# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2012**

**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission file number: 000-24049**

# CRA International, Inc.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Massachusetts** | **04-2372210** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **200 Clarendon Street, T-33, Boston, MA** | **02116-5092** |
| (Address of principal executive offices) | (Zip Code) |

**(617) 425-3000**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| Class | Outstanding at May 4, 2012 |
|---|---|
| Common Stock, no par value per share | 10,384,337 shares |

**CRA International, Inc.**

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## PART I. FINANCIAL INFORMATION

### ITEM 1. Financial Statements

**CRA International, Inc.**

**Condensed Consolidated Statements of Operations (unaudited)**

*(In thousands, except per share data)*

| | Quarter Ended | |
|---|---|---|
| | March 31, 2012 | April 2, 2011 |
| Revenues | $69,132 | $78,607 |
| Costs of services | 46,487 | 51,560 |
| Gross profit | 22,645 | 27,047 |
| Selling, general and administrative expenses | 17,867 | 17,828 |
| Depreciation and amortization | 1,472 | 1,299 |
| Income from operations | 3,306 | 7,920 |
| Interest income | 66 | 82 |
| Interest expense | (80) | (392) |
| Other expense, net | (39) | (146) |
| Income before provision for income taxes | 3,253 | 7,464 |
| Provision for income taxes | (2,817) | (3,003) |
| Net income | 436 | 4,461 |
| Net loss (income) attributable to noncontrolling interest, net of tax | 83 | (26) |
| Net income attributable to CRA International, Inc. | $ 519 | $ 4,435 |
| Net income per share attributable to CRA International, Inc.: | | |
| Basic | $ 0.05 | $ 0.42 |
| Diluted | $ 0.05 | $ 0.41 |
| Weighted average number of shares outstanding: | | |
| Basic | 10,316 | 10,613 |
| Diluted | 10,493 | 10,798 |

See accompanying notes to the condensed consolidated financial statements.

## CRA International, Inc.

## Condensed Consolidated Statements of Comprehensive Income (unaudited)

*(In thousands)*

| | Quarter Ended | |
|---|---|---|
| | March 31, 2012 | April 2, 2011 |
| Net income | $ 436 | $4,461 |
| Other comprehensive income: | | |
| Foreign currency translation adjustments | 1,717 | 2,097 |
| Comprehensive income | 2,153 | 6,558 |
| Less: comprehensive loss (income) attributable to noncontrolling interest | 83 | (26) |
| Comprehensive income attributable to CRA International, Inc. | $2,236 | $6,532 |

See accompanying notes to the condensed consolidated financial statements.

## CRA International, Inc.

## Condensed Consolidated Balance Sheets (unaudited)

*(In thousands, except share data)*

| | March 31, 2012 | December 31, 2011 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 41,562 | $ 61,587 |
| Short-term investments | 9,494 | 14,495 |
| Accounts receivable, net of allowances of $8,381 at March 31, 2012 and $6,548 at December 31, 2011 | 55,199 | 68,394 |
| Unbilled services | 35,523 | 16,326 |
| Prepaid expenses and other assets | 9,193 | 8,224 |
| Deferred income taxes | 20,776 | 20,898 |
| Total current assets | 171,747 | 189,924 |
| Property and equipment, net | 21,126 | 21,611 |
| Goodwill | 141,904 | 140,654 |
| Intangible assets, net of accumulated amortization of $6,587 at March 31, 2012 and $6,806 at December 31, 2011 | 2,342 | 2,472 |
| Deferred income taxes, net of current portion | 108 | 105 |
| Other assets | 17,072 | 17,341 |
| Total assets | $354,299 | $372,107 |
| **Liabilities and shareholders' equity** | | |
| Current liabilities: | | |
| Accounts payable | $ 10,810 | $ 10,469 |
| Accrued expenses | 41,765 | 60,502 |
| Deferred revenue and other liabilities | 7,597 | 7,707 |
| Current portion of deferred rent | 4,216 | 2,870 |
| Current portion of notes payable | 650 | 650 |
| Current portion of deferred compensation | 2,171 | 75 |
| Total current liabilities | 67,209 | 82,273 |
| Notes payable, net of current portion | 1,652 | 1,631 |
| Deferred rent and other non-current liabilities | 8,035 | 9,423 |
| Deferred compensation | — | 1,714 |
| Deferred income taxes, net of current portion | 8,712 | 8,659 |
| Commitments and contingencies | | |
| Shareholders' equity: | | |
| Preferred stock, no par value; 1,000,000 shares authorized; none issued and outstanding | — | — |
| Common stock, no par value; 25,000,000 shares authorized; 10,285,474 shares and 10,329,051 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively | 96,704 | 98,578 |
| Receivables from shareholders | (236) | (236) |
| Retained earnings | 176,119 | 175,600 |
| Accumulated other comprehensive loss | (4,621) | (6,338) |
| Total CRA International, Inc. shareholders' equity | 267,966 | 267,604 |
| Noncontrolling interest | 725 | 803 |
| Total shareholders' equity | 268,691 | 268,407 |
| Total liabilities and shareholders' equity | $354,299 | $372,107 |

See accompanying notes to the condensed consolidated financial statements.

## CRA International, Inc.

## Condensed Consolidated Statements of Cash Flows (unaudited)

*(In thousands)*

| | Quarter Ended | |
|---|---|---|
| | March 31, 2012 | April 2, 2011 |
| **Operating activities:** | | |
| Net income | $ 436 | $ 4,461 |
| Adjustments to reconcile net income to net cash used in operating activities, net of effect of acquired business: | | |
| Depreciation and amortization | 1,477 | 1,322 |
| Deferred rent | (99) | (1,862) |
| Deferred income taxes | 180 | 176 |
| Share-based compensation expenses | 1,527 | 1,670 |
| Excess tax benefits from share-based compensation | (37) | — |
| Noncash interest from discount on convertible debentures | — | 129 |
| Changes in operating assets and liabilities, exclusive of acquisitions: | | |
| Accounts receivable | 13,811 | (787) |
| Unbilled services | (19,031) | (3,989) |
| Prepaid expenses and other assets | (556) | (1,102) |
| Accounts payable, accrued expenses, and other liabilities | (18,793) | (2,885) |
| Net cash used in operating activities | (21,085) | (2,867) |
| **Investing activities:** | | |
| Consideration relating to acquisitions, net | — | (289) |
| Purchase of property and equipment | (673) | (2,465) |
| Purchase of investments | (9,494) | (31,430) |
| Sale of investments | 14,495 | — |
| Net cash provided by (used in) investing activities | 4,328 | (34,184) |
| **Financing activities:** | | |
| Issuance of common stock, principally stock option exercises | 316 | 282 |
| Tax withholding payment reimbursed by restricted shares | (719) | (685) |
| Excess tax benefits from share-based compensation | 37 | — |
| Repurchase of common stock | (3,050) | — |
| Repurchase of treasury stock by NeuCo, Inc. | — | (33) |
| Net cash used in financing activities | (3,416) | (436) |
| Effect of foreign exchange rates on cash and cash equivalents | 148 | 293 |
| Net decrease in cash and cash equivalents | (20,025) | (37,194) |
| Cash and cash equivalents at beginning of period | 61,587 | 87,505 |
| Cash and cash equivalents at end of period | $ 41,562 | $ 50,311 |
| **Supplemental cash flow information:** | | |
| Cash paid for income taxes | $ 4,901 | $ 2,420 |
| Cash paid for interest | $ 56 | $ 34 |

See accompanying notes to the condensed consolidated financial statements

## CRA International, Inc.

## Condensed Consolidated Statement of Shareholders' Equity (unaudited)

*(In thousands, except share data)*

| | Common Stock | | Receivable from Shareholder | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | CRA International, Inc. Shareholders' Equity | Noncontrolling Interest | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|
| | Shares Issued | Amount | | | | | | |
| **BALANCE AT DECEMBER 31, 2011** | 10,329,051 | $98,578 | $(236) | $175,600 | $(6,338) | $267,604 | $803 | $268,407 |
| Net income | — | — | — | 519 | — | 519 | (83) | 436 |
| Foreign currency translation adjustment | — | — | — | — | 1,717 | 1,717 | — | 1,717 |
| Other comprehensive income | | | | — | 1,717 | 1,717 | — | 1,717 |
| Exercise of stock options | 22,951 | 316 | — | — | — | 316 | — | 316 |
| Share-based compensation expense for employees | — | 1,499 | — | — | — | 1,499 | — | 1,499 |
| Restricted share vesting | 87,437 | — | — | — | — | — | — | — |
| Redemption of vested employee restricted shares for tax withholding | (31,165) | (719) | — | — | — | (719) | — | (719) |
| Tax benefit on stock options and restricted shares vesting | — | 52 | — | — | — | 52 | — | 52 |
| Shares repurchased | (122,800) | (3,050) | — | — | — | (3,050) | — | (3,050) |
| Share-based compensation expense for non-employees | — | 28 | — | — | — | 28 | — | 28 |
| Equity transactions of noncontrolling interest | — | — | — | — | — | — | 5 | 5 |
| **BALANCE AT MARCH 31, 2012** | 10,285,474 | $96,704 | $(236) | $176,119 | $(4,621) | $267,966 | $725 | $268,691 |

See accompanying notes to the condensed consolidated financial statements.

**CRA International, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**(Unaudited)**

### 1. Description of Business

CRA International, Inc. (the "Company," or "CRA") is a worldwide leading consulting services firm that applies advanced analytic techniques and in-depth industry knowledge to complex engagements for a broad range of clients. CRA offers its services in two broad areas: litigation, regulatory and financial consulting and management consulting. CRA operates in one business segment, which is consulting services. CRA operates its business under its registered trade name, Charles River Associates.

### 2. Unaudited Interim Condensed Consolidated Financial Statements and Estimates

The following financial statements included in this report are unaudited: the condensed consolidated statements of operations for the fiscal quarters ended March 31, 2012 and April 2, 2011, the condensed consolidated statements of comprehensive income for the fiscal quarters ended March 31, 2012 and April 2, 2011, the condensed consolidated balance sheet as of March 31, 2012, the condensed consolidated statements of cash flows for the fiscal quarters ended March 31, 2012 and April 2, 2011, and the condensed consolidated statement of shareholders' equity for the fiscal quarter ended March 31, 2012. In the opinion of management, these statements include all adjustments necessary for a fair presentation of CRA's consolidated financial position, results of operations, and cash flows. The condensed consolidated balance sheet as of December 31, 2011 included in this report was derived from audited consolidated financial statements included in the Company's Annual Report on Form 10-K that was filed on March 2, 2012.

The preparation of financial statements in conformity with generally accepted accounting principles in the U.S. ("U.S. GAAP") requires management to make significant estimates and judgments that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates in these consolidated financial statements include, but are not limited to, accounts receivable allowances, revenue recognition on fixed price contracts, depreciation of property and equipment, share-based compensation, valuation of acquired intangible assets, impairment of long lived assets, goodwill, accrued and deferred income taxes, valuation allowances on deferred tax assets, accrued compensation, accrued exit costs, and other accrued expenses. These items are monitored and analyzed by the Company for changes in facts and circumstances, and material changes in these estimates could occur in the future. Changes in estimates are recorded in the period in which they become known. CRA bases its estimates on historical experience and various other assumptions that CRA believes to be reasonable under the circumstances. Actual results may differ from those estimates if CRA's assumptions based on past experience or other assumptions do not turn out to be substantially accurate.

### 3. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. In addition, the consolidated financial statements include the Company's interest in NeuCo, Inc. ("NeuCo"). All significant intercompany accounts have been eliminated.

CRA's ownership interest in NeuCo constitutes control under U.S. GAAP. Therefore, NeuCo's financial results have been consolidated with CRA and the portion of NeuCo's results allocable to its other owners is shown as "noncontrolling interest."

**3. Principles of Consolidation (Continued)**

NeuCo's interim reporting schedule is based on calendar month-ends, but its fiscal year end is the last Saturday of November. CRA's quarterly results could include a few days reporting lag between CRA's quarter end and the most recent financial statements available from NeuCo. CRA does not believe that the reporting lag will have a significant impact on CRA's consolidated statements of operations or financial condition.

**4. Adoption of New Accounting Standards**

*Goodwill*

In September 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-08, *Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment* ("ASU 2011-08"). The objective of ASU 2011-08 is to simplify how entities test goodwill for impairment. The amendments in ASU 2011-08 permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Company's adoption of ASU 2011-08 in the first quarter of fiscal 2012 had no impact on its financial position, results of operations, cash flows, or disclosures.

*Comprehensive Income*

In June 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income* ("ASU 2011-05"). The objective of ASU 2011-05 is to increase the prominence of items reported in other comprehensive income. The main provisions of ASU 2011-05 provide that an entity that reports items of other comprehensive income has the option to present comprehensive income in either one or two consecutive financial statements. The option in current U.S. GAAP that permits the presentation of other comprehensive income in the statement of changes in equity has been eliminated. ASU 2011-05 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011 and should be applied retrospectively. The Company adopted ASU 2011-05 in the first quarter of fiscal 2012 and elected to present other comprehensive income in two consecutive financial statements. The Company's adoption of ASU 2011-05 had no impact on its financial position, results of operations, or cash flows.

*Fair Value Measurements*

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* ("ASU 2011-04"). ASU 2011-04 does not require additional fair value measurements and is primarily a convergence of words between U.S. GAAP and IFRS. ASU 2011-04 was effective for the first interim or annual reporting period beginning on or after December 15, 2011. The Company's adoption of ASU 2011-04 in the first quarter of fiscal 2012 had no impact on its financial position, results of operations, cash flows, or disclosures.

**5. Cash Equivalents and Investments**

Cash equivalents consist principally of commercial paper, funds holding only U.S. government obligations, and money market funds, with maturities of three months or less when purchased. As of March 31, 2012, a portion of the Company's cash accounts was concentrated at a single financial institution, which potentially exposes the Company to credit risks. The financial institution has generally "stable" credit ratings and its short-term credit rating is A-1 by Standard & Poor's ratings services. The Company has not experienced any losses related to such accounts and does not believe that there is significant risk of non-performance by the financial institution. The Company's cash on deposit at this financial institution is fully liquid, and the Company continually monitors the credit ratings of the institution and limits the amount of cash it maintains at this institution.

Short-term investments generally consist of commercial paper and have maturities of more than three months and less than one year when purchased. These short-term investments are expected to be held-to-maturity and are classified as such in the accompanying condensed consolidated financial statements.

The carrying amounts of the Company's instruments classified as cash equivalents and short-term investments are stated at amortized cost, which approximates fair value because of their short-term maturity. As of March 31, 2012 and December 31, 2011, short-term investments included $9.5 million and $14.5 million in commercial paper, respectively, and are considered Level 2 inputs within the fair value hierarchy.

If a decline in fair value below the amortized cost basis of an investment is judged to be other-than-temporary, the cost basis of the investment is written down to fair value. For those investments for which the fair value of the investment is less than its amortized cost, the credit-related portion of other-than-temporary impairment losses is recognized in earnings while the noncredit-related portion is recognized in other comprehensive income, net of related taxes. The Company does not intend to sell such investments, if any, and it is more likely than not that it will not be required to sell such investments prior to the recovery of its amortized cost basis less any current period credit losses. During the first quarter of fiscal 2012 and the first quarter of 2011, the Company did not write-down any investment balances.

**6. Revenue Recognition**

CRA derives substantially all of its revenues from the performance of professional services. The contracts that CRA enters into and operates under specify whether the engagement will be billed on a time-and-materials or a fixed-price basis. Most of CRA's revenue is derived from time-and-materials service contracts. Revenues from time-and-materials service contracts are recognized as services are provided based upon hours worked and contractually agreed-upon hourly rates, as well as indirect fees based upon hours worked. Revenues from a majority of the Company's fixed-price engagements are recognized on a proportional performance method based on the ratio of costs incurred, substantially all of which are labor-related, to the total estimated project costs.

### 6. Revenue Recognition (Continued)

Revenues also include reimbursements, which include travel and other out-of-pocket expenses, outside consultants, and other reimbursable expenses. Reimbursable expenses are as follows (in thousands):

| | Quarter Ended | |
|---|---|---|
| | March 31, 2012 | April 2, 2011 |
| Reimbursable expenses | $8,297 | $10,376 |

CRA collects goods and services and value added taxes from customers and records these amounts on a net basis, which is within the scope of Accounting Standards Codification ("ASC") Topic 605-45, *"Principal Agent Considerations."*

### 7. Goodwill

In accordance with ASC Topic 350, *"Intangibles—Goodwill and Other,"* goodwill is not subject to amortization, but is monitored at least annually for impairment, or more frequently, as necessary, if there are other indicators of impairment. For the Company's goodwill impairment analysis, the Company operates under one reporting unit. The Company completed the annual impairment test required as of fiscal 2011 and determined that there was no impairment. At the time of the annual test, the entity-wide estimated fair value exceeded the net book value by approximately 25%. The Company continues to monitor its market capitalization. If the Company's market capitalization, plus an estimated control premium, is below its carrying value for a period considered to be other-than-temporary, it is possible that the Company may be required to record an impairment of goodwill either as a result of the annual assessment that the Company conducts in the fourth quarter of each fiscal year, or in a future quarter if an indication of potential impairment is evident. A non-cash goodwill impairment charge would have the effect of decreasing the Company's earnings in such period.

The changes in the carrying amount of goodwill during the quarter ended March 31, 2012, are as follows (in thousands):

| | |
|---|---|
| Balance at December 31, 2011 | $140,654 |
| Effect of foreign currency translation | 1,250 |
| Balance at March 31, 2012 | $141,904 |

### 8. Senior Loan Agreement

The Company is party to a senior loan agreement with RBS Citizens, N.A for a $60.0 million revolving line of credit that provides CRA with the additional flexibility to meet any unforeseen financial requirements. The amount available under this revolving line of credit is reduced by certain letters of credit outstanding, which amounted to $0.7 million as of March 31, 2012. There was no amount outstanding under this revolving line of credit as of March 31, 2012.

Under the senior loan agreement, the Company must comply with various financial and non-financial covenants. As of March 31, 2012, we were in compliance with the senior loan agreement.

## 9. Net Income per Share

Basic net income per share represents net income divided by the weighted average shares of common stock outstanding during the period. Diluted net income per share represents net income divided by the weighted average shares of common stock and common stock equivalents, if applicable, outstanding during the period. Common stock equivalents arise from stock options and unvested restricted share awards, using the treasury stock method. Under the treasury stock method, the amount the Company would receive on the exercise of stock options and the vesting of the restricted stock awards, the amount of compensation cost for future service that the Company has not yet recognized, and the amount of tax benefits that would be recorded in common stock when these awards become deductible are assumed to be used to repurchase the shares underlying these awards at the average share price for each fiscal period, and these repurchased shares are netted against the underlying stock options and unvested restricted shares. A reconciliation of basic to diluted weighted average shares of common stock outstanding is as follows (in thousands):

| | Quarter Ended | |
|---|---|---|
| | March 31, 2012 | April 2, 2011 |
| Basic weighted average shares outstanding | 10,316 | 10,613 |
| Common stock equivalents: | | |
| Stock options and restricted shares | 177 | 185 |
| Diluted weighted average shares outstanding | 10,493 | 10,798 |

For the first quarters of fiscal 2012 and fiscal 2011, the anti-dilutive share based awards that were excluded from the calculation of common stock equivalents for purposes of computing diluted weighted average shares outstanding amounted to 1,237,495 and 1,025,198 shares, respectively. These share-based awards were anti-dilutive because their exercise price exceeded the average market price for the respective period.

On August 30, 2011, we announced that our Board of Directors approved a share repurchase program of up to $7.5 million of our common stock. During the first quarter of fiscal 2012, we repurchased 122,800 shares under this share repurchase program at an average price per share of $24.87. On February 22, 2012, our Board of Directors authorized the repurchase of up to an additional $4.45 million of our common stock. As of March 31, 2012, $4.7 million was available for future repurchases under these share repurchase programs.

On March 5, 2012, the Company's Compensation Committee of its Board of Directors approved for issuance approximately 122,000 share-based awards that were earned (subject in some cases to further time-based vesting) upon the achievement of certain financial performance goals for fiscal 2011. Upon such approval, approximately 25% of such shares vested, with the remaining shares expected to vest equally on November 8, 2012, November 8, 2013, and November 8, 2014.

## 10. Income Taxes

The Company's effective income tax rates were 86.6% and 40.2% for the first quarter of fiscal 2012 and the first quarter of fiscal 2011, respectively. The effective tax rate in the first quarter of fiscal 2012 was higher than the statutory rate primarily due to losses in foreign locations that provided no tax

## 10. Income Taxes (Continued)

benefit. The effective tax rate in the first quarter of fiscal 2011 was consistent with the Company's combined federal and state statutory tax rate.

## 11. Accrued Expenses

Accrued expenses consist of the following (in thousands):

| | March 31, 2012 | December 31, 2011 |
|---|---|---|
| Compensation and related expenses | $36,227 | $53,438 |
| Income taxes payable | 926 | 2,602 |
| Other | 4,612 | 4,462 |
| Total | $41,765 | $60,502 |

## 12. Restructuring Charges

During the first quarter of fiscal 2012, the Company incurred pre-tax expenses of $0.5 million associated principally with vacant leased office space. The Company recorded this expense in the first quarter of fiscal 2012 in selling, general and administrative expenses for a change in the estimate of the future minimum lease payments and related exit costs through the end of the remaining lease term, net of expected future sublease rental income measured at fair value. This estimated expense required management to make assumptions regarding the estimate of the duration of future vacancy periods, the amount and timing of future settlement payments, and the amount and timing of potential sublease income.

The restructuring reserve balance was as follows as of March 31, 2012 (in thousands):

| | Office Vacancies |
|---|---|
| Balance at December 31, 2011 | $3,737 |
| Charges incurred in the first quarter of fiscal 2012 | 545 |
| Amounts paid, net of amounts received, during the first quarter of fiscal 2012 | (595) |
| Adjustments during the first quarter of fiscal 2012 | 7 |
| Balance at March 31, 2012 | $3,694 |

On the accompanying balance sheet as of March 31, 2012, the reserve balance of $3.7 million was classified as follows: $2.5 million in "deferred rent and other non-current liabilities" and $1.2 million in "current portion of deferred rent".

## 12. Restructuring Charges (Continued)

The Company did not incur any restructuring charges during the first quarter of fiscal 2011. The restructuring reserve balances were as follows as of April 2, 2011 (in thousands):

| | Office Vacancies | Employee Workforce Reduction | Total Restructuring |
|---|---|---|---|
| Balance at January 1, 2011 | $4,476 | $ 951 | $ 5,427 |
| Amounts paid, net of amounts received, during the first quarter of fiscal 2011 | (841) | (305) | (1,146) |
| Adjustments and effect of foreign currency translation during the first quarter of fiscal 2011 | (37) | (294) | (331) |
| Balance at April 2, 2011 | $3,598 | $ 352 | $ 3,950 |

## 13. Compensation Arrangements

In connection with a previous acquisition, CRA has agreed to pay an award to certain employees of the acquired business if they achieve specific performance targets through fiscal 2012. Retention of amounts paid to the individual employees is contingent on their continued employment with CRA through 2016. As of March 31, 2012, based upon performance to date and expected performance for the remainder of fiscal 2012, the amount of the award is estimated to be approximately $9.6 million and is being expensed over the seven and a half year service period ending in December 2016. The amount of the award could fluctuate depending on future performance during fiscal 2012. Any payments under this award would be made in the first quarter of fiscal 2013. Changes in the estimated award are expensed prospectively over the remaining service period. The Company expensed $0.4 million and $0.2 million for this award during the first quarters of fiscal 2012 and fiscal 2011, respectively.

## 14. Subsequent Events

On April 2, 2012, the Company entered into an agreement with the landlord of its London, England office to surrender the lease of one of the three floors it currently leases in the office building in London. Under this agreement, the Company will surrender its lease of this floor on June 30, 2012, instead of on the lease's original termination date of October 2, 2016. On the date of surrender, the Company will pay the landlord approximately $1.2 million in connection with the surrender. The Company estimates that in the second quarter of fiscal 2012, the Company will record pre-tax restructuring charges of approximately $2 million in connection with the surrender of this lease. Additionally, the Company estimates that its operating lease obligations as disclosed at December 31, 2011 in its annual report on Form 10-K for fiscal 2011 will decrease by approximately $3.6 million in the aggregate for fiscal 2013 through fiscal 2016. The reduction in contractual lease obligations is a pre-tax amount and any future savings realized by this reduction may be impacted by other costs, including incentive compensation, in fiscal years 2013 through fiscal 2016.

**ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Forward-Looking Statements**

Except for historical facts, the statements in this quarterly report are forward-looking statements. Forward-looking statements are merely our current predictions of future events. These statements are inherently uncertain, and actual events could differ materially from our predictions. Important factors that could cause actual events to vary from our predictions include those discussed below under the heading "Risk Factors." We assume no obligation to update our forward-looking statements to reflect new information or developments. We urge readers to review carefully the risk factors described in this quarterly report and in the other documents that we file with the Securities and Exchange Commission, or SEC. You can read these documents at www.sec.gov.

Our principal internet address is www.crai.com. Our website provides a link to a third-party website through which our annual, quarterly, and current reports, and amendments to those reports, are available free of charge. We believe these reports are made available as soon as reasonably practicable after we file them electronically with, or furnish them to, the SEC. We do not maintain or provide any information directly to the third-party website, and we do not check its accuracy.

Our website also includes information about our corporate governance practices. The Investor Relations page of our website provides a link to a web page where you can obtain a copy of our code of ethics applicable to our principal executive officer, principal financial officer, and principal accounting officer.

**Critical Accounting Policies and Significant Estimates**

The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the U.S. ("U.S. GAAP"). The preparation of these financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, as well as related disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates in these condensed consolidated financial statements include, but are not limited to, accounts receivable allowances, revenue recognition on fixed price contracts, depreciation of property and equipment, share-based compensation, valuation of acquired intangible assets, impairment of long lived assets, goodwill, accrued and deferred income taxes, valuation allowances on deferred tax assets, accrued compensation, accrued exit costs, and other accrued expenses. These items are monitored and analyzed by management for changes in facts and circumstances, and material changes in these estimates could occur in the future. Changes in estimates are recorded in the period in which they become known. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from our estimates if our assumptions based on past experience or our other assumptions do not turn out to be substantially accurate.

We have described our significant accounting policies in Note 1 to our consolidated financial statements included in our annual report on Form 10-K for fiscal 2011. We have reviewed our accounting policies, identifying those that we believe to be critical to the preparation and understanding of our consolidated financial statements in the list set forth below. See the disclosure under the heading "Critical Accounting Policies" in Item 7 of Part II of our annual report on Form 10-K for fiscal 2011 for a detailed description of these policies and their potential effects on our results of operations and financial condition.

- Revenue recognition and accounts receivable allowances
- Share-based compensation expense

• Valuation of goodwill and other intangible assets

• Accounting for income taxes

We did not adopt any changes in the first quarter of fiscal 2012 that had a material effect on these critical accounting policies nor did we make any changes to our accounting policies in the first quarter of fiscal 2012 that changed these critical accounting policies.

**Recent Accounting Standards**

See Note 4 to our condensed consolidated financial statements included in this quarterly report on Form 10-Q for a discussion of recent accounting standards.

**Results of Operations**

The following table provides operating information as a percentage of revenues for the periods indicated:

| | Quarter Ended | |
|---|---|---|
| | March 31, 2012 | April 2, 2011 |
| Revenues | 100.0% | 100.0% |
| Costs of services | 67.2 | 65.6 |
| Gross profit | 32.8 | 34.4 |
| Selling, general and administrative expenses | 25.8 | 22.7 |
| Depreciation and amortization | 2.1 | 1.7 |
| Income from operations | 4.8 | 10.1 |
| Interest income | 0.1 | 0.1 |
| Interest expense | (0.1) | (0.5) |
| Other expense, net | (0.1) | (0.2) |
| Income before provision for income taxes | 4.7 | 9.5 |
| Provision for income taxes | (4.1) | (3.8) |
| Net income | 0.6 | 5.7 |
| Net loss (income) attributable to noncontrolling interest, net of tax | 0.1 | — |
| Net income attributable to CRA International, Inc. | 0.8% | 5.6% |

***Quarter Ended March 31, 2012 Compared to the Quarter Ended April 2, 2011***

*Revenues.* Revenues decreased $9.5 million, or 12.1%, to $69.1 million for the first quarter of fiscal 2012 from $78.6 million for the first quarter of fiscal 2011. Our revenue decline was due primarily to lower than expected performance of our management consulting business, which overshadowed a solid performance and continued growth in our litigation, regulatory, and financial consulting areas. A principal cause of the decline in revenue in the management consulting business was the reluctance of some clients to proceed with consulting projects while they were occupied with more fundamental challenges in their own markets. Utilization decreased to 68% for the first quarter of fiscal 2012 from 75% for the first quarter of fiscal 2011 primarily as a result of the revenue shortfall in the management consulting business.

Overall, revenues outside of the U.S. represented approximately 20% of total revenues for the first quarter of fiscal 2012, compared with 28% of total revenues for the first quarter of fiscal 2011. The decrease was due primarily to the softness in our management consulting business for the first quarter of fiscal 2012, particularly in Europe where economic uncertainties continued into the first quarter. Revenues derived from fixed-price engagements decreased to 10% of total revenues for the first quarter of fiscal 2012 compared with 25% for the first quarter of fiscal 2011. The decrease in revenues from fixed-price engagements was due primarily to the slowdown in our management consulting business in the first quarter of 2012 as the management consulting business typically has a higher concentration of fixed-price service contracts.

*Costs of Services.* Costs of services decreased $5.1 million, or 9.8%, to $46.5 million for the first quarter of fiscal 2012 from $51.6 million for the first quarter of fiscal 2011. The decrease in costs of services was due primarily to the decrease in revenue in the first quarter of fiscal 2012 as compared with the first quarter of fiscal 2011. As a result, we had a decrease in incentive bonus expense for our employee consultants in the first quarter of fiscal 2012 as compared to the first quarter of fiscal 2011, and client reimbursable expenses decreased by $2.1 million. Client reimbursable expenses decreased primarily due to a decrease in the usage of outside consultants and travel expenses as a result of the decreased revenue.

As a percentage of revenues, costs of services increased to 67.2% for the first quarter of fiscal 2012 from 65.6% for the first quarter of fiscal 2011. The increase in costs of services as a percentage of revenue was due primarily to the decrease in revenue during the first quarter of fiscal 2012 as compared with the first quarter of fiscal 2011.

*Selling, General and Administrative Expenses.* Selling, general and administrative expenses increased by $39,000, or 0.2%, to $17.9 million for the first quarter of fiscal 2012 from $17.8 million for the first quarter of fiscal 2011. Selling, general and administrative expenses included $0.5 million of restructuring costs recorded in the first quarter of fiscal 2012 associated with the reduction of vacant leased office space. There were no restructuring charges recorded in the first quarter of fiscal 2011. Partially offsetting this increase is a decrease in compensation expense resulting from decreased headcount in the first quarter of fiscal 2012 as compared with the first quarter of fiscal 2011. As a percentage of revenues, selling, general and administrative expenses increased to 25.8% for the first quarter of fiscal 2012 from 22.7% for the first quarter of fiscal 2011, which was primarily the result of the decrease in revenue during the first quarter of fiscal 2012 as compared with the first quarter of fiscal 2011.

*Depreciation and Amortization.* Depreciation and amortization increased by $173,000, or 13.3%, to $1.5 million from $1.3 million for the first quarter of fiscal 2011 primarily due to the amortization that began at the beginning of fiscal 2012 for software costs related to our implementation of an enterprise-wide financial reporting system at the start of fiscal 2012.

*Interest Expense.* Interest expense decreased by $312,000 to $80,000 for the first quarter of fiscal 2012 from $392,000 for the first quarter of fiscal 2011. The decrease was primarily due to our repurchase, on June 15, 2011, of 100% of the principal amount of the outstanding debentures plus accrued and unpaid interest, which amounted to $21.9 million and $0.3 million, respectively. Through this final repurchase date, interest expense primarily consisted of interest incurred on this convertible debt, the amortization of debt issuance costs, and the amortization of the discount on the debt for the equity conversion feature of the debt instrument.

*Other Expense, Net.* Other expense, net decreased by $107,000 to $39,000 for the first quarter of fiscal 2012 from $146,000 for the first quarter of fiscal 2011. Other expense, net consists primarily of foreign currency exchange transaction gains and losses. We continue to manage our foreign currency exchange exposure through frequent settling of intercompany account balances and by self-hedging movements in exchange rates between the value of the dollar and foreign currencies including the Euro and the British Pound.

*Provision for Income Taxes.* For the first quarter of fiscal 2012, our provision for income taxes was $2.8 million and the effective tax rate was 86.6% compared to a provision of $3.0 million and an effective tax rate of 40.2% for the first quarter of fiscal 2011. The effective tax rate in the first quarter of fiscal 2012 was higher than the statutory rate primarily due to losses in foreign locations that provided no tax benefit. The effective tax rate in the first quarter of fiscal 2011 was consistent with our combined federal and state statutory tax rate.

*Net Loss (Income) Attributable to Noncontrolling Interest, Net of Tax.* Our ownership interest in NeuCo constitutes control under U.S GAAP. As a result, NeuCo's financial results are consolidated with ours, and allocations of the noncontrolling interest's share of NeuCo's net income result in deductions to our net income, while allocations of the noncontrolling interest's share of NeuCo's net loss result in additions to our net income. Our ownership interest in NeuCo is 55.89%. The result of operations of NeuCo allocable to its other owners was a net loss of $83,000 for the first quarter of fiscal 2012 and net income of $26,000 for the first quarter of fiscal 2011.

*Net Income Attributable to CRA International, Inc.* Net income attributable to CRA International, Inc. decreased by $3.9 million to net income of $0.5 million for the first quarter of fiscal 2012 from net income of $4.4 million for the first quarter of fiscal 2011. Diluted net income per share was $0.05 per share for the first quarter of fiscal 2012, compared to $0.41 per share for the first quarter of fiscal 2011. Diluted weighted average shares outstanding decreased by approximately 305,000 shares to approximately 10,493,000 shares for the first quarter of fiscal 2012 from approximately 10,798,000 shares for the first quarter of fiscal 2011. The decrease in diluted weighted average shares outstanding was primarily due to repurchases of common stock since the first quarter of fiscal 2011, offset in part by an increase as a result of restricted shares that have vested or that have been issued and stock options that have been exercised since the first quarter of fiscal 2011.

**Liquidity and Capital Resources**

We believe that current cash, cash equivalents, and short-term investment balances, cash generated from operations, and amounts available under our bank line of credit will be sufficient to meet our anticipated working capital and capital expenditure requirements for at least the next 12 months.

*General.* In the first quarter of fiscal 2012, cash and cash equivalents decreased by $20.0 million. We completed the quarter with cash and cash equivalents of $41.6 million, short term investments of $9.5 million, and working capital (defined as current assets less current liabilities) of $104.5 million. Of the total cash and cash equivalents of $41.6 million at March 31, 2012, $31.2 million was held within the U.S. The Company has sufficient sources of cash in the U.S. to fund U.S. cash requirements without the need to repatriate any funds.

As of March 31, 2012, a portion of our cash accounts was concentrated at a single financial institution, which potentially exposes us to credit risks. The financial institution has generally "stable" credit ratings and its short-term credit rating is A-1 by Standard & Poor's ratings services. We have not experienced any losses related to such accounts and we do not believe that there is significant risk of non-performance by the financial institution. Our cash on deposit at this financial institution is fully liquid, and we continually monitor the credit ratings of such institution and limit the amount of cash we maintain at this institution. A change in the credit worthiness of this financial institution could materially affect our liquidity and working capital.

*Sources and Uses of Cash.* During the first quarter of fiscal 2012, net cash used in operating activities was $21.1 million. This use of cash was expected as we paid out a majority of our fiscal 2011 performance bonuses during the first quarter of fiscal 2012, which was the significant factor in the aggregate decrease in accounts payable, accrued expenses, and other liabilities of $18.8 million. Other uses of cash in operating activities included an increase in unbilled services of $19.0 million, which was expected as our conversion to a new enterprise-wide financial reporting system on January 1, 2012 forestalled our billing process at the outset of the first quarter of fiscal 2012, resulting in an increase in DSOs. The uses of cash in operations were partially offset by the following sources of cash: a decrease in accounts receivable of $13.8 million as we continued our efforts on more timely collections of outstanding receivables, net income of $0.4 million, share-based compensation expense of $1.5 million, and depreciation and amortization expense of $1.5 million.

During the first quarter of fiscal 2012, net cash provided by investing activities was $4.3 million, which included $14.5 million received from the sale of short-term investments, partially offset by $9.5 million to purchase short-term investments and $0.7 million for capital expenditures.

We used $3.4 million of net cash in financing activities during the first quarter of fiscal 2012. Cash used in financing activities was primarily used for the repurchase of shares of our common stock for $3.1 million and the redemption of $0.7 million in vested employee restricted shares for tax withholdings, offset partially by $0.3 million received upon the exercise of stock options.

***Indebtedness***

We are party to a senior loan agreement with RBS Citizens, N.A for a $60.0 million revolving line of credit with a maturity date of April 30, 2014. The revolving line of credit gives us additional flexibility to meet any unforeseen financial requirements. Subject to the terms of the agreement, we may use borrowings under this revolving line of credit for acquisition financing, working capital, general corporate purposes, letters of credit, and foreign exchanges contracts. The amount available under our bank revolving line of credit is constrained by various financial covenants and is reduced by certain outstanding letters of credit, which amounted to $0.7 million as of March 31, 2012. As of March 31, 2012, there was no amount outstanding under this revolving line of credit.

Borrowings under our credit facility bear interest at LIBOR plus an applicable margin. Applicable margins range from 1.75% to 2.75%, depending on the ratio of our consolidated total debt to consolidated earnings before interest, taxes, depreciation and amortization, or EBITDA, for the preceding four fiscal quarters, subject to various adjustments stated in the senior loan agreement. These margins are adjusted both quarterly and each time we borrow under the credit facility. Interest is payable monthly. A commitment fee of 0.25% is payable on the unused portion of the credit facility. Borrowings under the credit facility are secured by 100% of the stock of certain of our U.S. subsidiaries and 65% of the stock of certain of our foreign subsidiaries, which represent approximately $27.7 million in net assets as of March 31, 2012.

Under our senior loan agreement, we must comply with various financial and non-financial covenants. Compliance with these financial covenants is tested on a fiscal quarterly basis. Any indebtedness outstanding under the senior credit facility may become immediately due and payable upon the occurrence of stated events of default, including our failure to pay principal, interest or fees or a violation of any financial covenant. The financial covenants require us to maintain a minimum consolidated working capital of $25.0 million and to comply with a consolidated senior debt to EBITDA ratio of not more than 2.5 to 1.0. The non-financial covenant restrictions of the senior credit agreement include, but are not limited to, our ability to incur additional indebtedness, engage in acquisitions or dispositions, and enter into business combinations. As of March 31, 2012, we were in compliance with the covenants of our senior loan agreement.

***Compensation Arrangements***

In connection with a previous acquisition, we have agreed to pay an award to certain employees of the acquired business if they achieve specific performance targets through fiscal 2012. Retention of amounts paid to the individual employees is contingent on their continued employment with us through 2016. As of March 31, 2012, based upon performance to date and expected performance for the remainder of fiscal 2012, the amount of the award is estimated to be approximately $9.6 million and is being expensed over the seven and a half year service period ending in December 2016. This amount could fluctuate depending on future performance during fiscal 2012. Changes in the estimated award are expensed prospectively over the remaining service period. Any payments under this award would be made in the first quarter of fiscal 2013 and we expect to fund these payments, if any, from existing cash resources, cash generated from operations, or financing transactions.

***Other Matters***

As part of our business, we regularly evaluate opportunities to acquire other consulting firms, practices or groups or other businesses. In recent years, we have typically paid for acquisitions with cash, or a combination of cash and our common stock, and we may continue to do so in the future. To pay for an acquisition, we may use cash on hand, cash generated from our operations, borrowings under our revolving credit facility, or we may pursue other forms of financing. Our ability to secure short-term and long-term debt or equity financing in the future, including our ability to refinance our current senior loan agreement, will depend on several factors, including our future profitability, the levels of our debt and equity, restrictions under our existing line of credit with our bank, and the overall credit and equity market environments.

On August 30, 2011, we announced that our Board of Directors approved a share repurchase program of up to $7.5 million of our common stock. During the first quarter of fiscal 2012, we repurchased 122,800 shares under this share repurchase program at an average price per share of $24.87. On February 22, 2012, our Board of Directors authorized the repurchase of up to an additional $4.45 million of our common stock. As of March 31, 2012, $4.7 million was available for future repurchases under these share repurchase programs. We will finance these programs with available cash and cash from future operations. We may repurchase shares in open market purchases or in privately negotiated transactions in accordance with applicable insider trading and other securities laws and regulations. We expect to continue to repurchase shares under these programs.

**Contractual Obligations**

On April 2, 2012, we entered into an agreement with the landlord of our London, England office to surrender the lease of one of the three floors we currently lease in the office building in London. Under this agreement, we will surrender our lease of this floor on June 30, 2012, instead of on the lease's original termination date of October 2, 2016. On the date of surrender, we will pay the landlord approximately $1.2 million in connection with the surrender. As a result of this transaction, we estimate that our operating lease obligations as disclosed at December 31, 2011 in our annual report on Form 10-K for fiscal 2011 will decrease by approximately $3.6 million in the aggregate for fiscal 2013 through fiscal 2016. The reduction in contractual lease obligations is a pre-tax amount and any future savings realized by this reduction may be impacted by other costs, including incentive compensation, in fiscal years 2013 through fiscal 2016.

**Factors Affecting Future Performance**

Part II, Item 1A of this quarterly report sets forth risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements contained in this quarterly report. If any of these risks, or any risks not presently known to us or that we currently believe are not significant, develops into an actual event, then our business, financial condition, and results of operations could be adversely affected.

## ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

*Foreign Exchange Risk*

The majority of our operations are based in the U.S., and accordingly, the majority of our transactions are denominated in U.S. Dollars. However, we have foreign-based operations where transactions are denominated in foreign currencies and are subject to market risk with respect to fluctuations in the relative value of foreign currencies. Our primary foreign currency exposures relate to our short-term intercompany balances with our foreign subsidiaries and accounts receivable and cash valued in the United Kingdom in U.S. Dollars or Euros. Our primary foreign subsidiaries have functional currencies denominated in the British Pound and the Euro, and foreign denominated assets and liabilities are re-measured each reporting period with any exchange gains and losses recorded in our consolidated statements of operations. We continue to manage our foreign currency exchange exposure through frequent settling of intercompany account balances and by self-hedging movements in exchange rates between the value of the U.S. Dollar and foreign currencies and the Euro and the British Pound. Holding all other variables constant, fluctuations in foreign exchange rates may impact reported revenues and expenses significantly, based on currency exposures at March 31, 2012. A hypothetical 10% movement in foreign exchange rates would have affected our income before provision for income taxes for the first quarter of fiscal 2012 by approximately $0.8 million. However, actual gains and losses in the future could differ materially from this analysis based on the timing and amount of both foreign currency exchange rate movements and our actual exposure.

From time to time, we may use derivative instruments to manage the risk of exchange rate fluctuations. However, at March 31, 2012, we had no outstanding derivative instruments. We do not use derivative instruments for trading or speculative purposes.

*Interest Rate Risk*

We maintain an investment portfolio consisting mainly of commercial paper with maturities of less than a year. These held-to-maturity securities are subject to interest rate risk. However, a hypothetical change in the interest rate of 10% would not have a material impact to the fair values of these securities at March 31, 2012 primarily due to their short maturity.

## ITEM 4. Controls and Procedures

*Evaluation of Disclosure Controls and Procedures*

Under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our President and Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that we record, process, summarize and report the information we must disclose in reports that we file or submit under the Securities Exchange Act of 1934, as amended, within the time periods specified in the SEC's rules and forms.

*Evaluation of Changes in Internal Control over Financial Reporting*

Under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Chief Financial Officer, we have determined that, during the first quarter of fiscal 2012, there were no changes in our internal control over financial reporting that have affected, or are reasonably likely to affect, materially our internal control over financial reporting.

*Important Considerations*

The effectiveness of our disclosure controls and procedures and our internal control over financial reporting is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the soundness of our systems, the possibility of human error, and the risk of fraud. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and the risk that the degree of compliance with policies or procedures may deteriorate over time. Because of these limitations, there can be no assurance that any system of disclosure controls and procedures or internal control over financial reporting will be successful in preventing all errors or fraud or in making all material information known in a timely manner to the appropriate levels of management.

## PART II. OTHER INFORMATION

### ITEM 1. Legal Proceedings

None.

### ITEM 1A. Risk Factors

Our operations are subject to a number of risks. You should carefully read and consider the following risk factors, together with all other information in this report, in evaluating our business. If any of these risks, or any risks not presently known to us or that we currently believe are not significant, develops into an actual event, then our business, financial condition, and results of operations could be adversely affected. If that happens, the market price of our common stock could decline, and you may lose all or part of your investment.

***We depend upon key employees to generate revenue***

Our business consists primarily of the delivery of professional services, and accordingly, our success depends heavily on the efforts, abilities, business generation capabilities, and project execution capabilities of our employee consultants. In particular, our employee consultants' personal relationships with our clients are a critical element in obtaining and maintaining client engagements. If we lose the services of any employee consultant or group of employee consultants, or if our employee consultants fail to generate business or otherwise fail to perform effectively, that loss or failure could adversely affect our revenues and results of operations. Our employee consultants generated engagements that accounted for approximately 83% and 88% of our revenues for the first quarters of fiscal 2012 and fiscal 2011, respectively. Our top five employee consultants generated approximately 19% and 16% of our revenues for the first quarters of fiscal 2012 and fiscal 2011, respectively.

We do not have non-competition agreements with a majority of our employee consultants, and they can terminate their relationships with us at will and without notice. The non-competition and non-solicitation agreements that we have with some of our employee consultants offer us only limited protection and may not be enforceable in every jurisdiction. In the event that an employee leaves, some clients may decide that they prefer to continue working with the employee rather than with us. In the event an employee departs and acts in a way that we believe violates the employee's non-competition or non-solicitation agreement, we will consider any legal remedies we may have against such person on a case-by-case basis. We may decide that preserving cooperation and a professional relationship with the former employee or clients that worked with the employee, or other concerns, outweigh the benefits of any possible legal recovery.

***Deterioration of global economic conditions, global market and credit conditions, and regulatory and legislative changes affecting our clients, practice areas, or competitors could have an impact on our business***

Overall global economic conditions and global market and credit conditions in the industries we service can negatively impact the market for our services. A number of factors outside of our control include the availability of credit, the costs and terms of borrowing, merger and acquisition activity, and general economic factors and business conditions.

Similarly, many of our clients are in highly regulated industries. Regulatory and legislative changes in these industries could also impact the market for our service offerings and could render our current service offerings obsolete, reduce the demand for our services, or impact the competition for consulting and expert services. For example, potential changes in the patent laws could have a significant impact on our intellectual property practice. We are not able to predict the positive or negative effects that future events or changes to the U.S. or international business environment could have on our operations.

***Competition from other litigation, regulatory, financial, and management consulting firms could hurt our business***

The market for litigation, regulatory, financial, and management consulting services is intensely competitive, highly fragmented, and subject to rapid change. We may be unable to compete successfully with our existing competitors or with any new competitors. In general, there are few barriers to entry into our markets, and we expect to face additional competition from new entrants into the economic and management consulting industries. In the litigation, regulatory, and financial consulting markets, we compete primarily with other economic and financial consulting firms and individual academics. In the management consulting market, we compete primarily with other business and management consulting firms, specialized or industry-specific consulting firms, the consulting practices of large accounting firms, and the internal professional resources of existing and potential clients. Many of our competitors have national or international reputations as well as significantly greater personnel, financial, managerial, technical, and marketing resources than we do, which could enhance their ability to respond more quickly to technological changes, finance acquisitions, and fund internal growth. Some of our competitors also have a significantly broader geographic presence and resources than we do.

***Our business could suffer if we are unable to hire and retain additional qualified consultants as employees***

Our business continually requires us to hire highly qualified, highly educated consultants as employees. Our failure to recruit and retain a significant number of qualified employee consultants could limit our ability to accept or complete engagements and adversely affect our revenues and results of operations. Relatively few potential employees meet our hiring criteria, and we face significant competition for these employees from our direct competitors, academic institutions, government agencies, research firms, investment banking firms, and other enterprises. Many of these competing employers are able to offer potential employees significantly greater compensation and benefits or more attractive lifestyle choices, career paths, or geographic locations than we can. Competition for these employee consultants has increased our labor costs, and a continuation of this trend could adversely affect our margins and results of operations.

In addition, we utilize loans with some of our employees and non-employee experts, other than our executive officers, as a way to attract and retain them. A portion of these loans are collateralized. Defaults under these loans could have a material adverse effect on our consolidated statements of operations, financial condition and liquidity.

***Our failure to execute our business strategy or manage future growth successfully could adversely affect our revenues and results of operations***

Any failure on our part to execute our business strategy or manage future growth successfully could adversely affect our revenues and results of operations. In the future, we could open offices in new geographic areas, including foreign locations, and expand our employee base as a result of internal growth and acquisitions. Opening and managing new offices often requires extensive management supervision and increases our overall selling, general, and administrative expenses. Expansion creates new and increased management, consulting, and training responsibilities for our employee consultants. Expansion also increases the demands on our internal systems, procedures, and controls, and on our managerial, administrative, financial, marketing, and other resources. We depend heavily upon the managerial, operational, and administrative skills of our executive officers to manage our expansion and business strategy. New responsibilities and demands may adversely affect the overall quality of our work.

***Our international operations create special risks***

Our international operations carry special financial and business risks, including:

- greater difficulties in managing and staffing foreign operations;
- difficulties from fluctuations in world-wide utilization levels;
- currency fluctuations that adversely affect our financial position and operating results;
- unexpected changes in trading policies, regulatory requirements, tariffs, and other barriers;
- different practices in collecting accounts receivable;
- increased selling, general, and administrative expenses associated with managing a larger and more global organization;
- longer sales cycles;
- restrictions on the repatriation of earnings;
- potentially adverse tax consequences, such as trapped foreign losses;
- the impact of differences in the governmental, legal and regulatory environment in foreign jurisdictions, as well as U.S. laws and regulations related to our foreign operations;
- less stable political and economic environments; and
- civil disturbances or other catastrophic events that reduce business activity.

We conduct a portion of our business in the Middle East. At times, turmoil in the region has interrupted, and could interrupt in the future, our business operations in that region and slow the flow of new opportunities and proposals, which can ultimately affect our revenues and results of operations.

If our international revenues increase relative to our total revenues, these factors could have a more pronounced effect on our operating results.

***We depend on our non-employee experts***

We depend on our relationships with our exclusive non-employee experts. In the first quarters of fiscal 2012 and fiscal 2011, five of our top exclusive non-employee experts generated engagements that accounted for approximately 9% and 7% of our revenues in those periods, respectively. We believe that these experts are highly regarded in their fields and that each offers a combination of knowledge, experience, and expertise that would be very difficult to replace. We also believe that we have been able to secure some engagements and attract consultants in part because we can offer the services of these experts. Most of these experts can limit their relationships with us at any time for any reason. These reasons could include affiliations with universities with policies that prohibit accepting specified engagements, termination of exclusive relationships, the pursuit of other interests, and retirement.

In many cases we seek to include restrictive covenant agreements in our agreements with our non-employee experts, which could include non-competition agreements, non-solicitation agreements and non-hire agreements. The limitation or termination of any of their relationships with us, or competition from any of them after these agreements expire, could harm our reputation, reduce our business opportunities and adversely affect our revenues and results of operations. These restrictive covenant agreements that we may have with some of our non-employee experts offer us only limited protection and may not be enforceable in every jurisdiction. In the event that non-employee experts leave, clients working with these non-employee experts may decide that they prefer to continue working with them rather than with us. In the event a non-employee expert departs and acts in a way that we believe violates the expert's restrictive covenant agreements, we will consider any legal and equitable remedies we may have against such person on a case-by-case basis. We may decide that preserving cooperation and a professional relationship with the former non-employee expert or clients that worked with the non-employee expert, or other concerns, outweigh the benefits of any possible legal action or recovery.

To meet our long-term growth targets, we need to establish ongoing relationships with additional non-employee experts who have reputations as leading experts in their fields. We may be unable to establish relationships with any additional non-employee experts. In addition, any relationship that we do establish may not help us meet our objectives or generate the revenues or earnings that we anticipate.

***Maintaining our professional reputation is crucial to our future success***

Our ability to secure new engagements and hire qualified consultants as employees depends heavily on our overall reputation as well as the individual reputations of our employee consultants and principal non-employee experts. Because we obtain a majority of our new engagements from existing clients, any client that is dissatisfied with our performance on a single matter could seriously impair our ability to secure new engagements. Given the frequently high-profile nature of the matters on which we work, including work before and on behalf of government agencies, any factor that diminishes our reputation or the reputations of any of our employee consultants or non-employee experts could make it substantially more difficult for us to compete successfully for both new engagements and qualified consultants.

***Clients can terminate engagements with us at any time***

Many of our engagements depend upon disputes, proceedings, or transactions that involve our clients. Our clients may decide at any time to seek to resolve the dispute or proceeding, abandon the transaction, or file for bankruptcy. Our engagements can therefore terminate suddenly and without advance notice to us. If an engagement is terminated unexpectedly, our employee consultants working on the engagement could be underutilized until we assign them to other projects. In addition, because much of our work is project-based rather than recurring in nature, our consultants' utilization depends on our ability to secure additional engagements on a continual basis. Accordingly, the termination or significant reduction in the scope of a single large engagement could reduce our utilization and have an immediate adverse impact on our revenues and results of operations.

***We derive our revenues from a limited number of large engagements***

We derive a portion of our revenues from a limited number of large engagements. If we do not obtain a significant number of new large engagements each year, our business, financial condition, and results of operations could suffer. Our 10 largest engagements accounted for approximately 18% of our revenues in each of the first quarters of fiscal 2012 and fiscal 2011. Our 10 largest clients accounted for approximately 23% of our revenues in each of the first quarters of fiscal 2012 and fiscal 2011. In general, the volume of work we perform for any particular client varies from year to year, and due to the specific engagement nature of our practice, a major client in one year may not hire us in the following year.

***We depend on our antitrust and mergers and acquisitions consulting business***

We derive a significant amount of our revenues from engagements related to antitrust and mergers and acquisitions activities. Any substantial reduction in the number or size of our engagements in these areas could adversely affect our revenues and results of operations. Adverse changes in general economic conditions, particularly conditions influencing the merger and acquisition activity of larger companies, could adversely affect engagements in which we assist clients in proceedings before the U.S. Department of Justice, the U.S. Federal Trade Commission, and various foreign antitrust authorities.

For example, global economic recessions have resulted in, and may in the future result in, reduced merger and acquisition activity levels. Any of these reductions in activity level would adversely affect our revenues and results of operations.

***Acquisitions may disrupt our operations or adversely affect our results***

We regularly evaluate opportunities to acquire other businesses. The expenses we incur evaluating and pursuing acquisitions could adversely affect our results of operations. If we acquire a business, we may be unable to manage it profitably or successfully integrate its operations with our own. Moreover, we may be unable to realize the financial, operational, and other benefits we anticipate from these acquisitions or any other acquisition. Many potential acquisition targets do not meet our criteria, and for those that do, we face significant competition for these acquisitions from our direct competitors, private equity funds, and other enterprises. Competition for future acquisition opportunities in our markets could increase the price we pay for businesses we acquire and could reduce the number of potential acquisition targets. Further, acquisitions may involve a number of special financial and business risks, such as:

- diversion of our management's time, attention, and resources;
- decreased utilization during the integration process;
- loss of key acquired personnel;
- increased costs to improve or coordinate managerial, operational, financial, and administrative systems including compliance with the Sarbanes-Oxley Act of 2002;
- dilutive issuances of equity securities, including convertible debt securities;
- the assumption of legal liabilities;
- amortization of acquired intangible assets;
- potential write-offs related to the impairment of goodwill, including if our enterprise value declines below certain levels;
- difficulties in integrating diverse corporate cultures; and
- additional conflicts of interests.

***Fluctuations in our quarterly revenues and results of operations could depress the market price of our common stock***

We may experience significant fluctuations in our revenues and results of operations from one quarter to the next. If our revenues or net income in a quarter fall below the expectations of securities analysts or investors, the market price of our common stock could fall significantly. Our results of operations in any quarter can fluctuate for many reasons, including:

- our ability to implement rate increases;
- the number, scope, and timing of ongoing client engagements;
- the extent to which we can reassign our employee consultants efficiently from one engagement to the next;
- the extent to which our employee consultants or clients take holiday, vacation, and sick time, including traditional seasonality related to summer vacation and holiday schedules;
- employee hiring;
- the extent of revenue realization or cost overruns;
- fluctuations in the results and continuity of the operations of our software subsidiary, NeuCo;

- fluctuations in our provision for income taxes due to changes in income arising in various tax jurisdictions, valuation allowances, non-deductible expenses, and changes in estimates of our uncertain tax positions;
- fluctuations in interest rates; and
- collectability of receivables and unbilled work in process.

Because we generate the majority of our revenues from consulting services that we provide on an hourly fee basis, our revenues in any period are directly related to the number of our employee consultants, their billing rates, and the number of billable hours they work in that period. We have a limited ability to increase any of these factors in the short term. Accordingly, if we underutilize our consultants during one part of a fiscal period, we may be unable to compensate by augmenting revenues during another part of that period. In addition, we are occasionally unable to utilize fully any additional consultants that we hire, particularly in the quarter in which we hire them. Moreover, a significant majority of our operating expenses, primarily office rent and salaries, are fixed in the short term. As a result, if our revenues fail to meet our projections in any quarter, that could have a disproportionate adverse effect on our net income. For these reasons, we believe our historical results of operations are not necessarily indicative of our future performance.

***Our clients may be unable or unwilling to pay us for our services***

Our clients include some companies that may from time to time encounter financial difficulties, particularly during a downward trend in the economy or may dispute the services we provide. If a client's financial difficulties become severe or a dispute arises, the client may be unwilling or unable to pay our invoices in the ordinary course of business, which could adversely affect collections of both our accounts receivable and unbilled services. On occasion, some of our clients have entered bankruptcy, which has prevented us from collecting amounts owed to us. The bankruptcy of a client with a substantial accounts receivable could have a material adverse effect on our financial condition and results of operations. A small number of clients who have paid sizable invoices later declared bankruptcy, and a court determination that we were not properly entitled to that payment may require repayment of some or all of the amount we received, which could adversely affect our financial condition and results of operations.

***Potential conflicts of interests may preclude us from accepting some engagements***

We provide our services primarily in connection with significant or complex transactions, disputes, or other matters that are usually adversarial or that involve sensitive client information. Our engagement by a client may preclude us from accepting engagements with the client's competitors or adversaries because of conflicts between their business interests or positions on disputed issues or other reasons. Accordingly, the nature of our business limits the number of both potential clients and potential engagements. Moreover, in many industries in which we provide consulting services, such as in the telecommunications industry, there has been a continuing trend toward business consolidations and strategic alliances. These consolidations and alliances reduce the number of potential clients for our services and increase the chances that we will be unable to continue some of our ongoing engagements or accept new engagements as a result of conflicts of interests.

***Fluctuations in the types of service contracts we enter into may adversely impact revenue and results of operations***

We derive a portion of our revenues from fixed-price contracts. We derived approximately 10% and 25% of revenues from fixed-price engagements in the first quarters of fiscal 2012 and fiscal 2011, respectively. These contracts are more common in our management consulting area, and would likely grow in number with any expansion of that area. Fluctuations in the mix between time-and-material contracts, fixed-price contracts and arrangements with fees tied to performance-based criteria, may result in fluctuations of revenue and results of operations. In addition, if we fail to estimate accurately the resources required for a fixed-price project or fail to satisfy our contractual obligations in a manner consistent with the project budget, we might generate a smaller profit or incur a loss on the project. On occasion, we have had to commit unanticipated additional resources to complete projects, and we may have to take similar action in the future, which could adversely affect our revenues and results of operations.

***The market price of our common stock may be volatile***

The market price of our common stock has fluctuated widely and may continue to do so. For example, from April 3, 2011 to March 31, 2012, the trading price of our common stock ranged from a high of $29.80 per share to a low of $16.42 per share. Many factors could cause the market price of our common stock to rise and fall. Some of these factors are:

- variations in our quarterly results of operations;
- the hiring or departure of key personnel or non-employee experts;
- changes in our professional reputation;
- the introduction of new services by us or our competitors;
- acquisitions or strategic alliances involving us or our competitors;
- changes in accounting principles or methods;
- changes in estimates of our performance or recommendations by securities analysts;
- future sales of shares of common stock in the public market; and
- market conditions in the industry and the economy as a whole.

In addition, the stock market often experiences significant price and volume fluctuations. These fluctuations are often unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the market price of our common stock. When the market price of a company's stock drops significantly, shareholders often institute securities class action litigation against that company. Any litigation against us could cause us to incur substantial costs, divert the time and attention of our management and other resources, or otherwise harm our business.

***We may need to take material write-offs for the impairment of goodwill and other intangible assets, including if our market capitalization declines***

As further described in Note 7 of our Notes to Condensed Consolidated Financial Statements, goodwill and intangible assets with indefinite lives are monitored annually for impairment, or more frequently, if there are indicators of impairment. In performing the first step of the goodwill impairment testing and measurement process, we compare our entity-wide estimated fair value to net book value to identify potential impairment. We estimate the entity-wide fair value utilizing our market capitalization, plus an appropriate control premium. We have utilized a control premium that considers appropriate industry, market and other pertinent factors, including indications of such premiums from data on recent acquisition transactions. If we determine through the impairment evaluation process that goodwill has been impaired, we would record the impairment charge in our consolidated statement of operations.

There were no impairment losses related to goodwill or intangible assets during the first quarters of fiscal 2012 and fiscal 2011, respectively. Uncertainty in the financial markets and weakness in macroeconomic conditions globally could contribute to the volatility of our stock price. The current macroeconomic environment continues to be challenging and we cannot be certain of the duration of these conditions and their potential impact on our stock price performance. If our market capitalization plus an estimated control premium is below our carrying value for a period we consider to be other-than-temporary, we may be required to record an impairment of our goodwill either as a result of our annual assessment that we conduct in the fourth quarter of each fiscal year, or in a future quarter if an indication of potential impairment is evident. A non-cash goodwill impairment charge would have the effect of decreasing our earnings or increasing our losses in such period. If we are required to take a substantial impairment charge, our operating results would be materially adversely affected in such period.

***Our entry into new lines of business could adversely affect our results of operations***

If we attempt to develop new practice areas or lines of business outside our core litigation, regulatory, financial, and management consulting services, those efforts could harm our results of operations. Our efforts in new practice areas or new lines of business involve inherent risks, including risks associated with inexperience and competition from mature participants in the markets we enter. Our inexperience in these new practice areas or lines of business may result in costly decisions that could harm our business.

***Our engagements may result in professional liability and we may be subject to other litigation, claims or assessments***

Our services typically involve difficult analytical assignments and carry risks of professional and other liability. Many of our engagements involve matters that could have a severe impact on a client's business, cause the client to lose significant amounts of money, or prevent the client from pursuing desirable business opportunities. Accordingly, if a client is dissatisfied with our performance, the client could threaten or bring litigation in order to recover damages or to contest its obligation to pay our fees. Litigation alleging that we performed negligently, disclosed client confidential information, or otherwise breached our obligations to the client could expose us to significant liabilities to our clients and other third parties and tarnish our reputation.

Despite our efforts to prevent litigation, from time to time we are party to various lawsuits, claims, or assessments in the ordinary course of business. Disputes may arise, for example, from business acquisitions, employment issues, regulatory actions, and other business transactions. The costs and outcome of any lawsuits or claims could have a material adverse effect on us.

***Our debt obligations may adversely impact our financial performance***

We have a revolving line of credit with our bank for $60.0 million. The amounts available under this line of credit are constrained by various financial covenants and reduced by certain letters of credit outstanding. Our loan agreement with the bank will mature on April 30, 2014. The degree to which we are leveraged could adversely affect our ability to obtain further financing for working capital, acquisitions or other purposes and could make us more vulnerable to industry downturns and competitive pressures. Our ability to secure short-term and long-term debt or equity financing in the future will depend on several factors, including our future profitability, the levels of our debt and equity, restrictions under our existing revolving line of credit, and the overall credit and equity market environments.

***We could incur substantial costs protecting our proprietary rights from infringement or defending against a claim of infringement***

As a professional services organization, we rely on non-competition and non-solicitation agreements with many of our employees and non-employee experts to protect our proprietary rights. These agreements, however, may offer us only limited protection and may not be enforceable in every jurisdiction. In addition, we may incur substantial costs trying to enforce these agreements.

Our services may involve the development of custom business processes or solutions for specific clients. In some cases, the clients retain ownership or impose restrictions on our ability to use the business processes or solutions developed from these projects. Issues relating to the ownership of business processes or solutions can be complicated, and disputes could arise that affect our ability to resell or reuse business processes or solutions we develop for clients.

In recent years, there has been significant litigation in the U.S. involving patents and other intellectual property rights. We could incur substantial costs in prosecuting or defending any intellectual property litigation, which could adversely affect our operating results and financial condition.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to obtain and use information that we regard as proprietary. Litigation may be necessary in the future to enforce our proprietary rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Any such resulting litigation could result in substantial costs and diversion of resources and could adversely affect our business, operating results and financial condition. Any failure by us to protect our proprietary rights, or any court determination that we have either infringed or lost ownership of proprietary rights could adversely affect our business, operating results and financial condition.

***Insurance and claims expenses could significantly reduce our profitability***

We are exposed to claims related to group health insurance. We self-insure a portion of the risk associated with these claims. If the number or severity of claims increases, or we are required to accrue or pay additional amounts because the claims prove to be more severe than our original assessment, our operating results would be adversely affected. Our future insurance and claims expense might exceed historical levels, which could reduce our earnings. We expect to periodically assess our self-insurance strategy. We are required to periodically evaluate and adjust our claims reserves to reflect our experience. However, ultimate results may differ from our estimates, which could result in losses over our reserved amounts. We maintain individual and aggregate medical plan stop loss insurance with licensed insurance carriers to limit our ultimate risk exposure for any one case and for our total liability.

Many businesses are experiencing the impact of increased medical costs as well as greater variability in ongoing costs. As a result, our insurance and claims expense could increase, or we could raise our self-insured retention when our policies are renewed. If these expenses increase or we experience a claim for which coverage is not provided, results of our operations and financial condition could be materially and adversely affected.

***Our charter and by-laws, and Massachusetts law may deter takeovers***

Our amended and restated articles of organization and amended and restated by-laws and Massachusetts law contain provisions that could have anti-takeover effects and that could discourage, delay, or prevent a change in control or an acquisition that our shareholders may find attractive. These provisions may also discourage proxy contests and make it more difficult for our shareholders to take some corporate actions, including the election of directors. These provisions could limit the price that investors might be willing to pay for shares of our common stock.

### ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Not applicable.

(b) Not applicable.

(c) The following table provides information about our repurchases of shares of our common stock during the fiscal quarter ended March 31, 2012. During that period, we did not act in concert with any affiliate or any other person to acquire any of our common stock and, accordingly, we do not believe that purchases by any such affiliate or other person (if any) are reportable in the following table. For purposes of this table, we have divided the fiscal quarter into three periods of four weeks, four weeks, and five weeks, respectively, to coincide with our reporting periods during the first quarter of fiscal 2012.

**Issuer Purchases of Equity Securities**

| Period | (a) Total Number of Shares Purchased | (b) Average Price Paid per Share | (c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(3) | (d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs(3) |
|---|---|---|---|---|
| January 1, 2012 to January 28, 2012 | 180 shares(1) | $22.00 per share(1) | — | $3,266,340 |
| January 29, 2012 to February 25, 2012 | 46,526 shares(2)(3) | $24.31 per share(2)(3) | 26,800 | $7,046,487 |
| February 26, 2012 to March 31, 2012 | 107,259 shares(3)(4) | $24.59 per share(3)(4) | 96,000 | $4,662,307 |

(1) During the four weeks ended January 28, 2012, we accepted 180 shares of our common stock as a tax withholding from certain of our employees, in connection with the vesting of restricted shares that occurred during the indicated period, pursuant to the terms of our 2006 equity incentive plan, at an average share price of $22.00.

(2) During the four weeks ended February 25, 2012, we accepted 19,726 shares of our common stock as a tax withholding from certain of our employees, in connection with the vesting of restricted shares that occurred during the indicated period, pursuant to the terms of our 2006 equity incentive plan, at an average share price of $23.39.

(3) On August 30, 2011, we announced that our Board of Directors approved a share repurchase program of up to $7.5 million of our common stock. During the four weeks ended February 25, 2012, we purchased 26,800 shares under this program at an average price per share of $24.99. During the five weeks ended March 31, 2012, we repurchased 96,000 shares authorized under this program at an average price per share of $24.84. On February 22, 2012, our Board of Directors authorized the repurchase of up to an additional $4.45 million of our common stock.

(4) During the five weeks ended March 31, 2012, we accepted 11,259 shares of our common stock as a tax withholding from certain of our employees, in connection with the vesting of restricted shares that occurred during the indicated period, pursuant to the terms of our 2006 equity incentive plan, at an average share price of $22.53.

### ITEM 3. Defaults Upon Senior Securities

None.

### ITEM 4. Mine Safety Disclosures

None.

### ITEM 5. Other Information

None.

## ITEM 6. Exhibits

| Item No. | Description |
|---|---|
| 10.1* | CRA International, Inc. Cash Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to our current report on Form 8-K filed on March 2, 2012). |
| 31.1 | Rule 13a-14(a)/15d-14(a) certification of principal executive officer |
| 31.2 | Rule 13a-14(a)/15d-14(a) certification of principal financial officer |
| 32.1 | Section 1350 certification |
| 101** | The following financial statements from CRA International, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2012, formatted in XBRL (eXtensible Business Reporting Language), as follows: (i) Condensed Consolidated Statement of Operations (unaudited) for the fiscal quarters ended March 31, 2012 and April 2, 2011, (ii) Condensed Consolidated Statement of Comprehensive Income (unaudited) for the fiscal quarters ended March 31, 2012 and April 2, 2011, (iii) Condensed Consolidated Balance Sheets (unaudited) as at March 31, 2012 and December 31, 2011, (iv) Condensed Consolidated Statements of Cash Flows (unaudited) for the fiscal quarters ended March 31, 2012 and April 2, 2011, (v) Condensed Consolidated Statement of Shareholders' Equity (unaudited) for the fiscal quarter ended March 31, 2012, and (vi) Notes to Condensed Consolidated Financial Statements (Unaudited). |

* Management contract or compensatory plan.

** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files in Exhibit 101 hereto shall not be deemed filed for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under those sections.

## 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 thereunto duly authorized.

CRA INTERNATIONAL, INC.

Date: May 9, 2012

By: /s/ PAUL A. MALEH

Paul A. Maleh
*President and Chief Executive Officer*

Date: May 9, 2012

By: /s/ WAYNE D. MACKIE

Wayne D. Mackie
*Executive Vice President, Treasurer, and Chief Financial Officer*

## EXHIBIT INDEX

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