

CRA INTERNATIONAL, INC.
Form DEF 14A
March 27, 2006

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

CRA INTERNATIONAL, INC.

(Name of Registrant as Specified In Its Charter)

Not Applicable

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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CRA INTERNATIONAL, INC.

**Notice of Annual Meeting of Shareholders
to be held on April 21, 2006**

CRA International, Inc. hereby gives notice that it will hold its annual meeting of shareholders at the offices of Foley Hoag LLP, Seaport World Trade Center West, 155 Seaport Boulevard, Boston, Massachusetts on Friday, April 21, 2006, beginning at 10:00 A.M., local time, for the following purposes:

1. To consider and vote upon the election of three Class II directors;
2. To consider and vote upon the approval of the 2006 Equity Incentive Plan; and
3. To transact such further business as may properly come before the annual meeting or any adjournment thereof.

Our board of directors has fixed the close of business on Monday, March 13, 2006 as the record date for the determination of the shareholders entitled to receive notice of, and to vote at, the annual meeting and any adjournment thereof. Only shareholders of record on March 13, 2006 are entitled to receive notice of, and to vote at, the annual meeting or any adjournment thereof.

By order of the board of directors,

Peter M. Rosenblum
Secretary

Boston, Massachusetts
March 27, 2006

YOUR VOTE IS IMPORTANT

**Please sign and return the enclosed proxy, whether or not you
plan to attend the annual meeting.**

CRA INTERNATIONAL, INC.
200 Clarendon Street
Boston, Massachusetts 02116
(617) 425-3000

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

to be held on April 21, 2006

This proxy statement relates to the 2006 annual meeting of shareholders of CRA International, Inc. The annual meeting will take place as follows:

Date: April 21, 2006
Time: 10:00 A.M.
Place: Foley Hoag LLP
Seaport World Trade Center West
155 Seaport Boulevard
Boston, Massachusetts

Our board of directors is soliciting proxies for the annual meeting and any and all adjournments of the annual meeting. The shares represented by your properly signed proxy will be voted in accordance with your directions. If you do not specify a choice with respect to a proposal for which our board of directors has made a recommendation, the shares covered by your signed proxy will be voted as recommended in this proxy statement. We encourage you to vote on all matters to be considered. You may revoke your proxy at any time before it has been exercised.

We are mailing this proxy statement and the enclosed form of proxy to shareholders on or about March 31, 2006.

PROXY STATEMENT

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ANNUAL MEETING OF SHAREHOLDERS

Purpose of the annual meeting

At the annual meeting, we will submit the following proposal to our shareholders:

Proposal One: To elect three Class II directors to a three-year term; and

Proposal Two: To approve the 2006 Equity Incentive Plan.

Our board of directors does not intend to present to the annual meeting any business other than the proposals described in this proxy statement. Our board of directors was not aware, a reasonable time before mailing this proxy statement to shareholders, of any other business that properly may be presented for action at the annual meeting. If any other business should come before the annual meeting, the persons present will have discretionary authority to vote the shares they own or represent by proxy in accordance with their judgment, to the extent authorized by applicable regulations.

Record date

Our board of directors has fixed the close of business on Monday, March 13, 2006 as the record date for the annual meeting. Only shareholders of record at the close of business on that date are entitled to receive notice of the annual meeting and to vote at the annual meeting. At the close of business on the record date, there were issued and outstanding 11,304,109 shares of our common stock. Each share of common stock outstanding on the record date will be entitled to cast one vote. A list of the shareholders entitled to notice of the 2006 annual meeting is available for inspection by any shareholder at our principal office at 200 Clarendon Street, T-33, Boston, Massachusetts.

Quorum

Our by-laws provide that a quorum consists of a majority in interest of all shares of common stock issued, outstanding and entitled to vote at the annual meeting. Shares of common stock represented by a properly signed and returned proxy will be treated as present at the annual meeting for purposes of determining the existence of a quorum at the annual meeting. In general, votes withheld from any nominee for election as director, abstentions, if applicable, and broker "non-votes," if applicable, are counted as present or represented for purposes of determining the existence of a quorum at the annual meeting. A "non-vote" occurs when a broker or nominee holding shares for a beneficial owner returns a proxy but does not vote on a proposal because the broker or nominee does not have discretionary voting power and has not received instructions from the beneficial owner.

Vote required; tabulation of votes

A plurality of the votes properly cast at the annual meeting will be necessary to elect the three Class II directors to a three-year term. A majority of the votes properly cast at the annual meeting will be necessary to approve the 2006 equity incentive plan. Abstentions and broker "non-votes" will not be included in calculating the number of votes cast on a proposal.

Each share of common stock outstanding on the record date will be entitled to cast one vote.

Our transfer agent, Computershare, will tabulate the votes at the annual meeting.

Solicitation of proxies

No compensation will be paid by any person in connection with our solicitation of proxies. We will reimburse brokers, banks and other nominees for the out-of-pocket expenses and other reasonable clerical expenses they incur in obtaining instructions from beneficial owners of our common stock. In addition to our solicitation by mail, our directors, officers and employees may make special solicitations

of proxies personally or by telephone, facsimile, courier or e-mail. We expect that the expense of any special solicitation will be nominal. We will pay all expenses incurred in connection with this solicitation.

PROPOSAL ONE ELECTION OF DIRECTORS

Proposal One concerns the election of three Class II directors.

Our board of directors currently consists of nine directors and is divided into three classes. We refer to these classes as Class I, Class II and Class III. The term of one class of directors expires each year at the annual meeting of shareholders. Each director also continues to serve as a director until his or her successor is duly elected and qualified. This year, the term of the Class II directors is expiring.

Accordingly, our board of directors has nominated Basil L. Anderson, Ronald T. Maheu, and Nancy L. Rose to serve as Class II directors for a three-year term. Our shareholders elected Mr. Maheu at our annual meeting of shareholders in April 2003 and Dr. Rose and Mr. Anderson at our annual meeting of shareholders in April 2004. The current terms of Dr. Rose and Messrs. Anderson and Maheu will expire at the annual meeting.

Proxies will not be voted at the annual meeting for more than three candidates.

Dr. Rose and Messrs. Anderson and Maheu have each agreed to serve if elected, and we have no reason to believe that they will be unable to serve. If any of them is unable or declines to serve as a director at the time of the annual meeting, proxies will be voted for another nominee that our board will designate at that time.

Our board of directors recommends that you vote FOR the election of Dr. Rose and Messrs. Anderson and Maheu.

CORPORATE GOVERNANCE

In designing our corporate governance structure, we seek to identify and implement the practices that we believe will best serve the interests of our business and shareholders, including practices mandated by the Sarbanes-Oxley Act of 2002 and related rules of the Securities and Exchange Commission and the Nasdaq Stock Market. You can find our current corporate governance principles, including our code of business conduct and ethics and the charters for the standing committees of our board of directors, through the Investor Relations page of our website at www.crai.com. Our code of business conduct and ethics applies not only to our principal executive officer, principal financial officer and principal accounting officer, but also to all of our other employees, executive officers, directors, and outside consultants. The code of business conduct and ethics includes, among other things, provisions covering compliance with laws and regulations, conflicts of interest, insider trading, fair dealing, proper use of our assets, confidentiality, health and safety, discrimination and harassment, accounting and record keeping, and the reporting of illegal or unethical behavior. We intend to continue to modify our policies and practices to address ongoing developments in the area of corporate governance. We have discussed many features of our corporate governance principles in other sections of this proxy statement. Some of the highlights of our corporate governance principles are:

Director and committee independence. A majority of our directors are independent directors under the rules of the Nasdaq Stock Market. Our board of directors has determined that our independent directors are Drs. Moriarty and Rose and Messrs. Anderson, Concannon, and Maheu. Each member of our audit committee, nominating and corporate governance committee, and compensation committee meets the independence requirements of the Nasdaq Stock Market for membership on the committees on which he or she serves.

Separate chairman and chief executive officer. We have a separate chairman of the board, a non-executive position, and chief executive officer. Our chairman is an independent director.

Audit committee. Our audit committee is directly responsible for appointing, compensating, evaluating, and, when necessary, terminating our independent auditors. Our independent auditors report directly to our audit committee. Our board has determined that we have at least two audit committee financial experts under the rules of the Securities and Exchange Commission. Our audit committee's prior approval is required for all audit services and non-audit services (other than *de minimis* non-audit services as defined by the Sarbanes-Oxley Act of 2002) to be provided by our independent auditor.

Committee authority. Our audit committee, nominating and corporate governance committee, and compensation committee each have the authority to retain independent advisors and consultants, with all fees and expenses to be paid by us.

Whistleblower procedures. Our audit committee has adopted procedures for the treatment of complaints regarding accounting, internal accounting controls, or auditing matters, including procedures for the confidential and anonymous submission by our directors, officers, employees, and outside consultants of concerns regarding questionable accounting, internal accounting controls, or auditing matters.

EXECUTIVE OFFICERS AND DIRECTORS**Executive officers and directors**

Set forth below are the names and certain information with respect to each of our current directors and executive officers:

Name	Age	Position
Rowland T. Moriarty (1)(2)(3)	59	Chairman of the board
Franklin M. Fisher	71	Vice chairman of the board
James C. Burrows (3)	62	President, chief executive officer, and director
Robert J. Larner	64	Executive vice president
Wayne D. Mackie	57	Vice president, treasurer, and chief financial officer
C. Christopher Maxwell	51	Executive vice president
Basil L. Anderson (1)(4)	60	Director
William F. Concannon (2)(4)	50	Director
Ronald T. Maheu (1)(3)(4)	63	Director
Nancy L. Rose (2)	47	Director
Steven C. Salop	59	Director
Carl Shapiro	50	Director

- (1) Member of the nominating and corporate governance committee
- (2) Member of the compensation committee
- (3) Member of the executive committee
- (4) Member of the audit committee

Our board of directors is divided into three classes. The term of one class of directors expires each year at the annual meeting of shareholders. Each director also continues to serve as a director until his or her successor is duly elected and qualified. Our executive officers are elected by, and serve at the discretion of, our board of directors. There are no family relationships among our directors and executive officers. Below we have identified each of our directors by class.

Directors serving a term expiring at the 2006 annual meeting (Class II directors):

Basil L. Anderson has served as a director since January 2004. From September 2001 until March 2006, Mr. Anderson was employed as the vice chairman of the board of directors of Staples, Inc. From April 1996 to April 2001, Mr. Anderson served as executive vice president and chief financial officer of Campbell Soup Company. Prior to joining Campbell Soup, Mr. Anderson had a 20-year career with Scott Paper Company, where he served most recently as vice president and chief financial officer from February 1993 to December 1995 and as treasurer from 1985 to February 1993. Mr. Anderson holds an M.B.A. from the University of Chicago and an M.S. from the University of Illinois.

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Mr. Anderson is a director of Becton Dickenson & Co., Hasbro, Inc. and Moody's Corporation and also serves on the board of trustees of the University of Chicago Graduate School of Business.

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Ronald T. Maheu has served as a director since January 2003. From 2000 to 2004, Mr. Maheu was a lecturer at the Graduate School of Management at Boston University. Mr. Maheu retired in July 2002 from PricewaterhouseCoopers, LLP. Since 2002, Mr. Maheu has been a financial and business consultant. Mr. Maheu was a founding member of Coopers & Lybrand's board of partners. Following the merger of Price Waterhouse and Coopers & Lybrand in 1998, Mr. Maheu served on both the U.S. and global boards of partners and principals of PricewaterhouseCoopers until June 2001. Mr. Maheu holds an M.B.A. from Boston University and an M.S. in taxation from Bentley College. He is also a director of Enterasys Networks, Inc. and Wright Express Corporation.

Nancy L. Rose has served as a director since March 2004. Dr. Rose has been professor of economics in the department of economics at the Massachusetts Institute of Technology since 1995. She has been director of the National Bureau of Economic Research research program in industrial organization since 1991. Dr. Rose was a George and Karen McCown Distinguished Visiting Scholar at the Hoover Institution from August 2000 through June 2001, and a fellow of the Center for Advanced Study from August 1993 through June 1994. From 1985 to 1997, she held various faculty positions at the Massachusetts Institute of Technology's Sloan School of Management, including professor of management and economics from 1995 to 1997. She received her Ph.D. in economics from the Massachusetts Institute of Technology in 1985. Dr. Rose is also a director of Sentinel Group Funds, Inc. and a trustee of Sentinel Pennsylvania Tax-Free Trust.

Directors serving a term expiring at the 2007 annual meeting (Class III directors):

Franklin M. Fisher has served as an outside expert and a director since 1967. Since May 2002, Dr. Fisher has served as our vice chairman of the board of directors. From April 1997 until May 2002, Dr. Fisher served as our chairman of the board of directors. Dr. Fisher has been professor of economics at the Massachusetts Institute of Technology since 1965, emeritus since July 2004, and the president and sole employee of FMF, Inc., an economic consulting firm, since 1980. Dr. Fisher is also a director of the National Bureau of Economic Research. He received his Ph.D. in economics from Harvard University in 1960.

James C. Burrows joined us in 1967 and has served as our president and chief executive officer since March 1995 and as a director since April 1993. Until June 3, 2005, Dr. Burrows served as a director of NeuCo, Inc., our partially-owned subsidiary. From December 1992 to February 2001, Dr. Burrows directed our legal and regulatory consulting practice. From 1971 to March 1995, Dr. Burrows served as a vice president and from June 1987 to December 1992 also directed our economic litigation program. Dr. Burrows received his Ph.D. in economics from the Massachusetts Institute of Technology in 1970.

Carl Shapiro has served as a director since June 2000 and as an outside expert since December 1998. Since 1990, Dr. Shapiro has been a professor of business strategy at the Haas School of Business at the University of California at Berkeley. Since 1998, he has also been the director of the Institute of Business and Economic Research at U.C. Berkeley. In October 1996, he co-founded The Tilden Group, LLC, an economic consulting firm that we acquired in December 1998. From August 1995 to June 1996, Dr. Shapiro served as Deputy Assistant Attorney General for Economics in the Antitrust Division of the United States Department of Justice. Dr. Shapiro received his Ph.D. in economics from the Massachusetts Institute of Technology in 1981.

Directors serving a term expiring at the 2008 annual meeting (Class I directors):

Rowland T. Moriarty has served as a director since 1986 and as our chairman of the board of directors, a non-executive position, since May 2002. From December 1992 until May 2002, Dr. Moriarty served as our vice chairman of the board of directors. Until June 3, 2005, Dr. Moriarty served in a non-executive capacity as the chairman of the board of NeuCo, Inc., our partially-owned subsidiary.

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Dr. Moriarty served in this capacity as an outside director and not as our representative; he is also a shareholder of NeuCo. Dr. Moriarty has served as chairman and chief executive officer of Cubex Corporation, an international marketing consulting firm, since 1992. Dr. Moriarty was a professor at Harvard Business School from 1981 to 1992. He received his D.B.A. from Harvard University in 1980. He is a director of Staples, Inc., Trammell Crow Company, and Wright Express Corp.

William F. Concannon has served as a director since June 2000. Since June 2003, Mr. Concannon has been the vice chairman of Trammell Crow Company, a diversified commercial real estate firm, where he has been a director since 1991. From February 2001 to June 2003, Mr. Concannon was the president of the global services group of Trammell Crow Company. Mr. Concannon has been president and chief executive officer of Trammell Crow Corporate Services, a real estate company, since July 1991. Mr. Concannon received his B.S. in accounting from Providence College in 1977. Mr. Concannon is also a director of FPDSavills, a real estate company based in the United Kingdom.

Steven C. Salop has served as a director since September 1998 and as an outside expert since 1987. Dr. Salop has been professor of economics and law at the Georgetown University Law Center since August 1982. Dr. Salop has been the president of Salop Economics Inc., an economic consulting firm, since 1982. Dr. Salop previously served on our board of directors from June 1993 to April 1998. Dr. Salop received his Ph.D. in economics from Yale University in 1972.

Our executive officers who are not also directors are listed below:

Robert J. Larner has served as our executive vice president and directed our legal and regulatory consulting practice since February 2001. Dr. Larner served as a vice president from December 1979 to February 2001. Dr. Larner also served as a director from April 1981 to March 1982 and from April 1988 to March 1989. Dr. Larner received his Ph.D. in economics from the University of Wisconsin in 1968.

Wayne D. Mackie has served as our vice president, chief financial officer and treasurer since July 2005. Prior to joining us, Mr. Mackie was a member of the board of directors of Novell, Inc. since June 2003. From 1972 through December 2002, Mr. Mackie was with Arthur Andersen, LLP where he became a partner in 1983. Since leaving Arthur Andersen he has served as a consultant to a number of organizations. From May 2004 until December 2004 Mr. Mackie was managing partner financial operations at Beacon Capital Partners, a private equity firm. He received an MS from the Wharton School of the University of Pennsylvania and a BS from Babson College and is a CPA. Mr. Mackie is a member of the board of directors of the Massachusetts Eye and Ear Infirmary.

C. Christopher Maxwell has been our executive vice president since February 2001, serving as our director of research. Dr. Maxwell previously served as a vice president from April 1992 to February 2001. Dr. Maxwell received his Ph.D. in economics from Harvard University in 1983.

Board and committee meetings

During the fiscal year ended November 26, 2005, our board of directors met eight times and acted by unanimous written consent four times. During fiscal 2005, each incumbent director attended at least 75% of the total number of meetings held by the board and the committees of the board on which he or she served. To the extent reasonably practicable, directors are expected to attend board meetings, meetings of committees on which they serve, and our annual meeting of shareholders. Last year, six of the nine individuals then serving as directors attended the annual meeting in person or by telephone conference.

Our board of directors has four standing committees: the audit committee, the nominating and corporate governance committee, the compensation committee, and the executive committee. All of the members of the audit committee, the nominating and corporate governance committee, and the

compensation committee are independent directors under the rules of the Nasdaq Stock Market. Our board of directors has adopted charters for each of these committees, which we have made available through the Investor Relations page of our website at www.crai.com. The audit committee, the nominating and corporate governance committee, and the compensation committee each have the authority to retain independent advisors and consultants, with all fees and expenses to be paid by us.

The membership of each committee of our board is as follows:

Audit committee:

Ronald T. Maheu (Chair)
Basil L. Anderson
William F. Concannon

Compensation committee:

William F. Concannon (Chair)
Rowland T. Moriarty
Nancy L. Rose

**Nominating and corporate
governance committee:**

Rowland T. Moriarty (Chair)
Basil L. Anderson
Ronald T. Maheu

Executive committee:

Rowland T. Moriarty (Chair)
James C. Burrows
Ronald T. Maheu

Audit committee

Our audit committee is currently composed of Messrs. Anderson, Concannon and Maheu. Our audit committee provides the opportunity for direct contact between our independent auditors and members of the board of directors; the auditors report directly to the committee. The committee assists the board in overseeing the integrity of our financial statements; our compliance with legal and regulatory requirements; our independent auditor's qualifications and independence; and the performance of our independent auditors. The committee is directly responsible for appointing, compensating, evaluating and, when necessary, terminating our independent auditors. Our audit committee has adopted procedures for the treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential and anonymous submission by our employees of concerns regarding questionable accounting, internal accounting controls or auditing matters. Our board has determined that Ronald T. Maheu and Basil L. Anderson are each audit committee financial experts under the rules of the Securities and Exchange Commission. Our audit committee met thirteen times during fiscal 2005.

Nominating and corporate governance committee

We have had a governance committee since before our public offering in 1998, and we recently renamed it the nominating and corporate governance committee. The current members of our nominating and corporate governance committee are Dr. Moriarty and Messrs. Anderson and Maheu. Our nominating and corporate governance committee's responsibilities include providing recommendations to our board of directors regarding nominees for director, membership on the committees of our board, and succession plans for our chief executive officer. An additional function of the committee is to develop corporate governance practices to recommend to our board and to assist our board in complying with those practices. Our nominating and corporate governance committee met four times during fiscal 2005.

Compensation committee

The compensation committee's responsibilities include providing recommendations to our board regarding the compensation levels of directors, approving, or recommending for approval by our board, the compensation levels of executive officers, providing recommendations to our board regarding compensation programs, administering our employee benefit plans, including all incentive compensation

plans and equity-based plans, authorizing grants under our stock option plans, and authorizing other equity compensation arrangements. Our compensation committee met ten times and acted by unanimous written consent eight times during fiscal 2005.

Compensation committee interlocks and insider participation

Our compensation committee is currently composed of Mr. Concannon and Drs. Moriarty and Rose. Until June 3, 2005, Dr. Moriarty served in a non-executive capacity as the chairman of the board of NeuCo, Inc., our majority owned subsidiary. Dr. Moriarty served in this capacity as an outside director and not as our representative; he is also a shareholder of NeuCo. For information concerning a stock restriction agreement to which Dr. Moriarty is a party, see "Transactions with Related Parties."

Executive committee

Our executive committee, currently composed of Drs. Moriarty and Burrows and Mr. Maheu, has delineated authority to act on behalf of our board of directors in situations arising between regular meetings of our board. It is intended that our executive committee shall take action only when reasonably necessary to expedite our interests between regularly scheduled board meetings. Our executive committee did not meet during fiscal 2005.

Director candidates and selection processes

The process followed by our nominating and corporate governance committee to identify and evaluate director candidates includes requests to our board members and others for recommendations, meetings from time to time to evaluate biographical information and background materials relating to potential candidates, and interviews of selected candidates by members of the committee and other members of our board. The committee often solicits the opinions of third parties with whom the potential candidate has had a business relationship. Once the committee is satisfied that it has collected sufficient information on which to base a judgment, the committee votes on the candidate or candidates under consideration.

In evaluating the qualifications of any candidate for director, the committee considers, among other factors, the candidate's depth of business experience, intelligence, quality of judgment, integrity, familiarity with the legal, regulatory and business consulting industry, ability to assist in recruiting outside experts and employee consultants, understanding of financial matters, familiarity with the periodic financial reporting process, reputation, level of educational attainment, degree of independence from management, contribution to the diversity of the board, and willingness and ability to serve. The committee also considers the degree to which the candidate's skills, experience and background complement or duplicate those of our existing directors. Among the qualities or skills that the committee believes to be necessary for one or more members of the board to possess are familiarity with the segments of the consulting industry in which we compete, substantial experience with the financial reporting process for public companies, and knowledge of the academia of economics. In the case of incumbent directors whose terms are set to expire, the committee also gives consideration to each director's prior contributions to the board. In evaluating candidates, the committee prefers to retain the flexibility to consider each candidate's overall mix of qualifications rather than to specify minimum qualifications that each candidate must possess. In selecting candidates to recommend for nomination as a director, the committee abides by our firm-wide non-discrimination policy.

The committee will consider director candidates recommended by shareholders and uses the same process to evaluate candidates regardless of whether the candidates were recommended by shareholders, directors, management or others. The committee has not adopted any particular method that shareholders must follow to make a recommendation. We suggest that shareholders make

recommendations by writing to the chairman of our nominating and corporate governance committee, in care of our offices, with sufficient information about the candidate, his or her work experience, his or her qualifications for director, and his or her references as will enable the committee to evaluate the candidacy properly. We also suggest that shareholders make their recommendations well in advance of the anticipated mailing date of our next proxy statement so as to provide our nominating and corporate governance committee an adequate opportunity to complete a thorough evaluation of the candidacy, including personal interviews. We remind shareholders of the separate requirements set forth in our by-laws for nominating individuals to serve as directors, which we discuss elsewhere in this proxy statement.

Communications with our board of directors

Our board has established the following process for shareholders to communicate with the board, and this process has been approved by a majority of our independent directors. Shareholders wishing to communicate with our board should send correspondence to the attention of Rowland T. Moriarty, Chairman of the Board, CRA International, Inc., 200 Clarendon Street, T-33, Boston, Massachusetts 02116, and should include with the correspondence evidence that the sender of the communication is one of our shareholders. Satisfactory evidence would include, for example, contemporaneous correspondence from a brokerage firm indicating the identity of the shareholder and the number of shares held. Our chairman will review all correspondence confirmed to be from shareholders and decide whether or not to forward the correspondence or a summary of the correspondence to the board or a committee of the board. Accordingly, our chairman will review all shareholder correspondence, but the decision to relay that correspondence to the board or a committee will rest entirely within his discretion.

Our board believes that this process will suffice to handle the relatively low volume of communications we have historically received from our shareholders. If the volume of communications increases such that this process becomes burdensome to our chairman, our board may elect to adopt more elaborate screening procedures.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Director compensation

We pay our non-employee directors an annual fee of \$20,000 for their services as directors, plus \$2,400 for each regular board meeting attended and \$1,000 for each special board meeting attended. We pay an annual fee of \$20,000 to the chairs of the Audit Committee and the Compensation Committee, \$12,000 to the chairs of the Executive Committee and the Nominating and Corporate Governance Committee, and \$5,000 to each non-employee director who serves as a member of any committee. We pay all non-employee committee members \$2,000 for each committee meeting attended. Dr. Moriarty also receives an annual fee of \$150,000, as well as office space, support services and healthcare benefits for his services as chairman of the board. Directors who are employees do not receive separate fees for their services as directors. See "Transactions with Related Parties Payments to directors" for information concerning consulting fees we paid to some of our directors for their services as outside experts.

If our shareholders approve the 2006 equity incentive plan described in "Proposal Two," each non-employee director who is re-elected as one of our directors or whose term continues after the 2006 annual meeting will on the date of the annual meeting receive a restricted stock award, vesting over a period of four years in equal annual installments, valued at \$75,000 based on the closing price of our common stock as of that date. Each person who is first elected a non-employee director will receive on the date of his or her election a restricted stock award, vesting over a period of four years in equal annual installments, in an amount to be determined by our board of directors. Under the terms of the

equity incentive plan, a non-employee director is a director who is not employed by, and does not provide independent contractor services as a consultant or advisor to, us or our subsidiaries. Currently, our non-employee directors are Drs. Moriarty and Rose and Messrs. Anderson, Concannon, and Maheu.

If our shareholders do not approve the equity incentive plan, each outside director who is re-elected as one of our directors or whose term continues after the annual meeting of shareholders will on the date of the annual meeting receive a nonqualified option to purchase 5,000 shares of our common stock at an exercise price equal to the fair market value of the common stock on that date, pursuant to our 1998 Incentive and Nonqualified Stock Option Plan. Each option will vest in full on the first anniversary of the date of grant and will have a term of ten years. If our shareholders do not approve the equity incentive plan, each person who is first elected an outside director will receive on the date of his or her election a nonqualified option to purchase 10,000 shares of our common stock at an exercise price equal to the fair market value of the common stock on that date. Each option will vest in three equal annual installments, commencing on the first anniversary of the date of grant, and will have a term of ten years. Under the terms of our stock option plan, an outside director is a director who is not an employee of our firm or any parent or subsidiary of our firm and is not a consultant who provides economic consulting services to or with our firm or any parent or subsidiary of our firm. Currently, our outside directors are Drs. Moriarty and Rose and Messrs. Anderson, Concannon, and Maheu.

In accordance with the terms of our 1998 Incentive and Nonqualified Stock Option Plan, in connection with our annual meeting of shareholders in May 2005, each of Drs. Moriarty and Rose and Messrs. Anderson, Concannon, and Maheu received a nonqualified option to purchase 5,000 shares of our common stock at an exercise price of \$53.72 per share.

From January 1, 2005 to June 3, 2005, Dr. Moriarty received \$33,777.70 from NeuCo, Inc., our partially-owned subsidiary, for his services as an outside director and chairman of its board, which was a non-executive position Dr. Moriarty held until June 3, 2005. In 2005, Dr. Moriarty was granted 200,000 shares of NeuCo common stock, which vested as follows: 133,334 shares on May 16, 2005, 16,667 shares on May 24, 2005, and 49,999 shares on June 3, 2005.

Executive compensation

Compensation summary. The following table provides summary information concerning the compensation earned by our chief executive officer and other executive officers for services rendered in all capacities for the fiscal years ended November 29, 2003, November 27, 2004, and November 26, 2005. Mr. Mackie became an executive officer of our firm in July 2005. The table includes information regarding J. Phillip Cooper who served as an executive officer of our firm until March 2006.

Other annual compensation in the form of perquisites and other personal benefits has been omitted because the aggregate amount of those perquisites and other personal benefits was less than \$50,000 and constituted less than ten percent of the executive officers' respective total annual salary and bonus.

The column entitled "securities underlying options" represents shares of common stock issuable upon exercise of stock options granted under our stock option plan. The column entitled "all other compensation" represents our contributions to our savings and retirement plan of \$10,000 in fiscal 2003 and fiscal 2004 on behalf of each executive officer, \$9,600 in fiscal 2005 on behalf of each of Drs. Burrows, Larner and Maxwell, \$4,100 in fiscal 2005 on behalf of Dr. Cooper, and \$2,780 in fiscal 2005 on behalf of Mr. Mackie, as well as premiums we paid for term life insurance for the benefit of the executive officers.

Summary Compensation Table

Name and principal position	Year	Annual compensation			Long-term compensation awards securities underlying options (#)	All other compensation (\$)
		Salary (\$)	Bonus (\$)	Other annual compensation (\$)		
James C. Burrows	2005	\$ 450,000	\$ 600,000		25,000	\$ 10,445
President and chief executive officer	2004	450,025	725,000		30,000	11,917
	2003	410,577	675,000		25,000	13,200
Robert J. Lerner	2005	275,000	210,000		5,000	10,413
Executive vice president	2004	265,385	230,000		10,000	12,284
	2003	254,807	240,000		6,500	13,830
Wayne D. Mackie	2005	92,668			25,000	3,593
Vice president, treasurer, and chief financial officer						
C. Christopher Maxwell	2005	250,000	150,000		5,000	10,380
Executive vice president	2004	250,000	200,000		10,000	10,975
	2003	254,807	158,300		20,000	11,765
J. Phillip Cooper	2005	290,385	375,000		12,500	4,880
Former vice chairman and executive vice president	2004	265,385	500,000		15,000	10,780
	2003	242,788	495,000		7,500	10,780

Option grants in last fiscal year. The following table provides information concerning stock options granted to the executive officers named in the summary compensation table.

In fiscal 2005, we granted to our employees options to purchase an aggregate of 392,000 shares of common stock under our stock option plans. In accordance with our stock option plans, all options were granted with an exercise price equal to fair market value as determined by our board of directors on the date of grant.

Amounts reported in the last two columns represent hypothetical values that may be realized upon exercise of the options immediately before the expiration of their term, assuming the specified compounded rates of appreciation of the price of our common stock over the term of the options. These numbers are calculated based on the rules of the Securities and Exchange Commission and do not represent our estimate of future stock price growth. Actual gains, if any, on stock option exercises and common stock holdings depend on the timing of the exercise of the option and the sale of the common stock, as well as the future performance of the common stock. The rates of appreciation assumed in this table may not be achieved and the officers may never receive the amounts reflected. This table does not take into account any change in the price of the common stock from the date of grant to the current date. The values shown are net of the option exercise price, but do not include deductions for taxes or other expenses associated with the exercise.

Option Grants in Last Fiscal Year

Name	Individual grants				Potential realizable value at assumed annual rate of stock price appreciation for option term	
	Number of securities underlying options granted (#)(1)	Percent of total options granted to employees in fiscal year	Exercise price (\$/share)	Expiration date	5% (\$)	10% (\$)
James C. Burrows	25,000	6.38%	50.84	March 25, 2015	799,325	2,025,647
Robert J. Larner	5,000	1.28%	50.84	March 25, 2015	159,865	405,129
Wayne D. Mackie	25,000	6.38%	41.16	October 5, 2015	647,133	1,639,961
C. Christopher Maxwell	5,000	1.28%	50.84	March 25, 2015	159,865	405,129
J. Phillip Cooper	12,500	3.19%	50.84	March 25, 2015	399,663	1,012,823

(1)

Represents shares of common stock issuable upon exercise of incentive and nonqualified options granted under our stock option plan. Drs. Burrows, Cooper, Larner, and Maxwell were granted options on March 25, 2005, each of which vests in installments, beginning not earlier than the first anniversary of the date of grant, over a four year period from the date of grant. Mr. Mackie's options were granted on October 5, 2005 and vest in four annual equal installments, beginning on the first anniversary of the date of grant.

Aggregate option exercises and fiscal year-end option values. The following table provides information concerning stock options exercised during fiscal 2005 and stock options held at November 26, 2005 by the executive officers named in the summary compensation table. The shares acquired on exercise attributed to Dr. Cooper were held by a third party in an irrevocable trust for the benefit of certain members of Dr. Cooper's family. In addition, the outstanding stock options attributed to Dr. Cooper include 5,299 stock options held by the same irrevocable trust. Dr. Cooper disclaims beneficial ownership of the trust's holdings.

The value realized upon the exercise of options is based on the last sale prices of the common stock on the respective dates of exercise, as reported by the Nasdaq National Market, less the applicable option exercise prices. The value of unexercised in-the-money options at fiscal year-end is based on \$45.77 per share, the last sale price of our common stock on November 25, 2005, as reported on the Nasdaq National Market. Actual gains, if any, will depend on the value of the common stock on the date of the sale of the shares.

Aggregate Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

Name	Shares acquired on exercise (#)	Value realized (\$)	Number of securities underlying unexercised options at fiscal year-end		Value of unexercised in-the-money options at fiscal year-end (\$)	
			Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)
James C. Burrows			75,750	37,500	1,584,965	287,000
Robert J. Larner	5,386	211,695	11,614	8,250	172,157	74,620
Wayne D. Mackie				25,000		115,250
C. Christopher Maxwell	3,223	99,720	11,777	15,000	175,900	229,600
J. Phillip Cooper	20,951	869,029	16,549	16,250	238,215	86,100

Equity compensation plans

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The following table provides information as of November 26, 2005 regarding shares authorized for issuance under our equity compensation plans, including individual compensation arrangements.

The equity compensation plans approved by our shareholders are our 1998 incentive and nonqualified stock option plan and our 1998 employee stock purchase plan. Our board of directors adopted our 2004 nonqualified inducement stock option plan to facilitate the granting of stock options

as an inducement to new employees. If our shareholders approve the 2006 equity incentive plan, no further options will be granted under our 1998 incentive and nonqualified stock option plan, including the UK approved part of that plan.

Equity Compensation Plan Information

Plan category	Number of shares to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a)) (#)
	(a)	(b)	(c)
Equity compensation plans approved by shareholders	1,796,250	\$ 29.81	487,051(1)
Equity compensation plans not approved by shareholders	331,264	\$ 33.90	157,206
Total	2,127,514	\$ 30.44	644,257(1)

(1)

Includes 211,777 shares of common stock reserved for future issuance under our 1998 employee stock purchase plan. In addition, our 1998 incentive and nonqualified stock option plan contains a provision that automatically increases the number of shares available for issuance under the plan on an annual basis by the lesser of 400,000 shares or 4% of the number of shares of common stock outstanding at the end of each fiscal year. In accordance with this provision, on November 27, 2005 the maximum number of shares issuable under our stock option plan was increased by 400,000.

Agreements with executive officers

In May 2000, we entered into a letter agreement with Dr. Cooper. The agreement provides that if we terminate Dr. Cooper's employment not-for-fault before age 65 or if his employment is terminated as a result of a change of control, including any resignation after a change of control, we will pay Dr. Cooper a lump sum equal to the greater of \$100,000 or our normal termination pay for someone of his seniority and tenure. In the event of such termination, we also agreed to accelerate the vesting of his options by one year and continue his employee benefits for one year. Dr. Cooper recently informed us he is retiring effective June 21, 2006. We are currently finalizing an agreement with Dr. Cooper regarding the terms of his retirement from our firm.

In June 2005, we entered into a letter agreement with Mr. Mackie. The agreement provides that we will pay him an annual salary of \$250,000. In addition, pursuant to the agreement, we have offered to pay Mr. Mackie a signing bonus of \$205,000 which is repayable to us if Mr. Mackie terminates his employment prior to completing three years of employment. To date, Mr. Mackie has declined to receive this bonus. If we terminate Mr. Mackie's employment during the first 18 months of his employment, other than for cause and other than in connection with a change of control, we will provide Mr. Mackie with a pro-rated portion of his target bonus for the year, one year's salary, and continuation of standard employee health insurance for one year post-termination. If Mr. Mackie's employment is terminated in connection with a change of control, we will provide Mr. Mackie with a pro-rated portion of his target bonus for the year, one year's salary, and full vesting of all stock options that have been awarded to him.

REPORT OF THE COMPENSATION COMMITTEE

The compensation committee established by our board of directors is currently composed of Mr. Concannon and Drs. Moriarty and Rose. Our board of directors adopted a charter for the compensation committee in January 2004, and a copy of the charter is available through the Investor Relations page of our website at www.crai.com. Under the charter, the compensation committee is responsible for recommending to the board the compensation philosophy and policies that we should follow, particularly with respect to the compensation of the members of our senior management. The committee is responsible for reviewing and approving, or recommending for approval by the board, the compensation of our executive officers, including our chief executive officer. In addition, the board has delegated to the committee the authority to administer, review and make recommendations with respect to our employee benefit plans, including our incentive compensation plans and our equity based plans.

The following report is made by Mr. Concannon and Drs. Moriarty and Rose, as the members of the compensation committee during fiscal 2005, and summarizes our executive officer compensation policies for fiscal 2005.

Compensation committee report on executive compensation

Compensation objectives. The objectives of our senior management compensation program are to align compensation with our business objectives, individual performance and the interests of our shareholders; motivate and reward high levels of performance; recognize and reward the achievement of firm-wide or departmental goals; and enable our firm to attract, retain and reward members of senior management who contribute to the long-term success of our firm.

To achieve those objectives, the compensation committee strives to make decisions concerning executive compensation that:

establish incentives that will link executive officer compensation to our firm's financial performance and that will motivate executives to attain our firm's annual financial targets; and

provide a total compensation package that is competitive among companies offering similar consulting services.

The Securities and Exchange Commission requires that this report comment upon the compensation committee's policy with respect to Section 162(m) of the Internal Revenue Code, which limits our firm's tax deduction for compensation in excess of \$1.0 million paid to our firm's chief executive officer and our firm's four other most highly compensated executive officers at the end of any fiscal year unless the compensation qualifies as "performance-based compensation." The compensation committee's policy with respect to Section 162(m) is to make a reasonable effort to cause compensation to be deductible by our firm while simultaneously providing executive officers of our firm with appropriate rewards for their performance.

Executive compensation programs. Our firm's compensation package consists of three principal components:

salary;

discretionary bonuses; and

equity based compensation.

Our firm's executive officers are also eligible to participate in other employee benefit plans, including health, life insurance and medical reimbursement plans and a 401(k) retirement plan, on substantially the same terms as other vice presidents who meet applicable eligibility criteria, subject to any legal

limitations on the amounts that may be contributed or the benefits that may be payable under these plans.

In setting salaries for our firm's executive officers for fiscal 2005, we considered the salaries we paid our executive officers in fiscal 2004. We considered information available to us regarding the salaries and overall compensation paid to persons having comparable responsibilities at other consulting firms with which our firm competes. We evaluated the experience, talents and capabilities of our executive officers relative to their peers at competing firms, and attempted to establish salaries that our executive officers would find attractive. In setting the salary for our new chief financial officer, Mr. Mackie, we attempted to set a salary we thought would attract him to work for our firm, and considered the market for such a role.

Our firm's executive officer compensation policy emphasizes bonuses and stock options which align the interests of management with the shareholders' interest in the financial performance of our firm for the fiscal year and the longer term. We determine each executive officer's annual bonus based on our overall assessment of his contribution to our growth and profitability for the past fiscal year. We offered Mr. Mackie a signing bonus in order to induce him to work for our firm. We did not grant Mr. Mackie a bonus for fiscal 2005 because his employment started part of the way through the fiscal year. In setting the bonus for our other executive officers for fiscal 2005, we give particular consideration to the officer's contribution to practice development, but we also consider business generation and the number of billable hours worked, client management, project management, contribution to corporate resource allocation, contribution to staff development, participation in senior recruiting and corporate administrative responsibilities. With respect to Dr. Cooper, we also placed particular emphasis on his contributions to our corporate development, including the pursuit, analysis and closing of our recent acquisitions, and his role in helping to integrate successfully these acquisitions. Our determinations were based in large measure on our own judgments; while some of the factors we consider are quantifiable, in our view many less quantifiable factors are equally important and deserve considerable weight.

During fiscal 2005, our approach to executive officer compensation included grants of stock options. See "Option grants in last fiscal year." We granted stock options to all of our executive officers, including our chief executive officer. For those executive officers who were executive officers of our firm during fiscal 2004, we determined the size of these stock option grants during the process of deciding upon final cash bonuses for fiscal 2004, and we considered many of the same factors that we used to determine the executive officers' bonuses for fiscal 2004. In addition, we granted stock options to Mr. Mackie in order to induce him to accept employment with our firm. The compensation committee continues to believe that stock options, as well as other forms of stock awards that will be available to us if the 2006 equity incentive plan is approved at the annual meeting, provide a significant incentive to executive officers to remain with our firm and create long-term value for our firm's shareholders. In determining the size of the stock option granted to these executive officers, we emphasized the seniority and responsibilities of the executives, the practice of certain peers with respect to option grants, the performance of the executives, and the number and exercise price of any stock options previously granted to them.

Chief executive officer compensation. Consistent with our compensation policies for our other executive officers, our approach to the chief executive officer's compensation package in fiscal 2005 was to be competitive with comparable companies offering consulting services and to tie a large percentage of the chief executive officer's eligible compensation to our firm's performance. We believe that this approach provides additional incentive to the chief executive officer to achieve our firm's performance goals and enhance shareholder value.

Salary for our firm's chief executive officer was designed to give him assurance of a base level of compensation commensurate with his position and duration of employment with our firm and to be

competitive with salaries for officers holding comparable positions with companies offering consulting services. In May 2003, we increased the base salary of our chief executive officer to \$450,000. We kept his base salary at \$450,000 for fiscal 2005.

This year we have awarded our chief executive officer a bonus of \$600,000. In establishing this bonus amount, we have again given primary consideration to our judgment regarding the chief executive officer's relative contribution to the increases in our revenues and net income in fiscal 2005, including, in particular, the improvements we have made in the management of the European business market. We also gave primary consideration to his support of the development of our practice groups, his strategic planning efforts, and his leadership role in our recent acquisitions, including the integration of these acquisitions.

The compensation committee

William F. Concannon, Chair
Rowland T. Moriarty
Nancy L. Rose

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Performance graph

The following graph compares the performance of our cumulative shareholder return with that of the Nasdaq Stock Market Index for U.S. Companies, a broad market index, and a peer group of companies selected on a line-of-business basis. The peer group consists of LECG Corporation, Navigant Consulting, Inc., FTI Consulting, Inc., and Huron Consulting Group, Inc. This differs from the peer group we used in the proxy statement for our 2005 annual meeting because of the addition of FTI Consulting, Inc. and Huron Consulting Group, Inc., and the removal of DiamondCluster International, Inc. and Exponent, Inc. We believe that these changes make the new peer group a more relevant comparison to our business model and industry than the former peer group. The cumulative shareholder returns for shares of our common stock and for the market index and the peer group indices are calculated assuming \$100 was invested on November 25, 2000. We paid no cash dividends during the period shown. The performance of the market index and the peer group indices is shown on a total return (dividends reinvested) basis. The inclusion of LECG Corporation in the peer group begins with the date of its initial public offering on November 14, 2003. The inclusion of Huron Consulting Group, Inc. in the peer group begins with the date of its initial public offering on October 18, 2004.

	Value of investment(\$)					
	11/25/00	11/24/01	11/30/02	11/29/03	11/27/04	11/26/05
CRA International, Inc.	100.00	184.38	147.58	308.24	406.40	430.78
Nasdaq Stock Market (U.S.)	100.00	74.72				