of Revenues		GAAP Results	% of Revenues
Revenues	\$ 306,371	100.0%	\$ 4,771	\$ 301,600	100.0%	\$ 278,432	100.0%	\$ 5,050	\$ 273,382	100.0%
Costs of services	207,327	67.7%	1,475	205,852	68.3%	189,262	68.0%	1,365	187,897	68.7%
Gross profit	99,044	32.3%	3,296	95,748	31.7%	89,170	32.0%	3,685	85,485	31.3%
Selling, general and administrative expenses	69,203	22.6%	3,592	65,611	21.8%	64,242	23.1%	3,608	60,634	22.2%
Depreciation and amortization	6,443	2.1%	—	6,443	2.1%	6,411	2.3%	3	6,408	2.3%
Income (loss) from operations	23,398	7.6%	(296)	23,694	7.9%	18,517	6.7%	74	18,443	6.7%
Interest and other expense, net	(726)	-0.2%	(23)	(703)	-0.2%	(599)	-0.2%	(87)	(512)	-0.2%
Income (loss) before provision for income taxes and noncontrolling interest	22,672	7.4%	(319)	22,991	7.6%	17,918	6.4%	(13)	17,931	6.6%
Provision for income taxes	(9,684)	-3.2%	(205)	(9,479)	-3.1%	(6,683)	-2.4%	(244)	(6,439)	-2.4%
Net income (loss)	12,988	4.2%	(524)	13,512	4.5%	11,235	4.0%	(257)	11,492	4.2%
Net loss attributable to noncontrolling interest, net of tax	231	0.1%	231	—	0.0%	135	0.0%	135	—	0.0%

Net income (loss) attributable to CRA International, Inc.	\$ 13,219	4.3%	\$ (293)	\$ 13,512	4.5%	\$ 11,370	4.1%	\$ (122)	\$ 11,492	4.2%
Net income per share attributable to CRA International, Inc.:										
Basic	\$ 1.36		\$ 1.39		\$ 1.13		\$ 1.14			
Diluted	\$ 1.34		\$ 1.37		\$ 1.12		\$ 1.13			
Weighted average number of shares outstanding:										
Basic	9,747		9,747		10,084		10,084			
Diluted	9,897		9,897		10,173		10,173			

(1) The fiscal year ended January 3, 2015 includes fifty-three weeks of operating results and the fiscal year ended December 28, 2013 includes fifty-two weeks of operating results.

(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 FISCAL QUARTER AND YEAR ENDED JANUARY 3, 2015 COMPARED TO THE FISCAL QUARTER AND YEAR ENDED**  
**DECEMBER 28, 2013**  
(In thousands)

	Quarter Ended January 3, 2015 (1)					Quarter Ended December 28, 2013 (1)				
	GAAP Quarter Ended January 3, 2015	GAAP % of Revenues	Adjustments to GAAP Results NeuCo (3)	Non-GAAP Quarter Ended January 3, 2015	Non- GAAP % of Revenues	GAAP Quarter Ended December 28, 2013	GAAP % of Revenues	Adjustments to GAAP Results NeuCo (3)	Non-GAAP Quarter Ended December 28, 2013	Non- GAAP % of Revenues
Income (loss) from operations	\$ 5,481	7.0%	\$ (117)	\$ 5,598	7.2%	\$ 5,459	7.2%	\$ 66	\$ 5,393	7.3%
Depreciation and amortization	1,697	2.2%	—	1,697	2.2%	1,619	2.1%	—	1,619	2.2%
EBITDA	7,178	9.1%	(117)	7,295	9.4%	7,078	9.4%	66	7,012	9.4%
Share-based compensation expenses	2,138	2.7%	—	2,138	2.8%	882	1.2%	—	882	1.2%
Amortization of forgivable loans	3,203	4.1%	—	3,203	4.1%	3,971	5.2%	—	3,971	5.3%
Adjusted EBITDA	\$ 12,519	16.0%	\$ (117)	\$ 12,636	16.3%	\$ 11,931	15.8%	\$ 66	\$ 11,865	16.0%

	Year to Date Period Ended January 3, 2015 (2)					Year to Date Period Ended December 28, 2013 (2)				
	GAAP Year to Date Period Ended January 3, 2015	GAAP % of Revenues	Adjustments to GAAP Results NeuCo (3)	Non-GAAP Year to Date Period Ended January 3, 2015	Non- GAAP % of Revenues	GAAP Year to Date Period Ended December 28, 2013	GAAP % of Revenues	Adjustments to GAAP Results NeuCo (3)	Non-GAAP Year to Date Period Ended December 28, 2013	Non- GAAP % of Revenues
Income (loss) from operations	\$ 23,398	7.6%	\$ (296)	\$ 23,694	7.9%	\$ 18,517	6.7%	\$ 74	\$ 18,443	6.7%
Depreciation and amortization	6,443	2.1%	—	6,443	2.1%	6,411	2.3%	3	6,408	2.3%
EBITDA	29,841	9.7%	(296)	30,137	10.0%	24,928	9.0%	77	24,851	9.1%
Share-based compensation expenses	6,261	2.0%	—	6,261	2.1%	3,035	1.1%	—	3,035	1.1%
Amortization of forgivable loans	13,465	4.4%	—	13,465	4.5%	14,194	5.1%	—	14,194	5.2%
Adjusted EBITDA	\$ 49,567	16.2%	\$ (296)	\$ 49,863	16.5%	\$ 42,157	15.1%	\$ 77	\$ 42,080	15.4%

(1) The fiscal quarter ended January 3, 2015 includes fourteen weeks of operating results and the fiscal quarter ended December 28, 2013 includes thirteen weeks of operating results.

(2) The fiscal year ended January 3, 2015 includes fifty-three weeks of operating results and the fiscal year ended December 28, 2013 includes fifty-two weeks of operating results.

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

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

	January 3, 2015	December 28, 2013
<b>Assets</b>		
Cash and cash equivalents	\$ 48,199	\$ 51,251
Accounts receivable and unbilled, net	83,165	82,131
Other current assets	34,026	29,581
Total current assets	<u>165,390</u>	<u>162,963</u>
Property and equipment, net	14,696	15,655
Goodwill and intangible assets, net	87,060	86,110
Other assets	48,089	55,576
Total assets	<u>\$ 315,235</u>	<u>\$ 320,304</u>
<b>Liabilities and shareholders' equity</b>		
Current liabilities	\$ 88,394	\$ 87,960
Long-term liabilities	11,914	7,707
Total liabilities	<u>100,308</u>	<u>95,667</u>
Total shareholders' equity	214,927	224,637
Total liabilities and shareholders' equity	<u>\$ 315,235</u>	<u>\$ 320,304</u>

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

	Fiscal Year Ended January 3, 2015	Fiscal Year Ended December 28, 2013
<b>Operating activities:</b>		
Net income	\$ 12,988	\$ 11,235
Adjustments to reconcile net income to net cash provided by operating activities, net of effect of acquired businesses:		
Non-cash items, net	8,008	9,339
Accounts receivable and unbilled services	1,191	6,920
Working capital items, net	7,963	(9,046)
Net cash provided by operating activities	<u>30,150</u>	<u>18,448</u>
<b>Investing activities:</b>		
Consideration relating to acquisitions, net	(1,784)	(15,591)
Purchase of property and equipment	(4,192)	(2,816)
Collections on notes receivable	114	14
Net cash used in investing activities	<u>(5,862)</u>	<u>(18,393)</u>
<b>Financing activities:</b>		
Issuance of common stock, principally stock option exercises	469	207
Payments on notes payable	(26)	(700)
Borrowings under line of credit	—	17,320
Repayments under line of credit	—	(17,320)
Tax withholding payments reimbursed by restricted shares	(1,222)	(730)
Excess tax benefits from share-based compensation	392	7
Repurchase of common stock	(25,492)	(2,190)
Debt issuance costs	—	(1,120)
Net cash used in financing activities	<u>(25,879)</u>	<u>(4,526)</u>
Effect of foreign exchange rates on cash and cash equivalents	<u>(1,461)</u>	<u>271</u>
Net decrease in cash and cash equivalents	(3,052)	(4,200)
Cash and cash equivalents at beginning of period	<u>51,251</u>	<u>55,451</u>
Cash and cash equivalents at end of period	<u>\$ 48,199</u>	<u>\$ 51,251</u>
<b>Supplemental cash flow information:</b>		
Cash paid for income taxes	<u>\$ 15,580</u>	<u>\$ 2,887</u>
Cash paid for interest	<u>\$ 443</u>	<u>\$ 339</u>

Common stock issued for acquired business

\$

427

\$

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**CHARLES RIVER ASSOCIATES (CRA)  
FOURTH QUARTER AND FISCAL YEAR 2014  
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 February 19, 2015 at 10:00 a.m. ET. These prepared remarks will not be read on the call.

**Q4 2014 Summary (Quarter ended January 3, 2015)**

- Non-GAAP Revenue: \$77.4 million
- Non-GAAP Net Income: \$3.5 million, or \$0.37 per diluted share
- Non-GAAP Operating Margin: 7.2%
- Non-GAAP Effective Tax Rate: 36.5%
- Utilization: 75%
- Cash and Cash Equivalents: \$48.2 million at January 3, 2015
- Non-GAAP Adjusted EBITDA: \$12.6 million, or 16.3% of non-GAAP revenue
- Consultant Headcount at January 3, 2015: 451

**Revenue**

We reported GAAP revenue of \$78.5 million for Q4 of fiscal 2014, compared with GAAP revenue of \$75.7 million for Q4 of fiscal 2013. GAAP revenue for Q4 of fiscal 2014 included \$1.0 million from our NeuCo subsidiary. GAAP revenue for Q4 of fiscal 2013 included \$1.3 million from NeuCo.

Excluding NeuCo revenue from all periods, non-GAAP revenue was \$77.4 million for Q4 of fiscal 2014, compared with \$74.3 million for Q4 of fiscal 2013.

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Revenue on a GAAP basis for fiscal 2014 increased to \$306.4 million, from \$278.4 million for fiscal 2013. Excluding NeuCo revenue from both periods, non-GAAP revenue for fiscal 2014 increased to \$301.6 million, from \$273.4 million for fiscal 2013.

**Utilization**

Utilization on a firm-wide basis in Q4 of fiscal 2014 was 75%. This compares with 80% in Q4 of fiscal 2013 and 75% in Q3 of fiscal 2014. For fiscal year 2014, utilization was 76%, compared with 73% in fiscal year 2013.

**Gross Margin**

GAAP gross margin in Q4 of fiscal 2014 was 32.0%, compared with 31.8% in Q4 of fiscal 2013. Non-GAAP gross margin for Q4 of fiscal 2014 was 31.5%, up from 31.0% in Q4 of fiscal 2013.

For full year fiscal 2014, GAAP gross margin was 32.3%, compared with 32.0% for full year fiscal 2013. Non-GAAP gross margin for full year fiscal 2014 increased to 31.7%, compared with 31.3% for full year fiscal 2013.

**SG&A Expenses**

For Q4 of fiscal 2014, GAAP SG&A expenses were \$17.9 million, or 22.8% of revenue, compared with GAAP SG&A expenses of \$17.0 million, or 22.4% of revenue, in Q4 of fiscal 2013. Non-GAAP SG&A expenses, excluding NeuCo, were \$17.1 million, or 22.1% of revenue, in Q4 of fiscal 2014, compared with \$16.0 million, or 21.6% of revenue, in Q4 of fiscal 2013. Commissions to non-employee experts are included in SG&A. Those commissions represented 2.8% of non-GAAP revenue in Q4 of fiscal 2014 compared with 2.9% of non-GAAP revenue in Q4 of fiscal 2013. Excluding these commissions, non-GAAP SG&A expenses were 19.2% in Q4 of fiscal 2014 and 18.6% in Q4 of fiscal 2013.

GAAP SG&A expenses for the full year fiscal 2014 were \$69.2 million, or 22.6% of revenue, compared with \$64.2 million, or 23.1% of revenue, for the full year fiscal 2013. On a non-GAAP basis, full year fiscal 2014 SG&A expenses were \$65.6 million, or 21.8% of revenue, compared with \$60.6 million, or 22.2% of revenue, for full year fiscal 2013. For fiscal 2014, non-GAAP SG&A expenses, excluding commissions to non-employee experts, were 18.7%, compared with 19.0% in fiscal 2013.

**Depreciation & Amortization**

On a GAAP and non-GAAP basis, depreciation and amortization expense was \$1.7 million for Q4 of fiscal 2014, compared with \$1.6 million for Q4 of fiscal 2013. On a GAAP and non-GAAP basis, depreciation and amortization expense remained unchanged at \$6.4 million for each of the full years of fiscal 2014

and fiscal 2013.

### Share-Based Compensation Expense

On a GAAP and non-GAAP basis, share-based compensation expense was approximately \$2.1 million for Q4 of fiscal 2014, compared with \$882,000 for Q4 of fiscal 2013. For fiscal 2014, on a GAAP and non-GAAP basis, share-based compensation expense was approximately \$6.3 million, compared with \$3.0 million for fiscal 2013.

### Operating Income

On a GAAP basis, operating income was \$5.5 million, or 7.0% of revenue, in Q4 of fiscal 2014, compared with operating income of \$5.5 million, or 7.2% of revenue, in Q4 of fiscal 2013. Non-GAAP operating income was \$5.6 million, or 7.2% of non-GAAP revenue, for Q4 of fiscal 2014, compared with \$5.4 million, or 7.3% of non-GAAP revenue, for Q4 of fiscal 2013.

For the full year fiscal 2014, non-GAAP operating income was 7.9% of revenue, compared with 6.7% of revenue for full year fiscal 2013.

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

In Q4 of fiscal 2014, interest and other income (expense) was an expense of \$102,000 on a GAAP and non-GAAP basis. This compared with interest and other income (expense) being an expense of \$238,000 on a GAAP basis and \$221,000 on a non-GAAP basis for Q4 of fiscal 2013.

Full year fiscal 2014, interest and other income (expense) was an expense of \$726,000 on a GAAP basis and \$703,000 on a non-GAAP basis, compared with an expense of \$599,000 on a GAAP basis and \$512,000 on a non-GAAP basis for the full year fiscal 2013.

### Income Taxes

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

	GAAP		NON-GAAP	
	Q4		Q4	
	2014	2013	2014	2013
Tax Provision	\$ 2,055	\$ 1,505	\$ 2,005	\$ 1,442
Effective Tax Rate	38.2%	28.8%	36.5%	27.9%

	GAAP		NON-GAAP	
	Full Year		Full Year	
	2014	2013	2014	2013
Tax Provision	\$ 9,684	\$ 6,683	\$ 9,479	\$ 6,439
Effective Tax Rate	42.7%	37.3%	41.2%	35.9%

### Net Income

GAAP net income for Q4 of fiscal 2014 was \$3.4 million, or \$0.36 per diluted share, compared with GAAP net income of \$3.7 million, or \$0.37 per diluted share, for Q4 of fiscal 2013. Non-GAAP net income for Q4 of fiscal 2014 was \$3.5 million, or \$0.37 per diluted share, compared with \$3.7 million, or \$0.37 per diluted share, for Q4 of fiscal 2013.

GAAP net income for fiscal 2014 was \$13.2 million, or \$1.34 per diluted share, compared with GAAP net income of \$11.4 million, or \$1.12 per diluted share, for fiscal 2013. Non-GAAP net income for fiscal 2014 was \$13.5 million, or \$1.37 per diluted share, compared with non-GAAP net income of \$11.5 million, or \$1.13 per diluted share, for fiscal 2013.

### Adjusted EBITDA

On a GAAP basis, Adjusted EBITDA for Q4 of fiscal 2014 was \$12.5 million, or 16.0% of revenue, compared with \$11.9 million, or 15.8% of revenue, for Q4 of fiscal 2013. Adjusted EBITDA on a non-GAAP basis for Q4 of fiscal 2014 was \$12.6 million, or 16.3% of revenue, compared with \$11.9 million, or 16.0% of revenue, for Q4 of fiscal 2013.

Adjusted EBITDA on a GAAP basis for fiscal 2014 was \$49.6 million, or 16.2% of revenue, compared with \$42.2 million, or 15.1% of revenue, for fiscal 2013. Adjusted EBITDA on a non-GAAP basis for fiscal 2014 was \$49.9 million, or 16.5% of revenue, compared with \$42.1 million, or 15.4% of revenue, for fiscal 2013. See the exhibit to CRA's press release for more details and the calculation of Adjusted EBITDA.

### Key Balance Sheet Metrics

Billed and unbilled receivables at January 3, 2015 were \$83.2 million, compared with \$82.1 million at December 28, 2013. Current liabilities at January 3, 2015 were \$88.4 million, compared with \$88.0 million at December 28, 2013.

Total DSO in Q4 of fiscal 2014 was 99 days consisting of 68 days of billed and 31 days of unbilled. This compares to 98 days we reported in Q3 of fiscal 2014 consisting of 62 days of billed and 36 days of unbilled.

## Cash and Cash Flow

Cash and cash equivalents increased to \$48.2 million at January 3, 2015, compared with \$44.7 million at September 27, 2014.

For the full year 2014, cash flow from operations was \$30.2 million including Q4 cash flow from operations of \$19.4 million.

CRA's capital expenditures totaled approximately \$1.0 million in Q4 of fiscal 2014, compared with \$1.8 million in Q3 of fiscal 2014 and \$0.3 million in Q4 of fiscal 2013.

During the fourth quarter of fiscal 2014, CRA repurchased approximately 440,000 shares of common stock for approximately \$12.8 million. For fiscal 2014, CRA repurchased a total of approximately 971,500 shares of common stock for \$25.5 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 fourth quarters of fiscal 2014 and 2013, and for the full 2014 and 2013 fiscal years, the Company has excluded NeuCo's results. 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.

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