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 October 2, 2021

or

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

For the transition period from to

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, Boston, MA	**02116-5092**
(Address of principal executive offices)	(Zip Code)

(617) 425-3000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, no par value	CRAI	Nasdaq Global Select Market

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 x No o

Indicate by check mark whether the registrant has submitted electronically 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 such files). Yes x No o

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

Large accelerated filer	☐	Accelerated filer	x	Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

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

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 October 29, 2021
Common Stock, no par value per share	7,427,079 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)

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Revenues	$ 136,412	$ 121,762	$ 431,167	$ 370,951
Costs of services (exclusive of depreciation and amortization)	95,980	88,304	306,396	269,462
Selling, general and administrative expenses	24,490	22,194	71,740	67,742
Depreciation and amortization	3,141	3,244	9,657	9,293
Income from operations	12,801	8,020	43,374	24,454
Interest expense, net	(183)	(277)	(791)	(1,011)
Foreign currency gains (losses), net	235	(217)	(253)	1,103
Income before provision for income taxes	12,853	7,526	42,330	24,546
Provision for income taxes	1,908	2,123	9,318	6,744
Net income	$ 10,945	$ 5,403	$ 33,012	$ 17,802
Net income per share:				
Basic	$ 1.48	$ 0.69	$ 4.42	$ 2.28
Diluted	$ 1.44	$ 0.68	$ 4.31	$ 2.23
Weighted average number of shares outstanding:				
Basic	7,375	7,771	7,440	7,780
Diluted	7,560	7,934	7,643	7,964

See accompanying notes to the condensed consolidated financial statements.

CRA INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

(in thousands)

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Net income	$ 10,945	$ 5,403	$ 33,012	$ 17,802
Other comprehensive income (loss)				
Foreign currency translation adjustments, net of tax	(1,028)	1,589	(1,275)	(302)
Comprehensive income	$ 9,917	$ 6,992	$ 31,737	$ 17,500

See accompanying notes to the condensed consolidated financial statements.

CRA INTERNATIONAL, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

(in thousands, except share data)

	October 2, 2021	January 2, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 19,665	$ 45,677
Accounts receivable, net of allowances of $3,915 at October 2, 2021 and $3,595 at January 2, 2021	108,035	111,595
Unbilled services, net of allowances of $1,204 at October 2, 2021 and $1,000 at January 2, 2021	65,799	40,881
Prepaid expenses and other current assets	10,740	7,068
Forgivable loans	9,662	14,749
Total current assets	213,901	219,970
Property and equipment, net	55,577	62,878
Goodwill	88,966	89,187
Intangible assets, net	4,400	5,108
Right-of-use assets	113,759	122,144
Deferred income taxes	11,125	9,667
Forgivable loans, net of current portion	40,387	46,864
Other assets	1,792	2,692
Total assets	$ 529,907	$ 558,510
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 22,916	$ 19,430
Accrued expenses	128,701	136,376
Deferred revenue and other liabilities	5,826	9,866
Current portion of lease liabilities	14,188	13,557
Current portion of deferred compensation	4,439	20,902
Revolving line of credit	6,000	—
Total current liabilities	182,070	200,131
Non-current liabilities:		
Deferred compensation and other non-current liabilities	14,074	9,188
Non-current portion of lease liabilities	128,565	139,447
Deferred income taxes	913	725
Total non-current liabilities	143,552	149,360
Commitments and contingencies (Note 10)		
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; 7,396,296 and 7,693,497 shares issued and outstanding at October 2, 2021 and January 2, 2021, respectively	676	503
Retained earnings	213,367	216,999
Accumulated other comprehensive loss	(9,758)	(8,483)
Total shareholders' equity	204,285	209,019
Total liabilities and shareholders' equity	$ 529,907	$ 558,510

See accompanying notes to the condensed consolidated financial statements.

CRA INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(in thousands)

	Fiscal Year-to-Date Period Ended	
	October 2, 2021	**September 26, 2020**
OPERATING ACTIVITIES:		
Net income	$ 33,012	$ 17,802
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	9,657	9,293
Right-of-use asset amortization	9,711	8,900
Deferred income taxes	(1,357)	496
Share-based compensation expense	2,830	2,357
Accounts receivable allowances	327	(894)
Unrealized foreign currency remeasurement (gains) losses, net	(220)	129
Changes in operating assets and liabilities:		
Accounts receivable	2,889	1,952
Unbilled services, net	(25,213)	(14,994)
Prepaid expenses and other current assets, and other assets	(2,850)	(979)
Forgivable loans	9,304	(18,963)
Incentive cash awards	5,030	4,862
Accounts payable, accrued expenses, and other liabilities	(17,668)	(15,087)
Lease liabilities	(11,549)	(5,526)
Net cash provided by (used in) operating activities	13,903	(10,652)
INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,730)	(15,742)
Net cash used in investing activities	(1,730)	(15,742)
FINANCING ACTIVITIES:		
Issuance of common stock, principally stock option exercises	5,005	1,667
Borrowings under revolving line of credit	72,000	77,000
Repayments under revolving line of credit	(66,000)	(39,000)
Tax withholding payments reimbursed by shares	(588)	(390)
Cash paid for contingent consideration	(2,357)	—
Cash dividends paid	(5,903)	(5,412)
Repurchase of common stock	(39,977)	(8,807)
Net cash provided by (used in) financing activities	(37,820)	25,058
Effect of foreign exchange rates on cash and cash equivalents	(365)	(195)
Net decrease in cash and cash equivalents	(26,012)	(1,531)
Cash and cash equivalents at beginning of period	45,677	25,639
Cash and cash equivalents at end of period	$ 19,665	$ 24,108
Noncash investing and financing activities:		
Purchases of property and equipment not yet paid for	$ 7	$ 3,923
Asset retirement obligations	$ —	$ 155
Right-of-use assets obtained in exchange for lease obligations	$ 1,751	$ 2,601
Restricted common stock issued for contingent consideration	$ 2,250	$ —
Supplemental cash flow information:		
Cash paid for taxes	$ 12,484	$ 5,933
Cash paid for interest	$ 528	$ 932
Cash paid for amounts included in operating lease liabilities	$ 15,556	$ 13,736

See accompanying notes to the condensed consolidated financial statements.

CRA INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

FOR THE FISCAL YEAR-TO-DATE PERIOD ENDED OCTOBER 2, 2021 (unaudited)

(in thousands, except share data)

	Common Stock			Accumulated Other	
	Shares Issued	Amount	Retained Earnings	Comprehensive Loss	Total Shareholders' Equity
BALANCE AT JANUARY 2, 2021	7,693,497	$ 503	$ 216,999	$ (8,483)	$ 209,019
Net income	—	—	10,501	—	10,501
Foreign currency translation adjustment	—	—	—	(111)	(111)
Issuance of restricted common stock for contingent consideration	40,039	2,250	—	—	2,250
Exercise of stock options	41,008	1,113	—	—	1,113
Share-based compensation expense	—	842	—	—	842
Restricted shares vestings	29,494	—	—	—	—
Redemption of vested employee restricted shares for tax withholding	(9,895)	(588)	—	—	(588)
Shares repurchased	(166,552)	(4,120)	(5,522)	—	(9,642)
Accrued dividends on unvested shares	—	—	5	—	5
Cash dividends paid ($0.26 per share)	—	—	(2,061)	—	(2,061)
BALANCE AT APRIL 3, 2021	7,627,591	$ —	$ 219,922	$ (8,594)	$ 211,328
Net income	—	—	11,566	—	11,566
Foreign currency translation adjustment	—	—	—	(136)	(136)
Exercise of stock options	48,562	1,387	—	—	1,387
Share-based compensation expense	—	980	—	—	980
Restricted shares vestings	1,006	—	—	—	—
Shares repurchased	(337,837)	(382)	(24,953)	—	(25,335)
Accrued dividends on unvested shares	—	—	(50)	—	(50)
Cash dividends paid ($0.26 per share)	—	—	(1,909)	—	(1,909)
BALANCE AT JULY 3, 2021	7,339,322	$ 1,985	$ 204,576	$ (8,730)	$ 197,831
Net income	—	—	10,945	—	10,945
Foreign currency translation adjustment	—	—	—	(1,028)	(1,028)
Exercise of stock options	98,310	2,505	—	—	2,505
Share-based compensation expense	—	1,008	—	—	1,008
Restricted shares vestings	11,676	—	—	—	—
Shares repurchased	(53,012)	(4,822)	(178)	—	(5,000)
Accrued dividends on unvested shares	—	—	(43)	—	(43)
Cash dividends paid ($0.26 per share)	—	—	(1,933)	—	(1,933)
BALANCE AT OCTOBER 2, 2021	7,396,296	$ 676	$ 213,367	$ (9,758)	$ 204,285

See accompanying notes to the condensed consolidated financial statements.

CRA INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

FOR THE FISCAL YEAR-TO-DATE PERIOD ENDED SEPTEMBER 26, 2020 (unaudited)

(in thousands, except share data)

	Common Stock								
	Shares Issued		Amount		Retained Earnings		Accumulated Other Comprehensive Loss		Total Shareholders' Equity
BALANCE AT DECEMBER 28, 2019	7,814,797	$	9,265	$	200,249	$	(11,763)	$	197,751
Balance at December 29, 2019, as previously reported	7,814,797	$	9,265	$	200,249	$	(11,763)	$	197,751
Cumulative effect of a change in accounting principle related to ASC 326	—		—		(203)		—		(203)
Balance at December 29, 2019, as adjusted	7,814,797	$	9,265	$	200,046	$	(11,763)	$	197,548
Net income	—		—		6,468		—		6,468
Foreign currency translation adjustment	—		—		—		(2,427)		(2,427)
Exercise of stock options	8,200		151		—		—		151
Share-based compensation expense	—		655		—		—		655
Restricted shares vestings	23,884		—		—		—		—
Redemption of vested employee restricted shares for tax withholding	(7,843)		(390)		—		—		(390)
Shares repurchased	(82,613)		(3,810)		—		—		(3,810)
Accrued dividends on unvested shares	—		—		1		—		1
Cash dividends paid ($0.23 per share)	—		—		(1,836)		—		(1,836)
BALANCE AT MARCH 28, 2020	7,756,425	$	5,871	$	204,679	$	(14,190)	$	196,360
Net income	—		—		5,931		—		5,931
Foreign currency translation adjustment	—		—		—		536		536
Exercise of stock options	22,611		418		—		—		418
Share-based compensation expense	—		796		—		—		796
Restricted shares vestings	513		—		—		—		—
Accrued dividends on unvested shares	—		—		(38)		—		(38)
Cash dividends paid ($0.23 per share)	—		—		(1,788)		—		(1,788)
BALANCE AT JUNE 27, 2020	7,779,549	$	7,085	$	208,784	$	(13,654)	$	202,215
Net income	—		—		5,403		—		5,403
Foreign currency translation adjustment	—		—		—		1,589		1,589
Exercise of stock options	57,219		1,098		—		—		1,098
Share-based compensation expense	—		906		—		—		906
Restricted shares vestings	12,936		—		—		—		—
Shares repurchased	(110,154)		(4,997)		—		—		(4,997)
Accrued dividends on unvested shares	—		—		(31)		—		(31)
Cash dividends paid ($0.23 per share)	—		—		(1,788)		—		(1,788)
BALANCE AT SEPTEMBER 26, 2020	7,739,550	$	4,092	$	212,368	$	(12,065)	$	204,395

See accompanying notes to the condensed consolidated financial statements.

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Summary of Significant Accounting Policies

Description of Business

CRA International, Inc. (“CRA” or the “Company”) 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 services in two broad areas: litigation, regulatory, and financial consulting and management consulting. CRA operates in one business segment. CRA operates its business under its registered trade name, Charles River Associates.

Basis of Presentation

The unaudited condensed consolidated financial statements include the accounts of CRA International, Inc. and its wholly-owned subsidiaries (collectively the “Company”), which require consolidation after the elimination of intercompany accounts and transactions. These financial statements have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) for Quarterly Reports on Form 10-Q. Accordingly, these financial statements do not include all the information and note disclosures required by accounting principles generally accepted in the United States of America (“GAAP”) for annual financial statements. In the opinion of management, these financial statements reflect all adjustments of a normal, recurring nature necessary for the fair presentation of CRA’s results of operations, financial position, cash flows, and shareholders’ equity for the interim periods presented in conformity with GAAP. Results of operations for the interim periods presented herein are not necessarily indicative of results of operations for a full year. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the fiscal year ended January 2, 2021 included in CRA’s Annual Report on Form 10-K filed with the SEC on March 4, 2021 (the “2020 Form 10-K”). Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications had no effect on previously reported results of operations, financial position, or cash flows.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make significant estimates and judgments that affect the reported amounts of assets and liabilities, as well as the related disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of consolidated revenues and expenses during the reporting period. Estimates in these condensed consolidated financial statements include, but are not limited to, allowances for accounts receivable and unbilled services, revenue recognition on fixed-price contracts, variable consideration to be included in the transaction price of revenue contracts, depreciation of property and equipment, measurement of operating lease right-of-use (“ROU”) assets and liabilities, share-based compensation, valuation of contingent consideration liabilities, valuation of acquired intangible assets, impairment of long-lived assets, goodwill, accrued and deferred income taxes, valuation allowances on deferred tax assets, accrued incentive compensation, and certain other accrued expenses. These items are monitored and analyzed by CRA 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.

Common Stock and Equity

Equity transactions consist primarily of the repurchase by CRA of its common stock under its share repurchase program and the recognition of compensation expense and issuance of common stock under CRA’s 2006 Equity Incentive Plan. The Company repurchases its common stock under its share repurchase program in open market purchases (including through any Rule 10b5-1 plan adopted by CRA) or in privately negotiated transactions in accordance with applicable insider trading and other securities laws and regulations. During the second fiscal quarter, CRA repurchased shares of its common stock through a modified "Dutch auction" self-tender offer, as further described in Note 11.

CRA INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

The purchase price of common stock repurchases is first charged against available paid-in capital (“PIC”) until PIC is exhausted, after which repurchases will be charged to retained earnings. CRA’s common stock has no par value. All shares repurchased have been retired.

Recent Accounting Standards Adopted

Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes

CRA adopted Accounting Standards Update ("ASU") No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* (“ASU 2019-12”) on the first day of fiscal 2021. ASU 2019-12 simplifies or clarifies accounting for income taxes by changing prior guidance related to accounting for year-to-date losses in interim periods, accounting for tax law changes in interim periods, determining when a deferred tax liability is recognized for foreign subsidiaries that transition to or from being accounted for as equity method investments, application of income tax guidance to franchise taxes that are partially based on income, and making an intra-period allocation in situations where there is a loss in continuing operations and income or gain from other items. ASU 2019-12 also introduces new guidance to evaluate whether a step up in the tax basis of goodwill relates to a business combination or a separate transaction and provides a policy election to not allocate consolidated income taxes when a member of a consolidated tax return is not subject to income tax. The adoption of the new standard did not have a material impact on CRA's financial position, results of operations, cash flows, or disclosures on the date of transition.

2. Revenue Recognition

The contracts CRA enters into and operates under specify whether the projects are billed on a time-and-materials or a fixed-price basis. Time-and-materials contracts are typically used for litigation, regulatory, and financial consulting projects while fixed-price contracts are principally used for management consulting projects. In general, project costs are classified in costs of services and are based on the direct salary of CRA’s employee consultants on the engagement, plus all direct expenses incurred to complete the project, including any amounts billed to CRA by its non-employee experts.

Disaggregation of Revenue

The following tables disaggregate CRA’s revenue by type of contract and geographic location (in thousands):

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
Type of Contract	**October 2, 2021**	**September 26, 2020**	**October 2, 2021**	**September 26, 2020**
Consulting services revenues:				
Fixed-price	$ 31,741	$ 26,197	$ 101,419	$ 85,968
Time-and-materials	104,671	95,565	329,748	284,983
Total	$ 136,412	$ 121,762	$ 431,167	$ 370,951

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
Geographic Breakdown	**October 2, 2021**	**September 26, 2020**	**October 2, 2021**	**September 26, 2020**
Consulting services revenues:				
United States	$ 109,387	$ 96,117	$ 347,444	$ 296,273
United Kingdom	20,177	20,358	63,203	57,355
Other	6,848	5,287	20,520	17,323
Total	$ 136,412	$ 121,762	$ 431,167	$ 370,951

Reserves for Variable Consideration and Credit Risk

Revenues from CRA's consulting services are recorded at the net transaction price, which includes estimates of variable consideration for which reserves are established. Variable consideration reserves are based on specific price concessions and those expected to be extended to CRA customers estimated by CRA's historical realization rates. Reserves for variable consideration are recorded as a component of the allowances for accounts receivable and unbilled services on the condensed consolidated balance sheets. Adjustments to the reserves for variable consideration are included in revenues on the condensed consolidated statements of operations.

CRA also maintains allowances for accounts receivable and unbilled services for estimated losses resulting from clients' failure to make required payments. CRA adopted ASU No. 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASC 326") on the first day of fiscal 2020, which changed the method CRA utilizes to estimate reserves related to credit risk. As a result of the adoption, CRA recognized a $0.2 million cumulative-effect increase to allowances for accounts receivable and unbilled services and a reduction to the fiscal 2020 opening balance of retained earnings.

The following table presents CRA's bad debt expense, net of recoveries of previously written off allowances (in thousands):

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Bad debt expense (recovery), net	$ 55	$ 271	$ 44	$ 228

Reimbursable Expenses

Revenues also include reimbursements for costs incurred by CRA in fulfilling its performance obligations, including travel and other out-of-pocket expenses, fees for outside consultants, and other reimbursable expenses. CRA recovers substantially all of these costs. The following expenses are subject to reimbursement (in thousands):

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Reimbursable expenses	$ 15,727	$ 13,150	$ 49,382	$ 44,395

Contract Balances from Contracts with Customers

CRA defines contract assets as assets for which it has recorded revenue because it determines that it is probable that it will earn a performance-based or contingent fee but is not yet entitled to receive a fee because certain events, such as completion of the measurement period or client approval, must occur. The contract assets balance was immaterial as of October 2, 2021 and January 2, 2021.

When consideration is received, or such consideration is unconditionally due from a customer prior to transferring consulting services to the customer under the terms of a contract, a contract liability is recorded. Contract liabilities are recognized as revenue after performance obligations have been satisfied and all revenue recognition criteria have been met. The following table presents the closing balances of CRA's contract liabilities (in thousands):

	October 2, 2021	January 2, 2021
Contract liabilities	$ 2,189	$ 5,527

CRA recognized the following revenue that was included in the contract liabilities balance as of the opening of the respective period or for performance obligations satisfied in previous periods (in thousands):

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Amounts included in contract liabilities at the beginning of the period	$ 1,603	$ 1,766	$ 5,051	$ 3,262
Performance obligations satisfied in previous periods	$ 3,925	$ 3,987	$ 2,805	$ 4,363

3. Forgivable Loans

In order to attract and retain highly skilled professionals, CRA may issue forgivable loans to employees and non-employee experts, certain of which may be denominated in local currencies. A portion of these loans is collateralized. The principal amount of forgivable loans and accrued interest is forgiven by CRA over the term of the loans, so long as the employee or non-employee expert continues employment or affiliation with CRA and complies with certain contractual requirements. The expense associated with the forgiveness of the principal amount of the loans is recorded as compensation expense over the service period, which is consistent with the term of the loans.

The following table presents forgivable loan activity for the respective periods (in thousands):

	Fiscal Year-to-Date Period Ended	Fiscal Year Ended
	October 2, 2021	January 2, 2021
Beginning balance	$ 61,613	$ 55,141
Advances	9,635	42,418
Reclassifications from accrued expenses or to other assets (1)	(2,229)	(9,713)
Amortization	(18,909)	(26,628)
Effects of foreign currency translation	(61)	395
Ending balance	$ 50,049	$ 61,613
Current portion of forgivable loans	$ 9,662	$ 14,749
Non-current portion of forgivable loans	$ 40,387	$ 46,864

(1) Relates to the reclassification of performance awards previously recorded as accrued expenses or forgivable loans that have been reclassified to other receivables.

4. Goodwill and Intangible Assets

The changes in the carrying amount of goodwill for the fiscal year-to-date period ended October 2, 2021 are summarized as follows (in thousands):

Goodwill	$ 161,080
Accumulated goodwill impairment	(71,893)
Goodwill, net at January 2, 2021	89,187
Foreign currency translation adjustment	(221)
Goodwill, net at October 2, 2021 (1)	$ 88,966

(1) Goodwill, net at October 2, 2021, is comprised of goodwill of $160.9 million and accumulated impairment of $71.9 million.

Intangible assets that are separable from goodwill and have determinable useful lives are valued separately and amortized using the straight-line method over their expected useful lives. The components of acquired identifiable intangible assets are as follows (in thousands):

		October 2, 2021			January 2, 2021		
	Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Non-competition agreements	5	$ 280	$ (262)	$ 18	$ 280	$ (219)	$ 61
Customer relationships	8 to 10	8,220	(3,838)	4,382	12,120	(7,073)	5,047
Total		$ 8,500	$ (4,100)	$ 4,400	$ 12,400	$ (7,292)	$ 5,108

Amortization expense related to intangible assets was $0.2 million and $0.7 million for the fiscal quarter and fiscal year-to-date period ended October 2, 2021, respectively, and $0.3 million and $1.0 million for the fiscal quarter and fiscal year-to-date period ended September 26, 2020, respectively. There were no impairment losses related to intangible assets during the fiscal year-to-date period ended October 2, 2021 or during the fiscal year ended January 2, 2021.

5. Accrued Expenses

Accrued expenses consist of the following (in thousands):

	October 2, 2021	January 2, 2021
Compensation and related expenses	$ 119,394	$ 123,540
Income taxes payable	655	1,927
Performance awards	571	2,176
Other professional fees	1,677	1,541
Direct project accruals	3,012	3,988
Accrued leasehold improvements	39	52
Other	3,353	3,152
Total accrued expenses	$ 128,701	$ 136,376

As of October 2, 2021 and January 2, 2021, approximately $93.5 million and $102.6 million, respectively, of accrued bonuses were included above in “Compensation and related expenses.”

6. Income Taxes

For the fiscal quarters ended October 2, 2021 and September 26, 2020, CRA’s effective income tax rate (“ETR”) was 14.8% and 28.2%, respectively. The ETR for the third quarter of fiscal 2021 was lower than the third quarter of fiscal 2020 primarily due to an increase in the tax benefit related to the accounting for stock-based compensation.

For the fiscal year-to-date periods ended October 2, 2021 and September 26, 2020, CRA's ETR was 22.0% and 27.5%, respectively. The ETR for the current fiscal year-to-date period was lower than the prior year-to-date period primarily due to an increase in the tax benefit related to the accounting for stock-based compensation, partially offset by the enactment of the U.K. statutory tax rate increase during the second fiscal quarter whereby the U.K.'s long-term deferred tax liabilities were remeasured.

During the fourth quarter of fiscal 2020, CRA considered the operating needs of the United Kingdom ("U.K.") subsidiary, as well as the tax implications of no longer asserting indefinite reinvestment with respect to the U.K. operations. As a result of both a qualitative and quantitative analysis, previously taxed and untaxed post fiscal 2018 U.K. earnings were no longer considered permanently reinvested. Deferred taxes that are a consequence of foreign exchange translation resulting from earnings that are no longer considered permanently reinvested are recorded as a component of foreign currency translation adjustments on the condensed consolidated statements of comprehensive income. For the fiscal year-to-date period ended October 2, 2021, CRA’s U.K. subsidiary distributed approximately £12.0 million of both previously taxed and untaxed earnings to CRA’s U.S. parent entity, the foreign currency translation impact of which was immaterial. Deferred income taxes or foreign withholding taxes, estimated to be $0.3 million, have not been recorded for other jurisdictions as those earnings are considered to be permanently reinvested.

7. Net Income Per Share

CRA calculates basic earnings per share using the two-class method. CRA calculates diluted earnings per share using the more dilutive of either the two-class method or treasury stock method. The two-class method was more dilutive for the fiscal quarters and fiscal year-to-date periods ended October 2, 2021 and September 26, 2020.

Under the two-class method, net earnings are allocated to each class of common stock and participating security as if all the net earnings for the period had been distributed. CRA's participating securities consist of unvested share-based payment awards that contain a nonforfeitable right to receive dividends and therefore are considered to participate in undistributed earnings with common shareholders. Net earnings allocable to these participating securities were not material for the fiscal quarters and fiscal year-to-date periods ended October 2, 2021 and September 26, 2020.

The following table presents a reconciliation from net income to the net income available to common shareholders (in thousands):

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Net income, as reported	$ 10,945	$ 5,403	$ 33,012	$ 17,802
Less: net income attributable to participating shares	43	22	128	53
Net income available to common shareholders	$ 10,902	$ 5,381	$ 32,884	$ 17,749

The following table presents a reconciliation of basic to diluted weighted average shares of common stock outstanding (in thousands):

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Basic weighted average shares outstanding	7,375	7,771	7,440	7,780
Dilutive stock options and restricted stock units	185	163	203	184
Diluted weighted average shares outstanding	7,560	7,934	7,643	7,964

The following table presents 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. For the fiscal quarter and fiscal year-to-date period ended September 26, 2020, the share-based awards each period were anti-dilutive because their exercise price exceeded the average market price over the respective period. There were no anti-dilutive shares for the fiscal quarter and fiscal year-to-date period ended October 2, 2021.

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Anti-dilutive share-based awards excluded	—	76,399	—	62,808

8. Fair Value of Financial Instruments

As of October 2, 2021, CRA did not have any financial instruments measured at fair value on a recurring basis. The following table presents CRA's financial instruments recorded in the condensed consolidated financial statements at January 2, 2021, which are measured at fair value on a recurring basis by level within the fair value hierarchy (in thousands):

	January 2, 2021		
	Level 1	Level 2	Level 3
Assets:			
Money market mutual funds	$ 150	$ —	$ —
Total Assets	$ 150	$ —	$ —
Liabilities:			
Contingent consideration liability	$ —	$ —	$ 14,620
Total Liabilities	$ —	$ —	$ 14,620

As of January 2, 2021, the fair value of CRA's money market mutual fund share holdings was $1.00 per share.

The contingent consideration liability pertained to estimated future contingent consideration payments related to the acquisition of C1 Consulting, LLC, an independent consulting firm, and its wholly-owned subsidiary C1 Associates (collectively, "C1"). The following table summarizes the changes in the contingent consideration liabilities (in thousands):

	Fiscal Year-to-Date Period Ended	Fiscal Year Ended
	October 2, 2021	January 2, 2021
Beginning balance	$ 14,620	$ 11,579
Remeasurement of acquisition-related contingent consideration	—	1,156
Accretion	380	1,885
Payment of contingent consideration	(15,000)	—
Ending balance	$ —	$ 14,620

9. Credit Agreement

CRA is party to an amended and restated credit agreement that provides the Company with a $175.0 million revolving credit facility, which reflects an increase to the capacity by $50.0 million per an amendment to the credit agreement on January 12, 2021, and includes a $15.0 million sublimit for the issuance of letters of credit. CRA may use the proceeds of the revolving credit facility to provide working capital and for other general corporate purposes. CRA may repay any borrowings under the revolving credit facility at any time, but any borrowings must be repaid no later than October 24, 2022. There was $6.0 million in borrowings outstanding under this revolving credit facility as of October 2, 2021. There were no borrowings outstanding under this facility as of January 2, 2021.

As of October 2, 2021, the amount available under this revolving credit facility was reduced by certain letters of credit outstanding, which amounted to $4.2 million. Under the credit agreement, CRA must comply with various financial and non-financial covenants. Compliance with these financial covenants is tested on a fiscal quarterly basis. As of October 2, 2021, CRA was in compliance with the covenants of its credit agreement.

10. Commitments and Contingencies

As described in the previous note, CRA is party to standby letters of credit with its bank in support of minimum future lease payments under certain operating leases for office space.

CRA is subject to legal actions arising in the ordinary course of business. In management's opinion, based on current knowledge, CRA believes it has adequate legal defenses or insurance coverage, or both, with respect to the eventuality of such actions. CRA does not believe any settlement or judgment relating to any pending legal action would materially affect its financial position or results of operations. However, the outcome of such legal actions is inherently unpredictable and subject to inherent uncertainties.

11. Self-Tender Offer

On March 8, 2021, CRA commenced a modified "Dutch auction" self-tender offer to purchase up to $25.0 million in value of shares of its common stock at a price of not less than $66.25 per share nor greater than $76.00 per share. The self-tender offer expired on April 5, 2021. On April 8, 2021, CRA paid $25.3 million, including transaction costs, to repurchase 337,837 shares at a purchase price of $74.00 per share. The purchase price and transaction costs were funded from the revolving credit facility and cash on hand. The repurchased shares were retired.

12. Subsequent Events

On November 4, 2021, CRA announced that its Board of Directors declared a quarterly cash dividend of $0.31 per common share, payable on December 10, 2021 to shareholders of record as of November 30, 2021.

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 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 business conduct and ethics applicable to our principal executive officer, principal financial officer, and principal accounting officer.

Critical Accounting Policies and Estimates

Our critical accounting policies involving the more significant estimates and judgments used in the preparation of our financial statements as of October 2, 2021 remain unchanged from January 2, 2021. Please refer to Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K for the fiscal year ended January 2, 2021, filed with the Securities and Exchange Commission on March 4, 2021 (the "2020 Form 10-K") for details on these critical accounting policies.

Recent Accounting Standards

Please refer to the sections captioned “Recent Accounting Standards Adopted” included in Note 1, “Summary of Significant Accounting Policies” in Part I, Item I, “Financial Statements” of this report.

Results of Operations—For the Fiscal Quarter and Fiscal Year-to-Date Period Ended October 2, 2021, Compared to the Fiscal Quarter and Fiscal Year-to-Date Period Ended September 26, 2020

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

	Fiscal Quarter Ended		Fiscal Year-to-Date Period Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Revenues	100.0 %	100.0 %	100.0 %	100.0 %
Costs of services (exclusive of depreciation and amortization)	70.4	72.5	71.1	72.6
Selling, general and administrative expenses	18.0	18.2	16.6	18.3
Depreciation and amortization	2.3	2.7	2.2	2.5
Income from operations	9.4	6.6	10.1	6.6
Interest expense, net	(0.1)	(0.2)	(0.2)	(0.3)
Foreign currency gains (losses), net	0.2	(0.2)	(0.1)	0.3
Income before provision for income taxes	9.4	6.2	9.8	6.6
Provision for income taxes	1.4	1.7	2.2	1.8
Net income	8.0 %	4.4 %	7.7 %	4.8 %

Fiscal Quarter Ended October 2, 2021, Compared to the Fiscal Quarter Ended September 26, 2020

Revenues. Revenues increased by $14.6 million, or 12.0%, to $136.4 million for the third quarter of fiscal 2021 from $121.8 million for the third quarter of fiscal 2020. The increase in net revenue was a result of an increase in gross revenues of $13.7 million as compared to the third quarter of fiscal 2020, as well as a decrease in write-offs and reserves of $0.9 million compared to the third quarter of fiscal 2020. Utilization increased to 73% for the third quarter of fiscal 2021 from 69% for the third quarter of fiscal 2020, while consultant headcount grew 6.8% from 826 at the end of the third quarter of fiscal 2020 to 882 at the end of the third quarter of fiscal 2021.

Overall, revenues outside of the U.S. represented approximately 20% and 21% of net revenues for the third quarters of fiscal 2021 and fiscal 2020, respectively. Revenues derived from fixed-price projects increased to 23% of net revenues for the third quarter of fiscal 2021 compared with 22% of net revenue for the third quarter of fiscal 2020. The percentage of revenue derived from fixed-price projects depends largely on the proportion of our revenues derived from our management consulting business, which typically has a higher concentration of fixed-price service contracts.

Costs of Services (exclusive of depreciation and amortization). Costs of services (exclusive of depreciation and amortization) increased by $7.7 million, or 8.7%, to $96.0 million for the third quarter of fiscal 2021 from $88.3 million for the third quarter of fiscal 2020. The increase in costs of services was due primarily to an increase of $3.0 million in employee compensation and fringe benefit costs attributable to our increased consultant headcount, an increase in incentive and retention compensation costs of $2.3 million, and an increase in forgivable loan amortization of $0.7 million, partially offset by a decrease in the valuation expense of the contingent consideration of $0.9 million. Additionally, client reimbursable expenses increased by $2.6 million in the third quarter of fiscal 2021 compared to the third quarter of fiscal 2020. As a percentage of revenues, costs of services (exclusive of depreciation and amortization) decreased to 70.4% for the third quarter of fiscal 2021 from 72.5% for the third quarter of fiscal 2020.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by $2.3 million, or 10.3%, to $24.5 million for the third quarter of fiscal 2021 from $22.2 million for the third quarter of fiscal 2020. Within this category of expenses, there was a $0.8 million increase in commissions to our non-employee experts, a $0.4 million increase in employee and incentive compensation, a $0.7 million increase in travel and entertainment, and a $0.6 million increase in miscellaneous and other costs. Partially offsetting the increase in these expenses was a $0.2 million decrease in bad debt expense for the third quarter of fiscal 2021 as compared to the third quarter of fiscal 2020.

As a percentage of revenues, selling, general and administrative expenses decreased to 18.0% for the third quarter of fiscal 2021 from 18.2% for the third quarter of fiscal 2020. Commissions to our non-employee experts increased to 3.2% of revenues for the third quarter of fiscal 2021 compared to 3.0% of revenues for the third quarter of fiscal 2020.

Provision for Income Taxes. The income tax provision was $1.9 million and the effective tax rate ("ETR") was 14.8% for the third quarter of fiscal 2021 compared to $2.1 million and 28.2% for the third quarter of fiscal 2020. The ETR for the third quarter of fiscal 2021 was lower than the third quarter of fiscal 2020 primarily due to an increase in the tax benefit related to the accounting for stock-based compensation. The ETR for the third quarter of fiscal 2021 was lower than the combined federal and state statutory tax rate due to the tax benefit related to the accounting for stock-based compensation, partially offset by non-deductible items resulting primarily from limitations of compensation paid to executive officers. The ETR for the third quarter of fiscal 2020 was higher than the combined federal and state statutory tax rate due to non-deductible items resulting primarily from limitations of compensation paid to executive officers as well as the remeasurement of U.S. deferred tax assets and liabilities, partially offset by the tax benefit related to the accounting for stock-based compensation.

Net Income. Net income increased by $5.5 million to $10.9 million for the third quarter of fiscal 2021 from $5.4 million for the third quarter of fiscal 2020. The net income per diluted share was $1.44 per share for the third quarter of fiscal 2021, compared to $0.68 of net income per diluted share for the third quarter of fiscal 2020. Weighted average diluted shares outstanding decreased by approximately 374,000 shares to approximately 7,560,000 shares for the third quarter of fiscal 2021 from approximately 7,934,000 shares for the third quarter of fiscal 2020. The decrease in weighted average diluted shares outstanding was primarily due to the repurchase of shares of our common stock since September 26, 2020, offset in part by the vesting of shares of restricted stock and time-vesting restricted stock units, the issuance of common stock for contingent consideration, and the exercise of stock options since September 26, 2020.

Fiscal Year-to-Date Period Ended October 2, 2021, Compared to the Fiscal Year-to-Date Period Ended September 26, 2020

Revenues. Revenues increased by $60.2 million, or 16.2%, to $431.2 million for the fiscal year-to-date period ended October 2, 2021 from $371.0 million for the fiscal year-to-date period ended September 26, 2020. The increase in net revenue was a result of an increase in gross revenues of $61.3 million as compared to the fiscal year-to-date period ended September 26, 2020, partially offset by an increase in write-offs and reserves of $1.1 million as compared to the fiscal year-to-date period ended September 26, 2020. Utilization increased to 75% for the fiscal year-to-date period ended October 2, 2021 from 69% for the fiscal year-to-date period ended September 26, 2020, while consultant headcount grew 6.8% from 826 at the end of the third quarter of fiscal 2020 to 882 at the end of the third quarter of fiscal 2021.

Overall, revenues outside of the U.S. represented approximately 19% and 20% of net revenues for the fiscal year-to-date periods ended October 2, 2021 and September 26, 2020, respectively. Revenues derived from fixed-price projects increased to 24% of net revenues for the fiscal year-to-date period ended October 2, 2021 compared with 23% of net revenue for the year-to-date period ended September 26, 2020. The percentage of revenue derived from fixed-price projects depends largely on the proportion of our revenues derived from our management consulting business, which typically has a higher concentration of fixed-price service contracts.

Costs of Services (exclusive of depreciation and amortization). Costs of services (exclusive of depreciation and amortization) increased by $36.9 million, or 13.7%, to $306.4 million for the fiscal year-to-date period ended October 2, 2021 from $269.5 million for the fiscal year-to-date period ended September 26, 2020. The increase in costs of services was due primarily to an increase of $11.0 million in employee compensation and fringe benefit costs associated with our increased consulting headcount, an increase in incentive and retention compensation costs of $20.8 million, and an increase in forgivable loan amortization of $1.9 million, partially offset by a decrease in expense related to other compensation of $0.3 million and a decrease in the valuation expense of the contingent consideration of $1.5 million. Additionally, client reimbursable expenses increased by $5.0 million in the fiscal year-to-date period ended October 2, 2021 compared to the fiscal year-to-date period ended September 26, 2020. As a percentage of revenues, costs of services (exclusive of depreciation and amortization) decreased to 71.1% for the fiscal year-to-date period ended October 2, 2021 from 72.6% for the fiscal year-to-date period ended September 26, 2020.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by $4.0 million, or 5.9%, to $71.7 million for the fiscal year-to-date period ended October 2, 2021 from $67.7 million for the fiscal year-to-date period ended September 26, 2020. Within this category of expenses, there was a $3.5 million increase in commissions to our non-employee experts, a $1.8 million increase in employee and incentive compensation, and a $1.3 million increase in miscellaneous and other costs. Partially offsetting the increase in these expenses was a $0.5 million decrease in travel and entertainment, a $0.5 million decrease in legal and other professional services fees, a $1.4 million decrease in rent expense, and a $0.2 million decrease in bad debt expense for the fiscal year-to-date period ended October 2, 2021 as compared to the fiscal year-to-date period ended September 26, 2020.

As a percentage of revenues, selling, general and administrative expenses decreased to 16.6% for the fiscal year-to-date period ended October 2, 2021 from 18.3% for the fiscal year-to-date period ended September 26, 2020. Commissions to our non-employee experts increased to 3.0% of revenues for the fiscal year-to-date period ended October 2, 2021 compared to 2.5% of revenues for the fiscal year-to-date period ended September 26, 2020.

Provision for Income Taxes. For the fiscal year-to-date period ended October 2, 2021, our income tax provision was $9.3 million, and the ETR was 22.0%, compared to $6.7 million and 27.5% for the fiscal year-to-date period ended September 26, 2020. The ETR for the current fiscal year-to-date period was lower than the prior year-to-date period primarily due to an increase in the tax benefit related to the accounting for stock-based compensation, partially offset by the enactment of the U.K. statutory tax rate increase during the second fiscal quarter whereby the U.K.'s long-term deferred tax liabilities were remeasured. The ETR in the fiscal year-to-date period ended October 2, 2021 was lower than the combined federal and state statutory tax rate due to the tax benefit related to accounting for stock-based compensation, partially offset by non-deductible items resulting primarily from limitations on the deductibility of compensation paid to executive officers and the impact of the U.K. statutory tax rate change. The ETR for the fiscal year-to-date period ended September 26, 2020 was the same as the combined federal and state statutory tax rate but included increases in the rate for non-deductible compensation paid to executive officers and the remeasurement of U.S. deferred tax assets and liabilities, offset by decreases in the rate related to the accounting for stock-based compensation.

Net Income. Net income increased by $15.2 million to $33.0 million for the fiscal year-to-date period ended October 2, 2021 from $17.8 million for the fiscal year-to-date period ended September 26, 2020. The diluted net income per share was

$4.31 for the fiscal year-to-date period ended October 2, 2021, compared to diluted net income per share of $2.23 for the fiscal year-to-date period ended September 26, 2020. Weighted average diluted shares outstanding decreased by approximately 321,000 to approximately 7,643,000 shares for the fiscal year-to-date period ended October 2, 2021 from approximately 7,964,000 shares for the fiscal year-to-date period ended September 26, 2020. The decrease in weighted average diluted shares outstanding was primarily due to the repurchase of shares of our common stock since September 26, 2020, offset in part by the vesting of restricted stock and time-vesting restricted stock units, the issuance of common stock for contingent consideration, and the exercise of stock options since September 26, 2020.

Liquidity and Capital Resources

Fiscal Year-to-Date Period Ended October 2, 2021

We believe that our current cash, cash equivalents, cash generated from operations, and amounts available under our revolving credit facility will be sufficient to meet our anticipated working capital and capital expenditure requirements for at least the next 12 months.

General. During the fiscal year-to-date period ended October 2, 2021, cash and cash equivalents decreased by $26.0 million. We completed the period with cash and cash equivalents of $19.7 million. The principal drivers of the reduction of cash were payment of a significant portion of our fiscal 2020 performance bonuses in the first and second fiscal quarters of fiscal 2021, the payment of the contingent consideration liability, the repurchase of shares, and the payment of dividends, offset by net borrowings of $6.0 million.

During the fiscal year-to-date period ended October 2, 2021, working capital (defined as current assets less current liabilities) increased by $12.0 million to $31.8 million. The increase in working capital was principally due to an increase in accounts receivable and unbilled services of $21.4 million, a decrease in the current portion of deferred compensation of $16.5 million, and a decrease in accrued expenses of $7.7 million. Partially offsetting these increases to working capital was a decrease in cash and cash equivalents of $26.0 million, a decrease in the current portion of our forgivable loans of $5.1 million, and an increase in borrowings of $6.0 million.

At October 2, 2021, $1.8 million of our cash and cash equivalents was held within the U.S. We have sufficient sources of liquidity in the U.S., including cash flow from operations and availability on our revolving credit facility to fund U.S. operations for the next 12 months without the need to repatriate funds from our foreign subsidiaries.

Sources and Uses of Cash. During the fiscal year-to-date period ended October 2, 2021, net cash provided by operating activities was $13.9 million. Net income was $33.0 million for the fiscal year-to-date period ended October 2, 2021. Uses of cash for operating activities included a $11.5 million decrease in lease liabilities, a net increase of $22.0 million in accounts receivable and unbilled receivables due primarily to the increase in revenues and the timing of billings, and a $2.9 million increase in prepaid expenses and other current assets primarily related to the timing of renewing annual subscriptions. Other uses of cash included a decrease in accounts payable, accrued expenses, and other liabilities of $17.7 million, primarily due to the payment of a significant portion of our fiscal 2020 performance bonuses and performance awards and the payment of the contingent consideration liability, and a decrease in forgivable loans for the period of $9.3 million, which was primarily driven by $9.6 million of forgivable loan issuances offset by $18.9 million of forgivable loan amortization.

Cash provided by operations included incentive cash award expense of $5.0 million, non-cash depreciation and amortization expense of $9.7 million, right-of-use amortization of $9.7 million, share-based compensation expenses of $2.8 million, and other non-cash deductions of $1.5 million.

During the fiscal year-to-date period ended October 2, 2021, net cash used in investing activities was $1.7 million for capital expenditures primarily related to purchases of office equipment.

During the fiscal year-to-date period ended October 2, 2021, net cash used in financing activities was $37.8 million, primarily as a result of $40.0 million of repurchases of common stock, payment of $5.9 million of cash dividends and dividend equivalents, tax withholding payments reimbursed by restricted shares of $0.6 million, and a portion of the payment of the contingent consideration classified as a financing activity in the amount of $2.4 million. Offsetting these decreases in cash used in financing activities were borrowings, net of repayments, under the revolving credit facility of $6.0 million and $5.0 million received upon the issuance of shares of common stock related to the exercise of stock options.

Lease Commitments

We are a lessee under certain operating leases for office space and equipment. Certain of our operating leases have terms that impose asset retirement obligations due to office modifications or the periodic redecoration of the premises, which are included in facility-related liabilities on our consolidated balance sheets and are recorded at a value based on their estimated discounted cash flows. We expect to satisfy these lease and related obligations, as they become due, from cash generated from operations.

Indebtedness

We are party to an amended and restated credit agreement that provides us with a $175.0 million revolving credit facility, which reflects an increase to the capacity by $50.0 million per an amendment to the credit agreement on January 12, 2021, and includes a $15.0 million sublimit for the issuance of letters of credit. We may use the proceeds of the revolving credit facility to provide working capital and for other general corporate purposes. Generally, we may repay any borrowings under the revolving credit facility at any time, but we must repay all borrowings no later than October 24, 2022. There was $6.0 million in borrowings outstanding under the revolving credit facility as of October 2, 2021.

The amount available under the revolving credit facility is reduced by certain letters of credit outstanding, which amounted to $4.2 million as of October 2, 2021. Borrowings under the revolving credit facility bear interest at a rate per annum, at our election, of either (i) the Base Rate, as defined in the credit agreement, plus an applicable margin, which varies between 0.25% and 1.25% depending on our total leverage ratio as determined under the credit agreement, or (ii) the Adjusted Eurocurrency Rate, as defined in the credit agreement, plus an applicable margin, which varies between 1.25% and 2.25% depending on our total leverage ratio. We are required to pay a fee on the unused portion of the revolving credit facility at a rate per annum that varies between 0.20% and 0.35% depending on our total leverage ratio. Borrowings under the revolving 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 $32.3 million in net assets as of October 2, 2021.

Under the credit 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 revolving 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 an Adjusted Consolidated EBITDA, as defined in the credit agreement, to consolidated interest expense ratio of more than 2.5:1.0 and to comply with a consolidated debt to Adjusted Consolidated EBITDA ratio of not more than 3.0:1.0. 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. At October 2, 2021 and currently, we are in compliance with the covenants of our credit agreement.

Forgivable Loans

In order to attract and retain highly skilled professionals, we may issue forgivable loans or term loans to employees and non-employee experts. A portion of these loans is collateralized by key person life insurance. The forgivable loans have terms that are generally between two and seven years. The principal amount of forgivable loans and accrued interest is forgiven by us over the term of the loans, so long as the employee or non-employee expert continues employment or affiliation with us and complies with certain contractual requirements. The expense associated with the forgiveness of the principal amount of the loans is recorded as compensation expense over the service period, which is consistent with the term of the loans.

Compensation Arrangements

We have entered into compensation arrangements for the payment of performance awards to certain of our employees and non-employee experts that are payable if specific performance targets are met. The financial targets may include a measure of revenue generation, profitability, or both. The amounts of the awards to be paid under these compensation arrangements could fluctuate depending on future performance during the applicable measurement periods. Increases in estimated awards are expensed prospectively over the remaining service period. Decreases in estimated awards are recorded in the period incurred. We believe that we will have sufficient funds to satisfy any obligations related to the performance awards. We expect to fund any cash payments from existing cash resources, cash generated from operations, or borrowings on our revolving credit facility.

Our Amended and Restated 2006 Equity Incentive Plan, as amended (the "2006 Equity Plan"), authorizes the grant of a variety of incentive and performance equity awards to our directors, employees and non-employee experts, including stock options, shares of restricted stock, restricted stock units, and other equity awards.

In 2009, the compensation committee of our Board of Directors adopted our long-term incentive program, or "LTIP," as a framework for equity grants made under our 2006 equity incentive plan to our senior corporate leaders, practice leaders, and key revenue generators. The equity awards granted under the LTIP include stock options, time-vesting restricted stock units, and performance-vesting restricted stock units.

In December 2016, our compensation committee modified the long-term incentive program, or "LTIP," to allow grants of service- and performance-based cash awards in lieu of, or in addition to, equity awards to our senior corporate leaders, practice leaders, and key revenue generators. The compensation committee of our Board of Directors is responsible for approving all cash and equity awards under the LTIP. We expect to fund any cash payments from existing cash resources, cash generated from operations, or borrowings on our revolving credit facility.

Business and Talent Acquisitions

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 credit agreement, will depend on several factors, including our future profitability, the levels of our debt and equity, restrictions under our existing revolving credit facility, and the overall credit and equity market environments.

Share Repurchases

In February 2021, our Board of Directors authorized an expansion of our existing share repurchase program, authorizing the purchase of an additional $40.0 million of our common stock. We may repurchase shares under this program in open market purchases (including through any Rule 10b5-1 plan adopted by us) or in privately negotiated transactions in accordance with applicable insider trading and other securities laws and regulations. Refer to the section titled "Self-Tender Offer" below for discussion of shares repurchased during the second quarter of fiscal 2021 under our modified "Dutch auction" self-tender offer.

During the fiscal quarter and fiscal year-to-date period ended October 2, 2021, we repurchased and retired 53,012 shares and 219,564 shares, respectively, under our share repurchase program at an average price per share of $94.32 and $66.72, respectively. During the fiscal quarter and fiscal year-to-date period ended September 26, 2020, we repurchased and retired 110,154 shares and 192,767 shares, respectively, under our share repurchase program at an average price per share of $45.39 and $45.72, respectively. As of October 2, 2021, we had approximately $35.5 million available for future repurchases under our share repurchase program. We plan to finance future repurchases with available cash, cash from future operations, and funds from our revolving credit facility. We expect to continue to repurchase shares under our share repurchase program.

Self-Tender Offer

On March 8, 2021, we commenced a modified "Dutch auction" self-tender offer to purchase up to $25.0 million in value of shares of our common stock at a price of not less than $66.25 per share nor greater than $76.00 per share. The self-tender offer expired on April 5, 2021. On April 8, 2021, we paid $25.3 million, including transaction costs, to repurchase 337,837 shares at a purchase price of $74.00 per share. The purchase price and transaction costs were funded from the revolving credit facility and cash on hand. The repurchased shares were retired.

Dividends to Shareholders

We anticipate paying regular quarterly dividends each year. These dividends are anticipated to be funded through cash flow from operations, available cash on hand, and/or borrowings under our revolving credit facility. Although we anticipate paying regular quarterly dividends on our common stock for the foreseeable future, the declaration, timing and amounts of any such dividends remain subject to the discretion of our Board of Directors. During the fiscal quarter and fiscal year-to-date period ended October 2, 2021, we paid dividends and dividend equivalents of $1.9 million and $5.9 million, respectively. During the fiscal quarter and fiscal year-to-date period ended September 26, 2020, we paid dividends and dividend equivalents of $1.8 million and $5.4 million, respectively.

Impact of Inflation

To date, inflation has not had a material impact on our financial results. There can be no assurance, however, that inflation will not adversely affect our financial results in the future.

Future Capital and Liquidity Needs

We anticipate that our future capital and liquidity needs will principally consist of funds required for:

- operating and general corporate expenses relating to the operation of our business, including the compensation of our employees under various annual bonus or long-term incentive compensation programs;
- the hiring of individuals to replenish and expand our employee base;
- capital expenditures, primarily for information technology equipment, office furniture and leasehold improvements;
- debt service and repayments, including interest payments on borrowings under our revolving credit facility;
- share repurchases, under programs that we may have in effect from time to time;
- dividends to shareholders;
- potential acquisitions of businesses that would allow us to diversify or expand our service offerings;
- potential contingent obligations related to our acquisitions; and
- other known future contractual obligations.

The hiring of individuals to replenish and expand our employee base is an essential part of our business operations and has historically been funded principally from operations. Many of the other above activities are discretionary in nature. For example, capital expenditures can be deferred, acquisitions can be forgone, and share repurchase programs and regular dividends can be suspended. As such, our operating model provides flexibility with respect to the deployment of cash flow from operations. Given this flexibility, we believe that our cash flows from operations, supplemented by cash on hand and borrowings under our revolving credit facility (as necessary), will provide adequate cash to fund our long-term cash needs from normal operations for at least the next twelve months.

Our conclusion that we will be able to fund our cash requirements by using existing capital resources and cash generated from operations does not take into account the impact of any future acquisition transactions or any unexpected significant changes in the number of employees or other expenditures that are currently not contemplated. The anticipated cash needs of our business could change significantly if we pursue and complete additional business acquisitions, if our business plans change, if economic conditions change from those currently prevailing or from those now anticipated, or if other unexpected circumstances arise that have a material effect on the cash flow or profitability of our business. Any of these events or circumstances, including any new business opportunities, could involve significant additional funding needs in excess of the identified currently available sources and could require us to raise additional debt or equity funding to meet those needs on terms that may be less favorable compared to our current sources of capital. Our ability to raise additional capital over the next twelve months, if necessary, is subject to a variety of factors that we cannot predict with certainty, including:

- our future profitability;
- the quality of our accounts receivable;
- our relative levels of debt and equity;
- the volatility and overall condition of the capital markets; and
- the market prices of our securities.

Factors Affecting Future Performance

Important factors that could cause our actual results to differ materially from the forward-looking statements we make in this Quarterly Report on Form 10-Q, as well as a description of material risks we face, are set forth below under the heading “Risk Factors” and included in Part I, Item 1A, “Risk Factors” of our 2020 Form 10-K. 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

For information regarding our exposure to certain market risks see Part II, Item 7A, "Quantitative and Qualitative Disclosures about Market Risk,” of our 2020 Form 10-K.

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. This is done in order to ensure that information we are required to disclose in the reports that are filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Based upon that evaluation, our President and Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of October 2, 2021.

Management has concluded that the condensed consolidated financial statements included in this quarterly report on Form 10-Q present fairly, in all material aspects, our financial position at the end of, and the results of operations and cash flows for, the periods presented in conformity with accounting principles generally accepted in the United States.

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 evaluated whether there were any changes in our internal control over financial reporting during the third quarter of fiscal 2021. There were no changes in our internal control over financial reporting identified in connection with the above evaluation that occurred during the third quarter of fiscal 2021 that have materially affected or are reasonably likely to materially affect 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 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

There are many risks and uncertainties that can affect our future business, financial performance or results of operations. In addition to the other information set forth in this report, please review and consider the information regarding certain factors that could materially affect our business, financial condition or future results set forth under Part I, Item 1A, "Risk Factors" in our 2020 Form 10-K. There have been no material changes to these risk factors during the quarter ended October 2, 2021.

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

(a) Not applicable.

(b) Not applicable.

(c) The following provides information about our repurchases of shares of our common stock during the fiscal quarter ended October 2, 2021. 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 third quarter of fiscal 2021.

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		(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (1)
July 4, 2021 to July 31, 2021	—	$	—	—	$	40,484,285
August 1, 2021 to August 28, 2021	53,012	$	94.32	53,012	$	35,484,373
August 29, 2021 to October 2, 2021	—	$	—	—	$	35,484,373

(1) On February 4, 2021 our Board of Directors authorized an expansion to our existing share repurchase program of an additional $40.0 million of outstanding shares of our common stock. We may repurchase shares under this program in open market purchases (including through any Rule 10b5-1 plan adopted by us) or in privately negotiated transactions in accordance with applicable insider trading and other securities laws and regulations. Approximately $35.5 million was available for future repurchases under this program as of October 2, 2021. We expect to continue to repurchase shares under this program.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

None.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

Item No.	Filed with this Form 10-Q	Description
3.1		Amended and Restated Articles of Organization, as amended by the Articles of Amendment to our Articles of Organization filed on May 6, 2005 (incorporated by reference to Exhibit 3.1 to our annual report on Form 10-K filed on February 27, 2020).
3.2		Amended and Restated By-Laws, as amended (incorporated by reference to Exhibit 3.2 to our current report on Form 8-K filed on January 31, 2011).
10.1	X	Third Amendment to Lease dated August 11, 2021 by and between CRA International, Inc., 601W South Wacker LLC and 601 Sunset Wacker LLC.
31.1	X	Certification of Principal Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	X	Certification of Principal Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	X	Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	X	Certification of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	X	The following financial statements from CRA International, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended October 2, 2021, formatted in Inline XBRL (eXtensible Business Reporting Language), as follows: (i) Condensed Consolidated Statements of Operations (unaudited) for the fiscal quarters and fiscal year-to-date periods ended October 2, 2021 and September 26, 2020, (ii) Condensed Consolidated Statements of Comprehensive Income (unaudited) for the fiscal quarters and fiscal year-to-date periods ended October 2, 2021 and September 26, 2020, (iii) Condensed Consolidated Balance Sheets (unaudited) at October 2, 2021 and January 2, 2021, (iv) Condensed Consolidated Statements of Cash Flows (unaudited) for the fiscal year-to-date periods ended October 2, 2021 and September 26, 2020, (v) Condensed Consolidated Statement of Shareholders' Equity (unaudited) for the fiscal year-to-date periods ended October 2, 2021 and September 26, 2020, and (vi) Notes to Condensed Consolidated Financial Statements (Unaudited).
104		Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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: November 4, 2021	By:	/s/ PAUL A. MALEH
		Paul A. Maleh
		President and Chief Executive Officer
Date: November 4, 2021	By:	/s/ DANIEL K. MAHONEY
		Daniel K. Mahoney
		Chief Financial Officer, Executive Vice President and Treasurer

THIRD AMENDMENT TO LEASE

THIS THIRD AMENDMENT TO LEASE (this "**Amendment**") is made and entered into as of this 11th day of August, 2021 (the "**Effective Date**"), by and between **601W SOUTH WACKER LLC,** a Delaware limited liability company, and **601 SUNSET WACKER LLC**, a Delaware limited liability company, as tenants-in-common (collectively, "**Landlord**"), and **CRA INTERNATIONAL, INC.**, a Massachusetts corporation ("**Tenant**").

W I T N E S S E T H:

WHEREAS, Landlord (as successor-in-interest to John Hancock Life Insurance Company (U.S.A.), a Michigan corporation, successor-in-interest, Teachers Insurance and Annuity Association of America) and Tenant entered into that certain Lease dated February 14, 2008 (the "**Original Lease**"), as amended by that certain First Amendment to Lease dated as of May 8, 2017 ("**First Amendment**"), as amended by that certain Second Amendment to Lease dated as of October 9, 2017 ("**Second Amendment**"; the Original Lease as amended by the First Amendment and Second Amendment is hereinafter referred to as the "**Current Lease**") under which Tenant currently occupies 41,642 rentable square feet in the aggregate, comprised of (i) 15,446 rentable square feet on the thirty-third (33rd) floor (pursuant to the mandatory expansion provided in Section 30 of the Original Lease), and (ii) 26,196 rentable square feet on the thirty-fourth (34th) floor (collectively, the "**Existing Premises**") in the building located at 1 S. Wacker Drive, Chicago, Illinois (the "**Building**"); and

WHEREAS, Landlord and Tenant desire to amend the Current Lease according to the terms hereof to (i) add the Expansion Premises (as defined below) to the Existing Premises, and (ii) provide for certain other matters, all on the terms a conditions hereof.

NOW THEREFORE, for and in consideration of the foregoing recitals, the covenants and agreements hereinafter set forth, and also in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby mutually agree as follows:

1) **Controlling Language; Definitions.** Insofar as the specific terms and provisions of this Amendment purport to amend or modify or are in conflict with the specific terms, provisions, and exhibits of the Current Lease, the terms and provisions of this Amendment shall govern and control; in all other respects, the terms, provisions, and exhibits of the Current Lease shall remain unmodified in full force and effect. Capitalized terms used herein without definition shall have the meaning ascribed to such terms in the Current Lease. The Current Lease, as amended by this Amendment, shall be referred to herein as the "**Lease**".

2) **Expansion Premises**. In addition to the Existing Premises, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the space on the 33rd floor of the Building commonly known as Suite 3350 as shown on Exhibit A-1 attached hereto, containing an agreed upon 11,032 rentable square feet (the "**Expansion Premises**"), for a term commencing on the Expansion Premises Commencement Date (as hereinafter defined) and ending on the Expiration Date (i.e., July 31, 2028, in accordance with Section 2 of the Second Amendment). Landlord and Tenant agree the rentable square footage of the Expansion Premises is as set

forth above. All the terms and conditions of the Lease as amended by this Amendment shall apply to the Expansion Premises. As used herein the "**Expansion Premises Commencement Date**" (or "**EPCD**") is the date upon which Landlord tenders vacant possession of the Expansion Premises to Tenant in its then "AS-IS" condition, except for latent defects in the base Building structural components or base Building systems. The foregoing is not intended to, and shall not be deemed or construed to, release Landlord from any of its obligations under the Current Lease . Landlord shall deliver possession of the Expansion Premises to Tenant on the Effective Date hereof free of all existing tenancies or rights of other tenant or occupants.

3) **<u>Tenant Work and Construction Allowances</u>**. As used herein, "**Allowances**" shall mean an allowance ("**Construction Allowance**") equal to $992,880.00 to be applied to the Total Construction Costs (as defined in the Work Letter attached hereto as <u>Exhibit B</u> ("**Work Letter**"), for the Initial Work (as defined in the Work Letter) in the Existing Premises and the Expansion Premises and an allowance ("**Design Allowance**") equal to $1,654.80 to be applied by Tenant for design costs and expenses ("**Design Costs**") incurred in connection with the Initial Work. In the event the Total Construction Costs exceed the Construction Allowance, Tenant may elect to apply a portion of the Construction Allowance up to $165,480.00 toward the cost ("**FF&E Costs**") of furniture, fixtures and equipment ("**FF&E**") installed in the Existing Premises and the Expansion Premises.

4) **<u>Beneficial Occupancy</u>**. Tenant's possession of the Expansion Premises after the EPCD and prior to the Expansion Premises Rent Commencement Date (as hereinafter defined) shall be subject to all of the terms and conditions set forth in this Lease (including Tenant's insurance and indemnification obligations); provided, however, that during such period prior to the Expansion Premises Rent Commencement Date, Tenant shall not be required to pay Base Rent or Additional Rent, but Tenant shall pay for Additional Services and electricity consumed in the Expansion Premises in the manner provided in Section 4 C of the Original Lease.

5) **<u>Base Rent for Expansion Premises</u>**. Commencing on April 1, 2022 (the "**Expansion Premises Rent Commencement Date**"), Tenant shall pay Base Rent for the Expansion Premises pursuant to the Lease in the following amounts:

Period	Annualized Base Rent per Square Foot	Annual Base Rent	Monthly Installment
April 1, 2022 - July 31, 2022	$26.50	$292,348.00	$24,362.33
August 1, 2022 - July 31, 2023	$27.16	$299,656.70	$24,971.39
August 1, 2023 - July 31, 2024	$27.84	$307,148.12	$25,595.68
August 1, 2024 - July 31, 2025	$28.54	$314,826.82	$26,235.57
August 1, 2025 - July 31, 2026	$29.25	$322,697.49	$26,891.46
August 1, 2026 - July 31, 2027	$29.98	$330,764.93	$27,563.74
August 1, 2027 - July 31, 2028	$30.73	$339,034.05	$28,252.84

6) **Rent Abatement**. Notwithstanding anything herein to the contrary, provided no monetary default by Tenant then exists (provided, however, the abatement shall recommence upon cure of the monetary default by Tenant for the full seven (7) month period), Base Rent and Additional Rent shall be abated as follows: one hundred percent (100%) of the Base Rent and Additional Rent for the Expansion Premises shall be abated for the first (1^{st}) seven (7) full calendar months following the Expansion Premises Rent Commencement Date.

7) **Rentable Square Footage of the Premises.** Effective as of the Expansion Space Rent Commencement Date, the Rentable Area of the Premises shall be deemed to be 52,674 rentable square feet (41,642 RSF for the Existing Premises plus 11,032 RSF for the Expansion Space), which the Expansion Premises Landlord represents have been measured in accordance with BOMA 2017 standard for office buildings Method A (ANSI/BOMA Z65.1-2017).

8) **Additional Rent and Tenant's Prorata Share of Building.** Commencing on the Expansion Space Rent Commencement Date, Tenant shall pay Additional Rent for the Expansion Premises in the manner set forth in the Lease as amended by this Amendment except that Tenant's Prorata Share of Building with respect to the Expansion Premises shall be 0.922% (11,032/1,196,242).

9) **Extension Option.** The Extension Term set forth in Section 31 of the Lease shall be amended to apply to the Premises inclusive of the Expansion Premises.

10) **Termination Option**. The Termination Option contained in Paragraph 6 of the First Amendment is hereby deleted in its entirety and Tenant shall have no further right to terminate the Lease pursuant to the same.

11) **Right of First Offer**. Landlord acknowledges that Tenant retains the Right of First Offer to Lease under Section 5 of the First Amendment.

12) **Lobby Signage**. Provided that Tenant is satisfying the Occupancy Requirement as of the EPCD, prior to the EPCD Landlord shall install, at Tenant's sole cost and expense, signage depicted on Exhibit C attached hereto and made a part hereof in the high rise elevator bank of the Building ("**Lobby Signage**"). Tenant's right to the Lobby Signage shall terminate if and when Tenant first fails to satisfy the Occupancy Requirement. Any changes to the Lobby Signage shall be at Tenant's sole cost and expense and such signage shall in any case be of a type, kind, character, location and description consistent with existing main lobby signage of similar sized tenants and which have been approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. As used herein, "**Occupancy Requirement**" means Tenant must lease at least two full floors in the Building and provided that Tenant is not in monetary default under any terms or provisions of the Lease related to payment of Rent beyond any applicable cure periods and Tenant has not assigned the Lease or subleased more than seventy five percent (75%) of the Premises, in either case other than to a Permitted Transferee.

13) **Window Replacement.** At no cost to Tenant (including, without limitation, as a pass through of Operating Expenses), Landlord shall replace the windows in the Premises prior to December 31, 2021 as part of Landlord's window replacement program at the Building

("**Window Replacement Work**"). Tenant agrees that the Window Replacement Work may occur during normal business hours and that Landlord shall coordinate said Window Replacement Work with Tenant to minimize interruption of Tenant's business.

14) **SNDA**. Within fourteen (14) days of the Effective Date hereof, at Tenant's sole cost and expense, Landlord shall cause Landlord's lender to deliver an executed copy of a Subordination, Non-Disturbance and Attornment Agreement ("**SNDA**") in the form attached hereto as Exhibit D.

15) **Security Deposit**. Landlord is currently holding a Letter of Credit in the amount of $300,000.00 as security for Tenant's obligations under the Lease. The second paragraph of Section 10 of the First Amendment is hereby deleted in its entirety and replaced with the following language:

> "So long as no Event of Default is then continuing, and upon Tenant providing a written requires to Landlord, on August 31, 2024, the Security Deposit shall be reduced to One Hundred Fifty Thousand and 00/100 Dollars ($150,000.00)."

16) **Real Estate Broker.** Tenant and Landlord represent to each other that they have not dealt with any real estate broker with respect to this Amendment. other than Telos Group, LLC ("**Landlord's Broker**") and CBRE, Inc. ("**Tenant's Broker**"), and no other broker is in any way entitled to any broker's fee or other payment in connection with this Amendment based upon its acts. Tenant and Landlord shall each indemnify and defend the other party against any claims by any broker or third party for any payment of any kind in connection with this Amendment arising from a breach by Tenant or Landlord, respectively, of the foregoing representations. Landlord shall pay Landlord's Broker and Tenant's Broker commissions pursuant to the terms of a separate written agreements.

17) **Counterparts.** This Amendment may be executed in counterparts, each of which shall constitute an original, and all of which, when taken together, shall constitute one and the same instrument.

18) **Time is of the Essence.** Time is of the essence for this Amendment and each provision hereof and thereof.

19) **Submission of Amendment.** Submission of this instrument for examination shall not bind Landlord or Tenant, and no duty or obligation on Landlord or Tenant shall arise under this instrument until this instrument is signed and delivered by each of Landlord and Tenant.

20) **Entire Agreement.** This Amendment and the Current Lease contain the entire agreement between Landlord and Tenant with respect to Tenant's leasing of the Premises. Except for the Current Lease and this Amendment, no prior agreements or understandings with respect to the Premises shall be valid or of any force or effect.

21) **Severability.** If any provision of this Amendment or the application thereof to any person or circumstance is or shall be deemed illegal, invalid, or unenforceable, the remaining

provisions hereof shall remain in full force and effect and this Amendment shall be interpreted as if such illegal, invalid, or unenforceable provision did not exist herein.

22) **Lease In Full Force and Effect.** Except as modified by this Amendment, all of the terms, conditions, agreements, covenants, representations, warranties, and indemnities contained in the Current Lease remain in full force and effect.

23) **Successors and Assigns.** This Amendment is binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

24) **Integration of this Amendment and the Lease.** This Amendment and the Current Lease shall be deemed to be, for all purposes, one instrument. In the event of any conflict between the terms and provisions of this Amendment and the terms and provisions of the Current Lease, the terms and provisions of this Amendment shall, in all instances, control and prevail.

[Signatures On The Following Page]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Effective Date first above written.

LANDLORD:

601W SOUTH WACKER LLC,
a Delaware limited liability company

By: /s/ Mark Karasick
Name: Mark Karasick
Title: Managing Director

601 SUNSET WACKER LLC,
a Delaware limited liability company

By: /s/ Mark Karasick
Name: Mark Karasick
Title: Managing Director

TENANT:

CRA INTERNATIONAL, INC.,
an Massachusetts corporation

By: /s/ Chad M. Holmes
Name: CHAD M HOLMES
Title: EVP

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EXHIBIT "A-1"

Expansion Premises

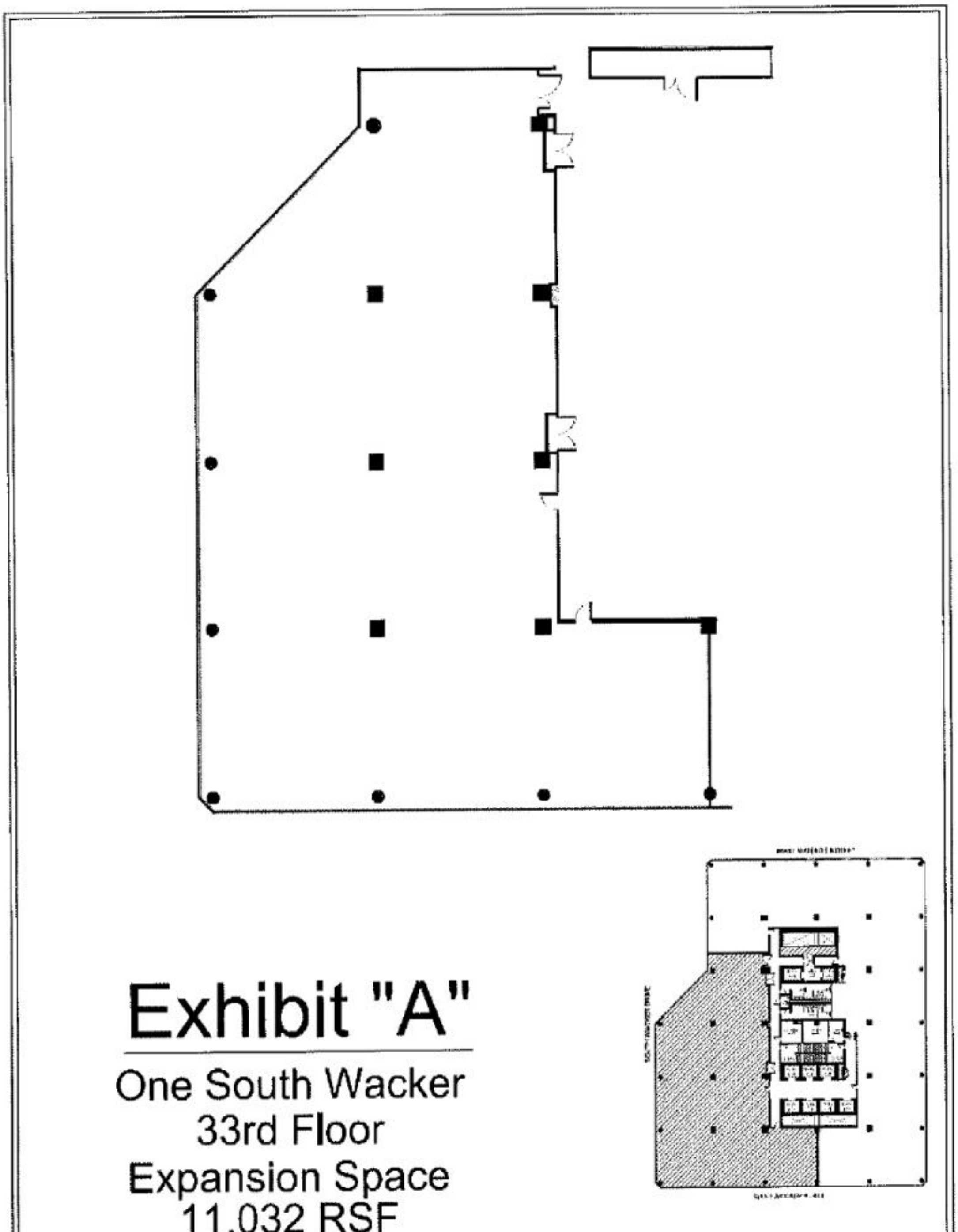

EXHIBIT "B"

Work Letter

1. **Purpose**. The purpose of this Work Letter is to set forth the terms and conditions for (i) the performance of any alterations, additions or modifications to the Existing Premises and Expansion Premises to be made by Tenant ("**Tenant Work**"), and (ii) payment of the Allowances.

2. **Working Drawings.**

(a) Preparation and Delivery. Tenant shall provide to Landlord for its approval, the final architectural and MEP working drawings for all Tenant Work; such working drawings to include the partition layout, ceiling plan, electrical outlets and switches, telephone outlets, drawings for any modifications to the mechanical and plumbing systems of the Building, and detailed plans and specifications for the construction of the improvements called for under this Exhibit in accordance with all applicable Requirements. The architect (the "**Architect**") and engineer engaged by Tenant for the Tenant Work shall be acceptable to Landlord in Landlord's reasonable discretion. In addition, Tenant shall provide Tenant's proposed life safety plan for the Premises, which shall be subject to the review and approval of Landlord and the Building's life safety vendor. Tenant's life safety plan must be consistent and compatible with the Building Systems.

(b) Approval Process. Landlord shall notify Tenant whether it approves of the submitted working drawings for each Tenant Work within five (5) business days after Tenant's submission thereof. If Landlord disapproves of such working drawings, then Landlord shall notify Tenant thereof specifying in reasonable detail the reasons for such disapproval, in which case Tenant shall, within three (3) business days after such Notice, revise such working drawings in accordance with Landlord's objections and submit the revised working drawings to Landlord for its review and approval. Landlord shall notify Tenant in writing whether it approves of the resubmitted working drawings within three (3) business days after its receipt thereof. This process shall be repeated until the working drawings have been finally approved by Tenant and Landlord.

(c) Approval Requirements. If any Tenant Work will affect the Building's structure or the Building Systems, then the working drawings pertaining thereto must be approved by the Building's engineer of record. Landlord's approval of such working drawings shall not be unreasonably withheld, provided that (a) they comply with all applicable Law, (b) the improvements depicted thereon do not adversely affect (in the reasonable discretion of Landlord) the Building's structure or the Building Systems, the exterior appearance of the Building, or the appearance of the Common Area, (c) such working drawings are sufficiently detailed to allow construction of the Tenant Work in a good and workmanlike manner, and (d) Tenant Work conforms to the rules and regulations promulgated from time to time by Landlord for the construction of tenant improvements. As used herein, "**Working Drawings**" shall mean the final working drawings for the Tenant Work approved by Landlord, as amended from time to time by any approved changes thereto, Tenant Work shall include any work shown on the Working Drawings together with any work required by Governmental Authorities to be made to other areas of the Building as a result of the improvements indicated by the Working Drawings. Landlord's approval of the Working Drawings shall not be a representation or warranty of Landlord that such drawings are adequate for any use or comply with any Law, but shall merely be the consent of Landlord thereto. Either party may request that the other party sign the Working Drawings to evidence its respective review and approval thereof. After the Working Drawings have been approved by Landlord and Tenant has obtained all necessary permits, Tenant shall cause the Tenant Work to be performed in accordance with the Working Drawings and applicable Requirements. Tenant may not commence construction of the Tenant Work until all such approvals and applicable and necessary permits have been obtained.

3. **Contractors; Performance of Work**. The Tenant Work shall be performed only by licensed Tenant Contractors approved in writing by Landlord, which approval shall not be unreasonably withheld. All Tenant contractors shall be required to procure and maintain insurance against such risks, in such amounts, and with such companies as Landlord may reasonably require. Certificates of such insurance, with paid receipts therefor and other documentation reasonably requested by Landlord, must be received by Landlord before the Tenant Work is commenced. All contracts between Tenant and a Tenant Contractor must explicitly require the contractor to (a) name Landlord and Landlord's agents as additional insureds and (b) indemnify and hold harmless Landlord and Landlord's agents. The Tenant Work shall be performed in a good and workmen like manner free of defects, shall conform strictly with the Working Drawings, and shall be performed in such a manner and at such times that do not to interfere with or delay Landlord's other contractors, the operation of the Building, and the occupancy thereof by other tenants. All Tenant Contractors shall contact Landlord and schedule time periods during which they may use Building facilities in connection with the Work (e.g., elevators, excess electricity, etc.). Tenant or Tenant's Contractors shall not be charged for use of the freight elevator and the building loading dock during normal Business Hours. All Tenant Contractors shall be required to follow Landlord's Contractor Regulations for construction in the Building and Landlord may require that, prior to performing any work in the Building, each Tenant Contractor execute a copy of Landlord's rules to evidence such contractor's agreement to so comply. All work on the Building's fire/life safety system and the Building risers must be performed by Landlord's designated contractor. Tenant and the Tenant Contractors must adhere to the Building's LEED requirements for debris removal, recycling and waste disposal, as well as the LEED stipulations in the Building's Rules.

4. **Construction Contracts.**

(a) Tenant's General Contractor. Tenant shall enter into a construction contract with a general contractor selected by Tenant (and reasonably approved by Landlord), which shall comply with the provisions of this Section 4 and provide for, among other things, (i) a one-year warranty for all defective Tenant Work; (ii) a requirement that Tenant's Contractor maintain insurance in accordance with Landlord's insurance requirements; (iii) a requirement that the contractor perform the Tenant Work in substantial accordance with the Working Drawings and in a good and workmanlike manner; (iv) a requirement that the contractor is responsible for daily cleanup work and final clean up (including removal of debris); and (v) those items described in Section 4(b) (collectively, the "**Approval Criteria**"). Landlord pre-approves Pepper Construction.

(b) <u>All Construction Contracts</u>. Unless otherwise agreed in writing by Landlord and Tenant, each of Tenant's other construction contracts shall: (i) provide a schedule and sequence of construction activities and completion reasonably acceptable to Landlord, (ii) require the Tenant Contractor to name Landlord, Landlord's property management company, and Tenant as additional insured on such contractor's insurance maintained in connection with the construction of the Tenant Work, (iii) be assignable following an Event of Default by Tenant under the Lease to Landlord and Landlord's Mortgage Holder, and (iv) contain at least a one-year warranty for all workmanship and materials.

5. **<u>Change Orders</u>**. Tenant may initiate changes in the Tenant Work shown on the Working Drawings. Minor changes to the Working Drawings will not require Landlord's supplemental approval as long as such changes do not adversely affect (i) the Base Building, (ii) the exterior appearance of the Building, or (iii) the appearance of the Common Area. Tenant shall, upon completion of the Tenant Work, furnish Landlord with an accurate architectural "as-built" plan of the Tenant Work as constructed (in CAD format), which plan shall be incorporated into this Exhibit C by this reference for all purposes. If Tenant requests any changes to the Tenant Work described in the Working Drawings, then such increased costs and any additional design costs incurred in connection therewith as the result of any such change shall be added to the Total Construction Costs.

6. **<u>Walk-Through; Punchlist</u>**. When Tenant considers the Tenant's Work to be Substantially Completed, Tenant shall notify Landlord in writing and within three (3) business days thereafter, Landlord's Representative and Tenant's Representative (each as identified in Section 9 below) shall conduct a walk-through of the Premises and identify Punch List Items for the Tenant Work. Neither Landlord's Representative nor Tenant's Representative shall unreasonably withhold his or her agreement on such Punch List items. Tenant shall use reasonable efforts to cause its contractors to complete all Punch List items for their respective work obligations within thirty (30) days after agreement thereon.

7. **<u>Excess Costs</u>**. The entire cost of performing the Tenant Work (including design of the Tenant Work, preparation of the Working Drawings, construction, architectural, engineering, project management and professional fees, costs to acquire and install voice and data cabling, supplemental data center air conditioning units, generator and UPS equipment, costs of construction labor and materials, additional janitorial services, general tenant signage, related taxes and insurance costs) and costs to acquire other furniture, fixtures and equipment for the Premises, all of which costs are herein collectively called the "**Total Construction Costs**") in excess of the applicable Allowance shall be paid by Tenant. Upon approval of the Working Drawings and selection of a general contractor, Tenant shall promptly execute a work order agreement which identifies such Working Drawings and itemizes the Total Construction Costs for such Tenant Work.

8. **<u>Construction Allowance</u>**. Landlord shall provide to Tenant an amount not to exceed the applicable Allowance to be applied toward the Total Construction Costs, Design Costs, and FF&E Costs (as applicable) for the Tenant Work. No advance of the Allowances shall be made by Landlord until Tenant has first paid to the Tenant Contractors from its own funds (and provided reasonable evidence thereof to Landlord) the excess of the Total Construction Costs over the amount of the Allowance, plus the amount of the draw then being requested by Tenant. Thereafter Landlord shall pay to Tenant the applicable Allowance in multiple disbursements (but not more than once in any calendar month) following the receipt by Landlord of the following items: (a) a request for payment with sworn statements of Tenant , (b) final or partial lien waivers, as the case may be, reasonably acceptable to Landlord from all Tenant Contractors or other service providers for the Tenant Work having mechanics lien rights, fully executed, acknowledged and in recordable form, (c) paid receipts for items of Tenant Work not covered in clause (b) above, and (d) the Architect's certification that the Tenant Work for which reimbursement has been requested has been finally completed, including (with respect to the last application for payment only) any punch-list items, on the appropriate AIA form or another form approved by Landlord, and, with respect to the disbursement of the Retainage, (w) "as built" drawings in both paper and AutoCad format; (x) the permanent certificate of occupancy issued for the Premises, (y) Tenant's occupancy of the Premises, and (z) an estoppel certificate confirming such factual matters as Landlord or Mortgage Holder may reasonably request (collectively, a "**Completed Application for Payment**"). Landlord shall pay the amount requested in the applicable Completed Application for Payment less a ten percent (10%) retainage ("**Retainage**") to Tenant within thirty (30) days following Tenant's submission of the Completed Application for Payment. If, however, the Completed Application for Payment is incomplete or incorrect, Landlord's payment of such request shall be deferred until thirty (30) days following Landlord's receipt of the Completed Application for Payment. Notwithstanding anything to the contrary contained in this Exhibit, Landlord shall not be obligated to make any disbursement of the Allowances during the pendency of any of the following: (1) Landlord has received written notice of any unpaid claims relating to any portion of the Work or materials in connection therewith, other than claims which will be paid in full from such disbursement, (2) there is an unbonded lien outstanding against the Building or the Premises or Tenant's interest therein by reason of work done, or claimed to have been done, or materials supplied or specifically fabricated, claimed to have been supplied or specifically fabricated, to or for Tenant or the Premises, (3) the conditions to the advance of the Allowance are not satisfied, or (4) an uncured Default exists. Any portion of the Allowance remaining after payment of the Retainage shall be applied as a credit against Recurring Rent thereafter due from Tenant.

9. **Construction Representatives.** Landlord's and Tenant's representatives for coordination of construction and approval of change orders will be as follows, provided that either party may change its representative upon notice to the other:

Landlord's Representative: Jones Lang LaSalle
One South Wacker Drive
Chicago, Illinois 60607
Attention: Miquel Lulli
Telephone: [redacted]

Tenant's Representative: Maxine Jacobs
200 Clarendon Street
Boston, MA 02116-5092

Telephone: [redacted]

10. **<u>Access and Services</u>**. Tenant and its Contractors shall have use of the Building's freight elevators at no cost during normal Business Hours and when available for after-hours hoisting and dock access/space at Tenant's cost, subject to scheduling. Landlord will provide sufficient access to the loading dock and freight elevator at all times during Tenant's construction of its Premises. Tenant shall reimburse Landlord for the costs of work orders and other building services provided at Tenant's request in connection with performance of the Tenant Work.

11. **<u>Miscellaneous</u>**. Article 5 and the indemnification provisions of the Lease shall apply to the Tenant Work, to the extent not inconsistent with this Work Letter. As to any construction performed by any party, **"Substantial Completion"** or **"Substantially Completed"** means that such work has been completed, as reasonably determined by Landlord or Landlord's architect, in accordance with (a) the provisions of this Lease applicable thereto, (b) the plans and specifications for such work, and (c) all applicable Requirements, except for minor details of construction, decoration and mechanical adjustments, if any, the non-completion of which does not materially interfere with Tenant's use of the space in question or which in accordance with good construction practices should be completed after the completion of all other work in the space in question. (**"Punch List Items"**). As used herein, **"Tenant Delay"** means any act, omission or delay by Tenant, its agents or contractors or persons employed by any of such persons delaying Substantial Completion of Work.

EXHIBIT "C"

Lobby Signage

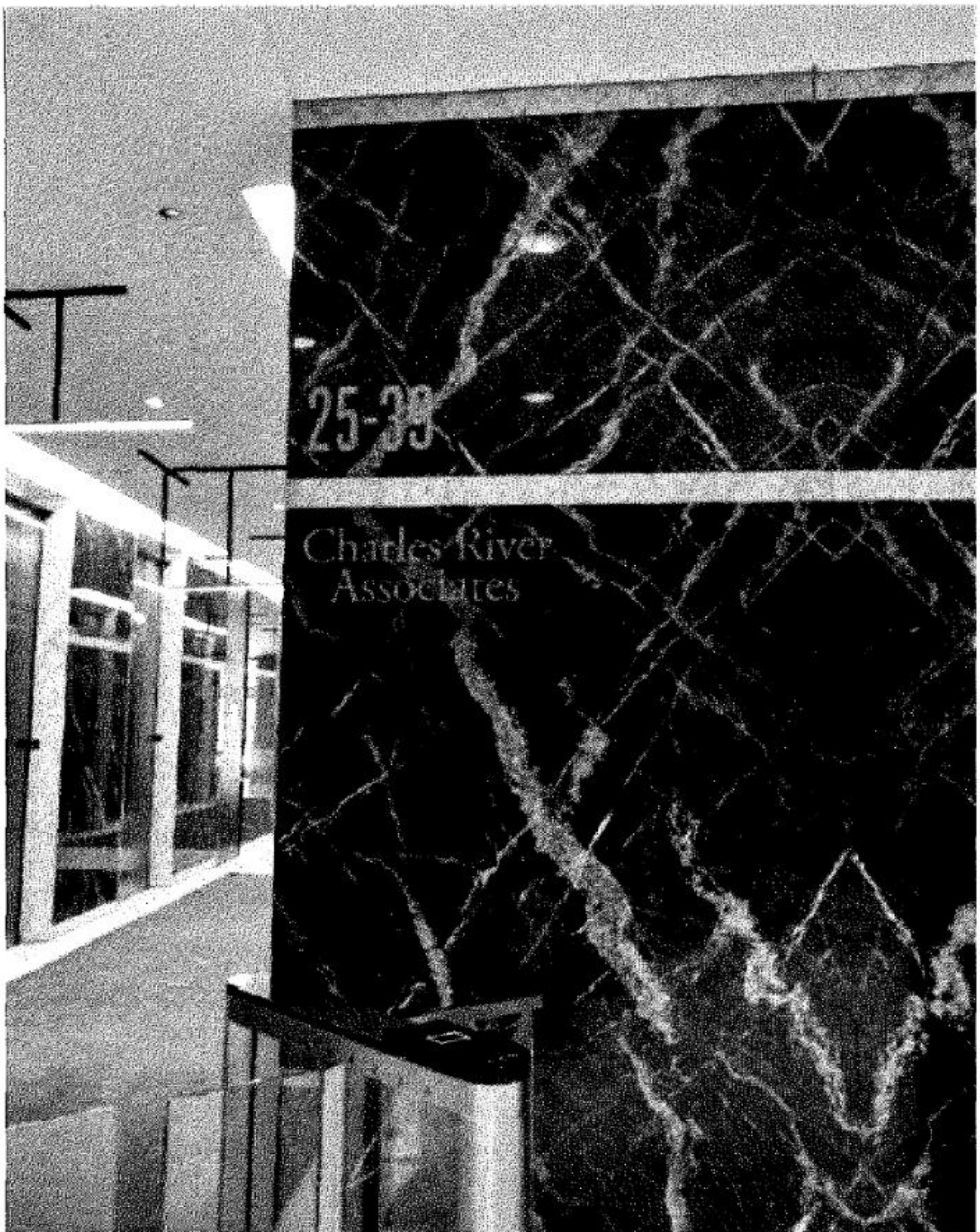

EXHIBIT "D"

SUBORDINATION, NON DISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NON DISTURBANCE AND ATTORNMENT AGREEMENT (this "**Agreement**") is made as of the ____ day of ______, 2021 by and between **PARLEX 3A FINCO, LLC**, a Delaware limited liability company, having an address at c/o Blackstone Mortgage Trust, Inc., 345 Park Avenue, New York, New York 10154 (together with their respective affiliates and/or any of their successors and/or assigns, collectively, "**Lender**") and **CRA INTERNATIONAL, INC.,** a Massachusetts corporation, having an address at 1 S. Wacker Drive, Suite 3300, Chicago, Illinois ("**Tenant**").

RECITALS:

A. Lender has made a loan in the amount of up to THREE HUNDRED TEN MILLION AND NO/100 DOLLARS ($310,000,000.00) to Landlord (defined below) (the "**Loan**"), which Loan is given pursuant to that certain Loan Agreement, between Landlord and Lender, dated as of December 11, 2018 (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, the "**Loan Agreement**"). Capitalized terms used herein and not otherwise defined, shall have the meaning given to them in the Loan Agreement.

B. The Loan is secured by, among other things, that certain Mortgage, Security Agreement, Assignment of Leases and Fixture Filing, by Landlord in favor of Lender, dated as of December 11, 2018 and recorded on December 13, 2018 as Document Number 1834733103 (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, the "**Security Instrument**"), which grants Lender a first priority lien on the property encumbered thereby and known as One South Wacker located in Cook County, Illinois and more particularly described on Exhibit A attached hereto (the "**Property**").

C. Tenant occupies a portion of the Property under and pursuant to the provisions of a certain lease dated as of February 14, 2008 (the "**Original Lease**"), as amended by that certain First Amendment to Lease dated as of May 8, 2017 ("**First Amendment**"), as amended by that certain Second Amendment to Lease dated as of October 9, 2017 ("**Second Amendment**"), and that certain Third Amendment to Lease dated as of like date with this Agreement ("**Third Amendment**"); between 601W South Wacker LLC and 601 Sunset Wacker LLC, each a Delaware limited liability company as tenants in common, as landlord (as successor by assignment) ("**Landlord**") and Tenant, as tenant (the Original Lease as amended by the First Amendment, Second Amendment and Third Amendment is hereinafter referred to as the "**Lease**"); and

D. Tenant has agreed to subordinate the Lease to the lien of the Security Instrument and Lender has agreed to grant non-disturbance to Tenant under the Lease on the terms and conditions hereinafter set forth.

AGREEMENT:

For good and valuable consideration, Tenant and Lender agree as follows:

1. Subordination. Tenant agrees that the Lease and all of the terms, covenants and provisions thereof and all rights, remedies and options of Tenant thereunder are and shall at all times continue to be subject and subordinate in all respects to the lien of the Security Instrument including without limitation all renewals, increases, modifications, spreaders, consolidations, replacements and extensions thereof and to all sums secured thereby with the same force and effect as if the Security Instrument and Loan Agreement had been executed, delivered and (in the case of the Security Instrument) recorded prior to the execution and delivery of the Lease.

2. Non-Disturbance. Lender agrees that (i) if any action or proceeding is commenced by Lender for the foreclosure of the Security Instrument or the sale of the Property, Tenant shall not be named as a party therein unless such joinder shall be required by law, provided, however, such joinder shall not result in the termination of the Lease or disturb the Tenant's possession or use of the premises demised thereunder, and (ii) the sale of the Property in any such action or proceeding and the exercise by Lender of any of its other rights under the Note, the Security Instrument and the Loan Agreement shall be made subject to all rights of Tenant under the Lease, provided that at the time of the commencement of any such action or proceeding or at the time of any such sale or exercise of any such other rights (a) the Lease shall be in full force and effect and (b) Tenant shall not be in default under any of the terms, covenants or conditions of the Lease or of this Agreement on Tenant's part to be observed or performed beyond the expiration of any applicable notice or grace periods.

3. Attornment. Lender and Tenant agree that upon the conveyance of the Property by reason of the foreclosure of the Security Instrument or the acceptance of a deed or assignment in lieu of foreclosure or otherwise, the Lease shall not be terminated or affected thereby (at the option of the transferee of the Property (the "**Transferee**") if the conditions set forth in Section 2 above have not been met at the time of such transfer) but shall continue in full force and effect as a direct lease between the Transferee and Tenant upon all of the terms, covenants and conditions set forth in the Lease and in that event, Tenant agrees to attorn to the Transferee and the Transferee shall accept such attornment, provided, however, the Transferee shall not be (a) obligated to complete any construction work required to be done by Landlord pursuant to the provisions of the Lease or to reimburse Tenant for any construction work done by Tenant, except, however, for the Allowance provided under the Third Amendment (b) liable (i) for Landlord's failure to perform any of its obligations under the Lease which have accrued prior to the date on which the Transferee shall become the owner of the Property, or (ii) for any act or omission of Landlord, whether prior to or after such foreclosure or sale; provided, however, Transferee shall be obligated to perform any on-going obligations under the Lease accruing after the date on which Transferee shall become owner of the Property, (c) required to make any repairs to the Property or to the premises demised under the Lease required as a result of fire, or other casualty or by reason of condemnation unless the Transferee shall be obligated under the Lease to make such repairs, (d) required to make any capital improvements to the Property or to the premises demised under the Lease which Landlord may have agreed to make, but had not completed, or to perform or provide any services not related to possession or quiet enjoyment of the premises demised under the Lease as rights to use common areas granted under the Lease, (e) subject to any offsets, defenses, abatements or counterclaims which shall have accrued to Tenant against Landlord prior to the date upon which the Transferee shall become the owner of the Property, (f) bound by any payment of rents, additional rents or other sums which Tenant may have paid more than one (1) month in advance to any prior Landlord unless (i) such sums are actually received by the Transferee, (ii) such prepayment shall have been

expressly approved of by the Transferee or (iii) required under the Lease (such as payments of operating expenses and taxes), (h) bound to make any payment to Tenant which was required under the Lease, or otherwise, to be made prior to the time the Transferee succeeded to Landlord's interest, except for Allowance, (i) bound by any agreement amending, modifying or terminating the Lease made without the Lender's prior written consent prior to the time the Transferee succeeded to Landlord's interest, except for any amendment required under the Lease or (j) bound by any assignment of the Lease or sublease of the Property, or any portion thereof, made prior to the time the Transferee succeeded to Landlord's interest other than if pursuant to the provisions of the Lease.

4. Intentionally Omitted.

5. Intentionally Omitted.

6. Lender to Receive Notices. Tenant shall provide Lender with copies of all written default notices sent to Landlord pursuant to the Lease simultaneously with the transmission of such notices to the Landlord.

7. Notices. All notices or other written communications hereunder shall be deemed to have been properly given (i) upon delivery, if delivered in person, or (ii) one (1) Business Day (hereinafter defined) after having been deposited for overnight delivery with any reputable overnight courier service, addressed as follows:

If to Tenant:	CRA International, Inc. 200 Clarendon Street, Boston, Massachusetts 02116-5092 Attn.: Director of Real Estate and Legal Counsel
If to Lender:	c/o Blackstone Mortgage Trust, Inc. 345 Park Avenue New York, New York 10154 Attention: BREDS Asset Management
With a copy to:	Schulte Roth & Zabel LLP 919 Third Avenue New York, New York 10022 Attention: Julian M. Wise, Esq.

or addressed as such party may from time to time designate by written notice to the other parties. For purposes of this Section, the term "Business Day" shall mean a day on which commercial banks are not authorized or required by law to close in New York, New York.

Either party by notice to the other may designate additional or different addresses for subsequent notices or communications.

8. Joint and Several Liability. If Tenant consists of more than one person, the obligations and liabilities of each such person hereunder shall be joint and several. This Agreement

shall be binding upon and inure to the benefit of Lender and Tenant and their respective successors and assigns.

9. Definitions. The term "Lender" as used herein shall include the successors and assigns of Lender and any person, party or entity which shall become the owner of the Property by reason of a foreclosure of the Security Instrument or the acceptance of a deed or assignment in lieu of foreclosure or otherwise. The term "Landlord" as used herein shall mean and include the present landlord under the Lease and such landlord's predecessors and successors in interest under the Lease, but shall not mean or include Lender. The term "Property" as used herein shall mean the Property, the improvements now or hereafter located thereon and the estates therein encumbered by the Security Instrument.

10. No Oral Modifications. This Agreement may not be modified in any manner or terminated except by an instrument in writing executed by the parties hereto.

11. Governing Law. This Agreement shall be deemed to be a contract entered into pursuant to the laws of the State where the Property is located and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State where the Property is located, without regard to conflicts or choice of law provisions

12. Inapplicable Provisions. If any term, covenant or condition of this Agreement is held to be invalid, illegal or unenforceable in any respect, this Agreement shall be construed without such provision.

13. Duplicate Originals; Counterparts. This Agreement may be executed in any number of duplicate originals and each duplicate original shall be deemed to be an original. This Agreement may be executed in several counterparts, each of which counterparts shall be deemed an original instrument and all of which together shall constitute a single Agreement. The failure of any party hereto to execute this Agreement, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

14. Number and Gender. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

15. Transfer of Loan. Lender may sell, transfer and deliver the Note and assign the Security Instrument, this Agreement and the other documents executed in connection therewith to one or more investors in the secondary mortgage market ("**Investors**"). In connection with such sale, Lender may retain or assign responsibility for servicing the loan, including the Note, the Security Instrument, this Agreement and the other documents executed in connection therewith, or may delegate some or all of such responsibility and/or obligations to a servicer including, but not limited to, any subservicer or master servicer, on behalf of the Investors. All references to Lender herein shall refer to and include any such servicer to the extent applicable.

16. Intentionally Omitted.

17. Entire Agreement. This Agreement constitutes the entire agreement between Lender and Tenant with regard to the subordination of the Lease to the lien of the Security

Instrument and to the lien thereof, Lender's agreement to grant non-disturbance to Tenant under the Lease and the rights and obligations of Tenant and Lender as to the subject matter of this Agreement, and shall supersede and cancel, but only insofar as would not affect the priority between the Security Documents and the Lease, any prior agreements as to such subordination, including, without limitation, those provisions, if any, contained in the Lease which provide for the subordination of the Lease to a deed or deeds of trust, a mortgage or mortgages, a deed or deeds to secure debt or a trust indenture or trust indentures.

18. Waiver of Right To Trial By Jury. Tenant and Lender (by its acceptance of this Agreement) hereby agree not to elect a trial by jury of any issue triable of right by jury, and waive any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to this Agreement, the Note, the Loan Agreement, the Security Instrument, or the other loan documents, or any claim, counterclaim or other action arising in connection therewith. This waiver of right to trial by jury is given knowingly and voluntarily by Tenant and Lender, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue. Tenant and Lender (by its acceptance of this Agreement), are hereby authorized to file a copy of this Agreement in any proceeding as conclusive evidence of this waiver by the other parties.

19. Limitations on Lender's Liability. Tenant acknowledges that Lender is obligated only to Landlord to make the Loan upon the terms and subject to the conditions set forth in the Loan Agreement. In no event shall Lender or any purchaser of the Property at foreclosure sale or any grantee of the Property named in a deed-in-lieu of foreclosure, nor any heir, legal representative, successor, or assignee of Lender or any such purchaser or grantee (collectively the Lender, such purchaser, grantee, heir, legal representative, successor or assignee, the "**Subsequent Landlord**") have any personal liability for the obligations of Landlord under the Lease and should the Subsequent Landlord succeed to the interests of the Landlord under the Lease, Tenant shall look only to the estate and property of any such Subsequent Landlord in the Property for the satisfaction of Tenant's remedies for the collection of a judgment (or other judicial process) requiring the payment of money in the event of any default by any Subsequent Landlord as landlord under the Lease, and no other property or assets of any Subsequent Landlord shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to the Lease; provided, however, that the Tenant may exercise any other right or remedy provided thereby or by law in the event of any failure by Subsequent Landlord to perform any such material obligation.

IN WITNESS WHEREOF, Lender and Tenant have duly executed this Agreement as of the date first above written.

LENDER:
PARLEX 3A FINCO, LLC ,
a Delaware limited liability company

By: ______________________
Name:
Title:

[Signatures continued on next page]

STATE OF NEW YORK

COUNTY OF NEW YORK

On the __________ day of ______________ in the year 2021 before me, the undersigned, personally appeared ______________________________, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity (ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

____

Notary Public

Printed Name: ______________

My Commission Expires:

____

TENANT:
CRA INTERNATIONAL, INC.,
a Massachusetts corporation

By: ______________________
Name:
Title:

STATE OF

COUNTY OF ________________

On the ___________ day of __ in the year 2021 before me, the undersigned, personally appeared ____________________________, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity (ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

____

Notary Public

Printed Name: ________________

My Commission Expires:

____

EXHIBIT A
LEGAL DESCRIPTION

PARCEL 1:

THE WEST HALF OF LOT 3 IN BLOCK 81 IN SCHOOL SECTION ADDITION TO CHICAGO (EXCEPT THE SOUTH 9 FEET THEREOF TAKEN FOR ALLEY) IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOT 2 IN BLOCK 81 IN SCHOOL SECTION ADDITION TO CHICAGO (EXCEPT THE SOUTH 9 FEET THEREOF TAKEN FOR ALLEY) IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

THE WEST HALF OF THE EAST HALF OF LOT 3 IN BLOCK 81 IN SCHOOL SECTION ADDITION TO CHICAGO (EXCEPT THE SOUTH 9 FEET THEREOF TAKEN FOR ALLEY) IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 4:

LOT 1 IN SMITH'S SUBDIVISION OF LOT 1 IN BLOCK 81 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 5:

LOTS 2, 3 AND 4 IN SMITH'S SUBDIVISION OF LOT 1 IN BLOCK 81 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 6:

LOTS 5, 6, 7 AND 8 IN SMITH'S SUBDIVISION OF LOT 1 IN BLOCK 81 IN SCHOOL SECTION ADDITION TO CHICAGO, IN THE EAST HALF OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 7:

THAT PART OF THE "EAST-WEST" VACATED ALLEY LYING NORTH AND ADJOINING LOT 5 AND LYING SOUTH AND ADJOINING LOTS 1 TO 4 IN SMITH'S SUBDIVISION OF LOT 1 IN BLOCK 81 IN SCHOOL SECTION ADDITION TO CHICAGO,

IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

BEING THE SAME PREMISES DESCRIBED AS FOLLOWS:

LOTS 1, 2, 3, 4, 5, 6, 7 AND 8 TOGETHER WITH THE VACATED ALLEY, 10.80 FEET WIDE, LYING BETWEEN AND ADJOINING SAID LOTS 1, 2, 3 AND 4, AND SAID LOT 5, ALL IN THE SUBDIVISION OF LOT 1 IN BLOCK 81 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, (WHICH LOTS AND VACATED ALLEY TAKEN AS A WHOLE, MAY BE DESCRIBED AS LOT 1, EXCEPT THE SOUTH 9 FEET THEREOF TAKEN FOR ALLEY, IN BLOCK 81 IN SCHOOL SECTION ADDITION TO CHICAGO AFORESAID);

ALSO LOT 2 (EXCEPT THE SOUTH 9 FEET THEREOF TAKEN FOR ALLEY) IN BLOCK 81 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN;

ALSO THE WEST HALF AND THE WEST HALF OF THE EAST HALF OF LOT 3 (EXCEPT THE SOUTH 9 FEET THEREOF TAKEN FOR ALLEY) IN BLOCK 81 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ALL IN COOK COUNTY, ILLINOIS.

Permanent Index Number(s) (PIN):

17-16-201-001-0000; 17-16-201-002-0000; 17-16-201-003-0000;
17-16-201-004-0000; 17-16-201-005-0000; 17-16-201-006-0000

Address of Real Estate: One South Wacker Drive, Chicago, Illinois

4811-3620-3758, v. 11

Exhibit 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul A. Maleh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CRA International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to affect adversely the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2021	By:	/s/ PAUL A. MALEH
		Paul A. Maleh
		President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Daniel K. Mahoney, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CRA International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to affect adversely the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2021	By:	/s/ DANIEL K. MAHONEY
		Daniel K. Mahoney
		Chief Financial Officer, Executive Vice President and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CRA International, Inc. (the "Company") on Form 10-Q for the quarter ended October 2, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned President and Chief Executive Officer of the Company, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ PAUL A. MALEH

Paul A. Maleh
President and Chief Executive Officer
Date: November 4, 2021

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CRA International, Inc. (the “Company”) on Form 10-Q for the quarter ended October 2, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned Chief Financial Officer, Executive Vice President and Treasurer of the Company, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ DANIEL K. MAHONEY

Daniel K. Mahoney
Chief Financial Officer, Executive Vice President and Treasurer
Date: November 4, 2021