

CRA INTERNATIONAL, INC.

Form 10-K/A

April 25, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K/A

(Amendment No. 1)

- o **ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 28, 2013

Commission file number: 000-24049

CRA International, Inc.

(Exact name of registrant as specified in its charter)

Massachusetts

(State or other jurisdiction of incorporation or organization)

200 Clarendon Street, Boston, MA

(Address of principal executive offices)

04-2372210

(I.R.S. Employer Identification No.)

02116-5092

(Zip code)

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617-425-3000

(Registrant's telephone number, including area code)

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

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

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

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

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The aggregate market value of the stock held by non-affiliates of the registrant as of June 29, 2013, the last business day of the registrant's most recently completed second fiscal quarter, based on the closing sale price of \$18.47 as quoted on the NASDAQ Global Select Market as of the last trading day before that date, was approximately \$182.0 million. Outstanding shares of common stock beneficially owned by executive officers and directors of the registrant and certain related entities have been excluded from this computation because these persons may be deemed to be affiliates. The fact that these persons have been deemed affiliates for purposes of this computation should not be considered a conclusive determination for any other purpose.

As April 24, 2014, CRA had outstanding 10,030,617 shares of common stock.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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EXPLANATORY NOTE

The purpose of this Amendment No. 1 to our Annual Report on Form 10-K for the fiscal year ended December 28, 2013 (the "Original Report") is to amend Part III, Items 10 through 14, of the Original Report, which was filed with the U.S. Securities and Exchange Commission on March 13, 2014, to include information previously omitted from the Original Report in reliance on General Instruction G to Form 10-K, which provides that registrants may incorporate by reference certain information from a definitive proxy statement filed with the SEC within 120 days after the end of the fiscal year.

As required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), this Amendment No. 1 contains new certifications by our principal executive officer and principal financial officer, which are being filed or furnished, as applicable, as exhibits to this Amendment No. 1. Therefore, we are also amending Part IV, Item 15 of the Original Report to include these exhibits.

This amendment is not intended to update or modify any other information presented in the Original Report, including with respect to events occurring subsequent to the March 13, 2014 filing date of the Original Report. Accordingly, this Amendment No. 1 on Form 10-K/A should be read in conjunction with the Original Report and our other filings with the SEC.

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CRA INTERNATIONAL, INC.

ANNUAL REPORT ON FORM 10-K

FOR THE FISCAL YEAR ENDED DECEMBER 28, 2013

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Set forth below are the names and certain biographical information regarding our directors and our executive officers as of April 24, 2014.

Name	Age	Position
Rowland Moriarty (1)(2)(3)	67	Chairman of the board
Paul Maleh (3)	50	President, chief executive officer and director
Wayne Mackie	65	Executive vice president, treasurer and chief financial officer
Arnold Lowenstein	60	Executive vice president and chief strategy officer
William Concannon (1)(4)	58	Director
Ronald Maheu (1)(3)(4)	71	Director
Thomas Robertson (2)	71	Director
Nancy Rose (4)	55	Director
William Schleyer (2)	62	Director

(1) Member of our nominating and corporate governance committee

(2) Member of our compensation committee

(3) Member of our executive committee

(4) Member of our audit committee

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

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Backgrounds and qualifications of directors. Below we have identified each of our directors by class. In addition, for each director we have included information regarding the director's business experience, as well as the director's particular experiences, qualifications, attributes and skills, that led our board of directors to conclude that the director should serve as a member of our board of directors.

Directors serving a term expiring at the 2014 special meeting in lieu of annual meeting (Class I directors).

Rowland T. Moriarty has served as a director since 1986 and as chairman of our board of directors, a non-executive position, since May 2002. From December 1992 until May 2002, Dr. Moriarty served as vice chairman of our board of directors. Dr. Moriarty has been the chief executive officer of Cubex Corporation, an international marketing consulting firm, since 1992. Dr. Moriarty was a professor at Harvard Business School from 1981 to 1992. He received his M.B.A. from the Wharton School in 1970 and his D.B.A. from Harvard University in 1980. He is a director of Staples, Inc., Wright Express Corp. and Virtusa Corporation, and was a director at Trammell Crow Company from 1997 to 2006. The extensive experience, knowledge and perspective Dr. Moriarty has gained across a broad spectrum of industries as a director of these publicly-traded companies, and as an international marketing consultant and a professor of marketing, are significant assets to our board of directors. Dr. Moriarty's long-standing relationship with us has given him an intimate institutional knowledge of our business, and he has been providing invaluable leadership and guidance to our board of directors for many years.

William Concannon has served as a director since June 2000. Mr. Concannon has served as chief executive officer of Global Corporate Services of CBRE, Inc., a global commercial real estate firm, since July 2012; he served as president of

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Global Corporate Services of CBRE from August 2009 until July 2012, and as vice chairman of Global Corporate Services of CBRE from 2006 until August 2009. Mr. Concannon was the first real estate professional inducted into the International Association of Outsourcing Professionals Outsourcing Hall of Fame. Mr. Concannon served as vice chairman, from June 2003, and as director, from 1991, of Trammell Crow Company, a diversified commercial real estate firm, until its acquisition by CB Richard Ellis in December 2006. From February 2001 to June 2003, Mr. Concannon was the president of the global services group of Trammell Crow Company. Mr. Concannon has also served as the president and chief executive officer of Trammell Crow Corporate Services, a real estate company, and, from 2002 to 2006, on the board of directors of FPD Savills, a real estate company based in the United Kingdom. Mr. Concannon received his B.S. in accounting from Providence College in 1977, where he also served on the board of trustees from 2002 until 2010. Our board of directors benefits from Mr. Concannon's wealth of experience as a senior business executive, his diverse knowledge of business management, his keen perspectives on a wide range of business issues, his deep knowledge of professional services, and his insights derived from having led business services at a large corporation and otherwise being a recognized leader in the business community.

Directors serving a term expiring at the 2015 annual meeting (Class II directors).

Ronald Maheu has served as a director since January 2003. From 2000 to 2004, Mr. Maheu was a lecturer at the Graduate School of Management at Boston University. Mr. Maheu retired in July 2002 from PricewaterhouseCoopers, LLP. Since 2002, Mr. Maheu has been a financial and business consultant. Mr. Maheu was a founding member of Coopers & Lybrand's board of partners. Following the merger of Price Waterhouse and Coopers & Lybrand in 1998, Mr. Maheu served on both the U.S. and global boards of partners and principals of PricewaterhouseCoopers until June 2001. Mr. Maheu holds an M.B.A. from Boston University and an M.S. in taxation from Bentley College. He is also a director of Wright Express Corp. and Virtusa Corporation, and was a director of Enterasys Networks, Inc. from 2003 to 2006. As is evident from his background, Mr. Maheu provides our board of directors and our audit committee with a high level of expertise in the areas of accounting, auditing and finance, as well as a highly developed grasp of the professional services industry, gained not only from being a former partner at and senior executive of an international accounting firm, but also from his experience as a member of the boards of directors and audit committees of several publicly-traded companies. Mr. Maheu is an audit committee financial expert under the rules of the Securities and Exchange Commission.

Nancy Rose has served as a director since March 2004. Dr. Rose joined the faculty of the Massachusetts Institute of Technology's Economics Department in 1994, where she presently is the Charles P. Kindleberger Professor of Applied Economics and associate department head. She has been a director of the National Bureau of Economic Research research program in Industrial Organization since 1991. From 1985 to 1997, she held various faculty positions at the Massachusetts Institute of Technology's Sloan School of Management, including professor of management and economics from 1995 to 1997. She received her Ph.D. in economics from the Massachusetts Institute of Technology in 1985. Dr. Rose is a director of the Whitehead Institute for Biomedical Research and chair of its finance committee, and a former director of the Sentinel Group Funds, Inc. Our board of directors values Dr. Rose's significant expertise in various aspects of economics, management and finance, as well as her experience derived from the other boards of directors on which she has served. In addition, Dr. Rose's academic background gives her a unique perspective on a number of the challenges we face, including our market for consulting staff and senior consultants.

Directors serving a term expiring at the 2016 annual meeting (Class III directors).

Paul Maleh, who joined us in 1989, has served as our president and chief executive officer and as a director since November 29, 2009. Mr. Maleh served as our chief operating officer from October 2008 through November 28, 2009, and as our executive vice president from October 2006 to November 28, 2009. From December 2006 to January 2009, he served as head of our finance platform. Mr. Maleh also directed our finance practice from 2000 to December 2006 and served as a vice president from 1999 to October 2006. Mr. Maleh received his M.B.A. from Northeastern University. As our chief executive officer, Mr. Maleh brings to our board of directors valuable leadership experience and a deep and thorough understanding of our business and operations, the day-to-day management of our business, and our industry as a whole.

Thomas Robertson has served as a director since July 2009. Since 2007, Dr. Robertson has been dean of the Wharton School and Reliance Professor of Management and Private Enterprise at the University of Pennsylvania. From 2006 to 2007, Dr. Robertson was special assistant to Emory University's president on issues of international strategy and a founding director of the Institute for Developing Nations established jointly by Emory University and The Carter Center in fall 2006. From 1998 until 2007, Dr. Robertson was dean of Emory University's Goizueta Business School and, from 1994 until 1998, he was the Sainsbury Professor and chair of marketing and deputy dean of the London Business School. From 1971 to 1994, Dr. Robertson was a member of the faculty at the Wharton School. Dr. Robertson received his M.A. and Ph.D. in marketing from Northwestern University in 1966 and his B.A. from Wayne State University in 1963. He is a director and

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member of the audit committee of The Carlyle Group, L.P., a publicly-traded global asset management firm. Dr. Robertson's position as a professor of management and private enterprise at the Wharton School puts him in touch with the leading edge of business methods and thinking, which he applies to the issues we face, and allows him to provide our board of directors with invaluable insights and advice regarding strategic and management issues. Our board of directors also benefits from Dr. Robertson's extensive background in and knowledge of consumer services and academia.

William Schleyer has served as a director since January 2008. Mr. Schleyer served as chairman and chief executive officer of Adelpia Communications Corporation from March 2003 until it emerged from bankruptcy in February 2007. Adelpia was already involved in bankruptcy proceedings at the time Mr. Schleyer became its chairman and chief executive officer. Prior to joining Adelpia, Mr. Schleyer was president and chief executive officer of AT&T Broadband from October 2001 until February 2003 and a principal in Pilot House Ventures, a telecommunications venture capital company, from 1997 to 2001. From 1978 to 1997, Mr. Schleyer served in various positions at Continental Cablevision Corporation, including as its president and chief operating officer from 1993 to 1997. Mr. Schleyer received his M.B.A. from Harvard University in 1977 and his B.S. in mechanical engineering from Drexel University in 1973. Mr. Schleyer served as a director of Rogers Communications, a diversified Canadian communications and media company, from August 1998 until January 27, 2013. Our board of directors benefits from the viewpoint Mr. Schleyer brings as a veteran business executive with experience at the most senior levels across a diverse spectrum of companies, as well as an extensive background in and knowledge of consumer services. Mr. Schleyer also brings extensive insight into corporate governance matters, derived from serving as a director for a number of other companies.

Backgrounds of executive officers. Below we have identified our executive officers (other than Mr. Maleh, our president and chief executive officer, who is a class III director identified above) and provided a description of their business experience.

Arnold Lowenstein, who joined us in June 1993, has served as our executive vice president and chief strategy officer since October 2006. Mr. Lowenstein also served as a group vice president and co-head of our business consulting practice from 2001 through fiscal year 2006. Mr. Lowenstein received his M.A. in industrial economics from the University of British Columbia.

Wayne Mackie has served as our executive vice president since October 2006 and as our chief financial officer and treasurer since July 2005. From July 2005 to October 2006, Mr. Mackie also served as our vice president. Mr. Mackie has been a member of the board of directors and chairman of the audit committee of Exa Corporation since 2008. Prior to joining us, Mr. Mackie had been a member of the board of directors of Novell, Inc. since June 2003. From 1972 through December 2002, Mr. Mackie was with Arthur Andersen, LLP, where he became a partner in 1983. Since leaving Arthur Andersen, he has served as a consultant to a number of organizations. Mr. Mackie, who is a CPA, received an M.S. from the Wharton School of the University of Pennsylvania and a B.S. from Babson College. Mr. Mackie is a trustee of the Massachusetts Eye and Ear Infirmary.

Corporate Governance

Audit Committee

Our board of directors has established a standing audit committee. The board has adopted a charter for our audit committee, which is available through the Investor Relations page of our website at www.crai.com. Our audit committee is currently, and was during fiscal 2013, composed of

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Dr. Rose and Messrs. Concannon and Maheu. Our audit committee provides the opportunity for direct contact between the members of our board of directors and our independent registered public accountants, who report directly to the committee. The committee assists our board of directors in overseeing the integrity of our financial statements; our compliance with legal and regulatory requirements; and our independent registered public accountants' qualifications, independence and performance. The committee is directly responsible for appointing, determining the compensation of, evaluating and, when necessary, terminating our independent registered public accountants. The committee is also responsible for reviewing and assessing the adequacy of the charter by which it is governed on an annual basis. Our audit committee has adopted procedures for the treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential and anonymous submission by our directors, officers, employees and outside consultants of concerns regarding questionable accounting, internal accounting controls or auditing matters. Our audit committee is also responsible for reviewing and, if appropriate, approving related-party transactions. Our audit committee has the authority to retain independent advisors and consultants, with all fees and expenses paid by us. Our board of directors has determined that Mr. Maheu is an audit committee financial expert under

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the rules of the Securities and Exchange Commission, and that all of the members of our audit committee are independent under the rules of the NASDAQ Stock Market.

Code of Ethics

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

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our officers and directors and persons who beneficially own more than ten percent of our common stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission. SEC regulations require officers, directors and greater-than-ten-percent shareholders to furnish us with copies of all Section 16(a) forms they file.

Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to us during fiscal 2013 and Forms 5 and amendments thereto furnished to us with respect to fiscal 2013, or written representations that a Form 5 was not required for fiscal 2013, we believe that all Section 16(a) filing requirements applicable to our officers, directors and greater-than-ten-percent shareholders were fulfilled in a timely manner.

Item 11 *Executive Compensation*

Director compensation

We pay our non-employee directors, who consist of all our directors other than our chief executive officer, an annual fee of \$75,000 for their services as directors. We pay an annual fee of \$25,000 to the chair of our audit committee, \$20,000 to the chair of our compensation committee, \$10,000 to the chairs of our executive committee and our nominating and corporate governance committee, and \$5,000 to each non-employee director who serves as a member, but not the chair, of any committee for service on each committee above one. Our chairman also receives an

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annual fee of \$150,000, as well as office space, support services and healthcare benefits, for his services as chairman of our board of directors. Directors who are employees do not receive separate fees for their service as directors. All of the payments described in this paragraph are made in cash.

Under the terms of our 2006 equity incentive plan, each director who is not employed by, and does not provide independent contractor services as a consultant or advisor to, us or our subsidiaries receives the automatic restricted stock awards described below. We refer to these directors as our outside directors. Currently, our outside directors are Drs. Moriarty, Robertson and Rose and Messrs. Concannon, Maheu and Schleyer. Each outside director who is re-elected as a director at, or whose term as a director continues after, the annual meeting of our shareholders (or any special meeting in lieu thereof) receives, on the date of the meeting, a restricted stock award, vesting in four equal annual installments beginning on the first anniversary of the date of grant, valued at \$75,000 based on the closing price of our common stock as of the date of the meeting. Each person who is first elected as an outside director at the annual meeting of our shareholders (or any special meeting in lieu thereof) receives, on the date of his or her election, a restricted stock award, vesting in four equal annual installments beginning on the first anniversary of the date of grant, in an amount to be determined by our board of directors.

In fiscal 2013, we gave the following grants to our directors in accordance with the terms of our 2006 equity incentive plan. In connection with the special meeting in lieu of annual meeting of our shareholders held on May 23, 2013,

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each of Drs. Moriarty, Rose and Robertson and Messrs. Concannon, Maheu and Schleyer received a restricted stock award of 4,030 shares of our common stock. Each of these restricted stock awards vests in four equal annual installments, beginning on May 23, 2014.

The following table provides information regarding the compensation earned by our non-employee directors in fiscal 2013.

Non-Employee Director Compensation Table for Fiscal 2013

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)(2)	Option Awards (\$)(3)	Total (\$)
Rowland Moriarty	245,000	74,999		319,999
William Concannon	90,000	74,999		164,999
Ronald Maheu	110,000	74,999		184,999
Thomas Robertson	75,000	74,999		149,999
Nancy Rose	75,000	74,999		149,999
William Schleyer	95,000	74,999		169,999

(1) Amounts reflect the aggregate grant date fair values of grants of restricted stock made to each of our non-employee directors on May 23, 2013, under our 2006 equity incentive plan. These grant date fair values were computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation (ASC Topic 718), excluding the effect of estimated forfeitures, based on the closing market price of our common stock on the date of grant. Additional details on accounting for share-based compensation can be found in note 1, Summary of Significant Accounting Policies Share-Based Compensation, and note 12, Share-Based Compensation, to our consolidated financial statements in our annual report on Form 10-K filed with the Securities and Exchange Commission on March 13, 2014.

(2) As of December 28, 2013, each non-employee director held the number of outstanding unvested shares of restricted stock set forth in the table below.

Name	Shares (#)
Rowland Moriarty	9,446
William Concannon	9,446
Ronald Maheu	9,446
Thomas Robertson	9,446
Nancy Rose	9,446
William Schleyer	9,446

(3) As of December 28, 2013, each non-employee director held outstanding stock options to purchase the number of shares of our common stock set forth in the table below.

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Name	Shares (#)
Rowland Moriarty	10,000
William Concannon	10,000
Ronald Maheu	10,000
Thomas Robertson	
Nancy Rose	20,000
William Schleyer	

Director stock ownership guidelines

The current policy of our board of directors is that our outside directors should acquire and obtain shares of our common stock (whether or not vested) with an aggregate value equal to at least 300% of the director's annual fee (currently \$75,000) for serving on our board of directors. If an outside director has not achieved, or is not maintaining, this threshold, the director is required to hold 50% of the total shares of our common stock received by him or her upon the vesting of shares

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of restricted stock or the exercise of stock options, net of any shares sold to fund the exercise prices of option exercises or any tax withholding.

Compensation committee interlocks and insider participation

Our board of directors has established a standing compensation committee. The board has adopted a charter for our compensation committee, which is available through the Investor Relations page of our website at www.crai.com. Our compensation committee is currently, and was during fiscal 2013, composed of Drs. Moriarty and Robertson and Mr. Schleyer. Our compensation committee's responsibilities include providing recommendations to our board of directors regarding the compensation levels of our directors; reviewing and approving, or recommending for approval by our board of directors, the compensation levels of our executive officers; providing recommendations to our board of directors regarding our compensation programs; administering our employee benefit plans, including all incentive compensation plans and equity based plans; authorizing grants under our stock option plans and other equity based plans; and authorizing other equity compensation arrangements. The committee is directly responsible for appointing, determining the compensation of, evaluating and, when necessary, terminating our compensation consultant, as well as evaluating the independence of any legal counsel or other advisor engaged by the committee. The committee is also responsible for reviewing and assessing the adequacy of the charter by which it is governed on an annual basis. Our audit committee has the authority to retain independent advisors and consultants, with all fees and expenses paid by us. Our board of directors has determined that all of the members of our compensation committee are independent under the rules of the NASDAQ Stock Market.

The members who served on our compensation committee during fiscal 2013 were Drs. Moriarty and Robertson and Mr. Schleyer. None of these members was one of our officers or employees during fiscal 2013, and none of these members is one of our former officers. None of our executive officers serves (or served during fiscal 2013) on the board of directors or compensation committee of an entity that has one or more executive officers serving (or who served during fiscal 2013) on our board of directors or compensation committee.

Compensation processes and procedures

Role of our compensation committee and chief executive officer. The compensation committee established by our board of directors is currently composed of Mr. Schleyer, who is the chairman, and Drs. Moriarty and Robertson, all of whom are independent directors (within the rule of the NASDAQ Stock Market) and outside directors (within the meaning of Section 162(m) of the Internal Revenue Code). Our compensation committee is governed by a written charter adopted by our board of directors. A copy of our compensation committee charter is available through the Investor Relations page of our website at www.crai.com. Under the charter, our compensation committee is responsible for recommending to our board of directors the compensation philosophy and policies that we should follow, particularly with respect to the compensation of our senior management. The committee is responsible for:

- reviewing and approving, or recommending for approval by our board of directors, the compensation of our executive officers, including our chief executive officer;
- setting, in consultation with management, as applicable, and, if desired by the committee, our compensation consultant, the corporate and individual performance criteria, performance targets and payment formulas of executive cash and equity incentive compensation, and overseeing the evaluation of our executive officers in light of those criteria and targets;

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- administering, reviewing and making recommendations to our board of directors with respect to our employee benefit plans, including our incentive compensation plans and our equity-based plans;
- appointing, determining the compensation of, evaluating and, when necessary, terminating our compensation consultant, as well as evaluating the independence of any compensation consultant, legal counsel or other advisor engaged by the committee;
- reviewing and assessing the adequacy of its charter on an annual basis;
- evaluating whether or not our compensation practices and policies create unnecessary or excessive risks; and
- reviewing and discussing with management our disclosures to be included in our annual proxy statement and annual report on Form 10-K regarding executive compensation, including the sections of this annual report

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entitled Compensation discussion and analysis and Compensation policies and practices as they relate to risk management below.

When developing recommendations for the compensation of our executive officers other than our chief executive officer, the committee also takes into account recommendations made by our chief executive officer. Our chief executive officer is not permitted to be present when our compensation committee is deliberating on our chief executive officer's compensation.

Compensation consultant. Our compensation committee has the authority to engage and receive advice from external compensation consultants, with all fees and expenses paid by us. In fiscal 2013, the committee engaged and received advice from Semler Brossy Consulting Group, LLC, or Semler Brossy. Semler Brossy reports directly to the committee and provides services only as directed by the committee. Our compensation committee has reviewed Semler Brossy's policies regarding independence and conflicts of interest and assessed Semler Brossy's independence based on, among other things, this review and consideration of the other factors required by the rules of the Securities Exchange Act of 1934, as amended, and the NASDAQ Stock Market. Based on this review and consideration, the committee has determined that Semler Brossy is independent from us and that the services provided to us by Semler Brossy in fiscal 2013 raised no conflicts of interest. There were no fees paid to Semler Brossy for services that were not related exclusively to executive compensation in fiscal 2013. In prior years, our compensation committee has engaged Semler Brossy to provide the committee with information relating to the compensation levels and practices of our peers, to discuss various possible incentive compensation arrangements and structures, and to provide advice regarding the general design of our executive compensation. Because the committee made the determination to maintain named executive officer salaries for fiscal 2013 at their fiscal 2012 levels, in fiscal 2013 Semler Brossy did not assist the committee in setting salaries or provide to the committee information about the compensation practices of our peers. In fiscal 2013, Semler Brossy's activities were limited to the review of our compensation discussion and analysis disclosure included in the proxy statement for our 2013 special meeting in lieu of annual shareholders meeting. We expect that our compensation committee will engage Semler Brossy to assist it with the determination of executive compensation in the future.

Although Semler Brossy does not generally participate in meetings of our compensation committee, Semler Brossy may participate, by invitation, in portions of some of the meetings of our compensation committee, including some of the executive sessions without any members of management present. In addition, the chair of our compensation committee and, with respect to the compensation of our other executive officers, our chief executive officer at the direction of our compensation committee may consult with Semler Brossy outside of these meetings.

Compensation discussion and analysis

This compensation discussion and analysis describes the material elements of our compensation programs as they relate to our named executive officers listed in the following compensation tables. This compensation discussion and analysis focuses on the information for fiscal 2013 contained in these tables and their related footnotes and narrative disclosures, but also describes other arrangements and actions taken since the end of fiscal 2013 to the extent that these descriptions enhance the understanding of our executive compensation for fiscal 2013. This compensation discussion and analysis includes, in addition to information relating to the individuals serving as our executive officers at the end of fiscal 2013, information relating to Dr. Monica Noether, who stepped down as our chief operating officer and executive vice president on February 7, 2013 to return to a full-time consultant role with us as a leader of our newly expanded health care offering. Although Dr. Noether is no longer one of our executive officers, she is currently treated as a named executive officer for the purposes of disclosure in this annual report and is included in the definition of named executive officers. The term executive officers, where used below, does not include Dr. Noether.

At a special meeting in lieu of annual meeting of our shareholders held on May 23, 2013, we held a non-binding, advisory shareholder vote on the compensation of our named executive officers as disclosed in the proxy statement filed in connection with that meeting pursuant to Item 402 of Regulation S-K (including in the compensation discussion and analysis, compensation tables and accompanying narrative disclosures),

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commonly referred to as a say-on-pay vote. Our shareholders overwhelmingly approved the compensation of our named executive officers, as over 94.3% of the shares voted at the special meeting on the say-on-pay resolution (excluding abstentions and broker non-votes) were voted in favor of it. As we evaluated our compensation practices and policies for and throughout fiscal 2013, we were mindful of the strong support our shareholders expressed for our philosophy of aligning the compensation of our executive officers with our interests and the interests of our shareholders. As a result, our compensation committee decided to follow the same general approach to executive compensation for fiscal 2013 that it has followed since fiscal 2010, including granting equity awards under our long-term incentive program to our named executive officers and our key generators. Our compensation committee will

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continue to consider the outcome of our say-on-pay votes when making future compensation decisions for our executive officers.

Executive Summary. We seek to align the compensation we pay our executive officers with the interests of our shareholders. Our executive officers' total compensation each fiscal year is generally comprised of a mix of base salary and at-risk compensation consisting of cash incentive bonuses and equity awards. These cash incentive bonuses are based on performance over the fiscal year. Equity awards consist of stock options and restricted stock unit awards subject to vesting over four years, and performance restricted stock unit awards based on performance measured over a period that includes at least one of our fiscal years. This mix of fixed and at-risk compensation in the form of cash and equity awards is designed to create competitive compensation packages that reward our executive officers for achieving our long-term and short-term business objectives, including increasing our growth, profitability and shareholder value, without encouraging unnecessary or excessive risk-taking.

As set forth in this compensation discussion and analysis, the basic principle underlying our executive compensation program is pay-for-performance. Highlights of our executive officer compensation program for fiscal 2013 include:

- due to the continued environment of economic uncertainty, our compensation committee decided that base salaries in fiscal 2013 should remain fixed at their fiscal 2012 levels for our executive officers;
- approximately 53% of the target cash compensation that our executive officers were eligible to receive for fiscal 2013 was subject to performance conditions and over 68% of our executive officers' target compensation for or granted in fiscal 2013 consisted of awards subject to performance conditions and continued service, including equity awards whose value is tied to the value of our common stock, demonstrating our pay-for-performance philosophy;(1)
- the cash incentive bonuses that our executive officers were eligible to receive for fiscal 2013 under our cash incentive plan depended on the achievement of performance goals linked to our fiscal 2013 consolidated non-GAAP net revenue, our fiscal 2013 consolidated non-GAAP earnings before interest and taxes, subjective individual performance goals for fiscal 2013 and, in the case of Mr. Lowenstein, his fiscal 2013 revenue oversight;(2) the amounts potentially payable with respect to these cash incentive bonuses were subject to maximum payment amounts and our compensation committee's discretion to reduce the amounts actually paid with respect to them, regardless of the performance achieved over fiscal 2013, mitigating the risk that these bonuses could lead to payments that were not commensurate with our actual performance;
- the equity awards granted to our executive officers in fiscal 2013 under our long-term incentive program took the form of stock options vesting over four years (30%, with each share of common stock subject to the stock option treated as one-half of a share for the purpose of determining the grant value mix), restricted stock unit awards vesting over four years (30%), and performance restricted stock units based on non-GAAP financial metrics related to our consolidated cumulative annual revenue growth and our consolidated average adjusted EBITDA over fiscal 2014 and fiscal 2015 (40%, assuming the achievement of target performance for this purpose), all of which serve to align the interests of our executive officers and our shareholders and to compensate our executive officers for increasing shareholder value, as well as our profitability and growth;(3)

- the amount payable under each performance restricted stock unit award granted in fiscal 2013 to our executive officers under our long-term incentive program was subject to threshold and maximum payment amounts equal

(1) This percentage does not take into account the revenue oversight component of the cash incentive bonus that Mr. Lowenstein, our chief strategy officer and executive vice president, was eligible to receive for fiscal 2013 performance, which had no predetermined target amount. The structure of this bonus is described below under the headings Performance-based annual incentive compensation Performance criteria and targets of cash incentive bonuses for fiscal 2013 performance and Performance-based annual incentive compensation Payment formulas of cash incentive bonuses for fiscal 2013 performance.

(2) The relationship between these metrics and their GAAP equivalents is discussed in this compensation discussion and analysis under the heading Performance-based annual incentive compensation Performance criteria and targets of cash incentive bonuses for fiscal 2013 performance below.

(3) The relationship between these metrics and their GAAP equivalents is discussed in this compensation discussion and analysis under the heading Equity incentive compensation RSUs granted in fiscal 2013 below.

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to 50% and 125%, respectively, of the award's target payment amount, mitigating the risk that this incentive compensation could lead to payments that were not commensurate with our actual performance;

- the grants of equity compensation to our executive officers under our long-term incentive program are subject to stock ownership guidelines, further aligning the interests of our executive officers with those of our shareholders;
- our compensation committee, which approves all compensation granted to our executive officers, is comprised entirely of independent directors (within the rules of the NASDAQ Stock Market) and outside directors (within the meaning of Section 162(m) of the Internal Revenue Code); and
- Section 162(m) of the Internal Revenue Code did not operate to limit the deductibility of any of the compensation we paid to our named executive officers in fiscal 2013.

Compensation objectives. Our growth and long-term success depend upon our ability to attract and retain talented and highly qualified employees. The main objectives of our compensation program are:

- to align executive compensation with the interest of our shareholders and motivate and reward high levels of performance, by making a substantial portion of executive compensation depend on our financial performance;
- to recognize and reward the achievement of pre-established objective financial and individual performance goals;
- to provide competitive compensation packages that enable us to attract, retain and reward highly-qualified individuals who will contribute to our long-term success; and
- to make a reasonable effort to cause compensation paid to our named executive officers to be deductible by us while simultaneously providing our named executive officers with appropriate rewards for their performance.

We believe these objectives are furthered by the use of executive compensation packages that include short-term and long-term cash and equity compensation, and that are designed to measure performance against pre-established objective financial performance criteria and subjective individual performance goals.

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Setting executive officer compensation and peer groups. In general, our compensation committee is responsible for reviewing and approving, or recommending for approval by our board of directors, the compensation of our executive officers, including our chief executive officer. In fiscal 2013, the compensation of our executive officers was reviewed and approved by our compensation committee. When developing recommendations for the compensation of our executive officers other than our chief executive officer, our compensation committee also takes into account recommendations made by our chief executive officer.

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

- establish incentives that link executive officer compensation to our financial performance and that motivate executives to attain our annual financial targets and long-term strategic goals;
- provide a total compensation package that is competitive among companies offering similar consulting services;
- establish personal objectives that link executive officer compensation to the achievement of goals that correlate to improving our overall financial performance; and
- otherwise align the interests of our executive officers and our shareholders.

We compete with other consulting firms to retain top talent and strive to attract and retain our key employees, including our executive officers. In recent fiscal years, our compensation committee has received advice from its compensation consultant, Semler Brossy, to help it establish compensation that is competitive with the compensation paid to the similarly situated key employees of our peers. Our compensation committee does not target any explicit positioning relative to our peers and has not adopted any policies or guidelines for allocating compensation between long-term and short-

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term compensation or between cash and non-cash compensation. Instead, the committee considers a number of factors in seeking to establish the appropriate mix and level of compensation for our executive officers. These factors generally include peer group information, the scope of the executive officer's role, and the executive officer's individual performance and experience. In setting our executive officer compensation in recent fiscal years, our compensation committee has considered the analysis provided by Semler Brossy regarding compensation being paid by a peer group comprised of the following public professional service firms that are in businesses comparable to ours: Duff & Phelps Corp., FTI Consulting, Inc., Huron Consulting Group Inc., and Navigant Consulting, Inc. We sometimes refer to this peer group in this compensation discussion and analysis as our peer group. The committee did not seek advice from Semler Brossy regarding our peer group for fiscal 2013 because it determined that the base salaries of our executive officers for fiscal 2013 should remain fixed at their fiscal 2012 levels.

Additionally, our compensation committee attempts to establish compensation parameters that link executive officer compensation to the attainment of goals that serve both our interests and the interests of our shareholders. A significant percentage of the total compensation of our executive officers for fiscal 2013 consisted of incentives linked to our performance, growth and profitability, with an additional metric allocated to the achievement of specific subjective individual goals, all of which we believe are critical to our long-term success. We believe that using these types of awards promotes our growth and performance by linking a portion of the total compensation for certain key employees to the attainment of pre-established objectives approved by our compensation committee each year.

Named executive officer compensation in fiscal 2013. The principal components of our named executive officer compensation granted in or for our fiscal year ending December 28, 2013 were (i) cash compensation, consisting of base salary and performance-based annual incentive compensation in the form of cash incentive bonuses that our executive officers were eligible to receive based on fiscal 2013 performance under our cash incentive plan or, in the case of Dr. Noether, a purely discretionary cash bonus, and (ii) equity incentive compensation consisting of stock options and restricted stock unit awards vesting over four years, and performance restricted stock unit awards based on our fiscal 2014 and fiscal 2015 performance, granted on November 19, 2013 under our long-term incentive program, each of which is discussed in turn below.

We believe that mixing base salary, performance-based annual incentive compensation and equity incentive compensation vesting based on time and performance is consistent with our overall compensation philosophy because, as discussed in more detail below, it rewards performance without encouraging unnecessary or excessive risk-taking, is competitive with the compensation packages offered by our peers, aligns the interests of our executives and our shareholders, and helps us attract and retain top talent.

Salary. We include base salary in our named executive officer compensation packages because we believe it is appropriate for a portion of compensation to be fixed and predictable, and because the use of base salary is consistent with the compensation provided to the similarly situated executives of our peers. Additionally, we believe that sufficient base compensation reduces the motivation to take unnecessary or excessive risks. Each named executive officer's base salary reflects his or her position, experience, past contributions and potential. Our compensation committee evaluates these and other factors underlying the base salary of our named executive officers each year and makes adjustments, as appropriate. Where appropriate, the committee also uses special one-time cash bonuses to recognize special achievements relating to unique circumstances.

Our compensation committee generally fixes the annual base salary of our executive officers at its regularly scheduled meeting in the first fiscal quarter of each year. Changes to an executive officer's base salary are based on the committee's assessment of the performance of the executive officer, our performance and the performances of our business practices, any changes in the executive officer's role, general economic conditions (such as inflation), and economic forecasts. The committee has sole discretion to set the base salary of each executive officer. In determining these base salaries, the committee is generally mindful of our overall goal of remaining competitive with firms offering similar consulting services and of our desire to reward and retain key employees.

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Due to the continued environment of economic uncertainty, our compensation committee decided that base salaries in fiscal 2013 should remain fixed at their fiscal 2012 levels for our executive officers. Accordingly, the fiscal 2013 annual rate of base salary for each of our executive officers was as follows: \$600,000 for Mr. Maleh, our president and chief executive officer; \$375,000 for Mr. Mackie, our executive vice president, chief financial officer and treasurer; and \$400,000 for Mr. Lowenstein, our executive vice president and chief strategy officer. The fiscal 2013 annual rate of base salary for Dr. Noether, who stepped down as our executive vice president and chief operating officer on February 7, 2013, was \$450,000.

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Performance-based annual incentive compensation. The cash compensation of our executive officers for fiscal 2013 also included performance-based annual incentive compensation in the form of cash incentive bonuses that our executive officers were eligible to receive under our cash incentive plan based on the achievement of performance goals linked to our fiscal 2013 consolidated non-GAAP net revenue, our fiscal 2013 consolidated non-GAAP earnings before interest and taxes, subjective individual performance goals for fiscal 2013 (with this last component, in the case our chief executive officer, being limited by an objective performance formula based on our fiscal 2013 consolidated non-GAAP earnings before interest and taxes) and, in the case of Mr. Lowenstein, his fiscal 2013 revenue oversight. Dr. Noether, who stepped down as our executive vice president and chief operating officer on February 7, 2013, received a purely discretionary bonus. The use of these cash incentive bonuses permit us to provide our executives with incentives to pursue particular objectives in any given year that are consistent with our growth and profitability, as well as the overall goals and strategic direction set by our board of directors. These cash incentive bonuses also tie compensation to performance, and thus play an important role in our pay-for-performance philosophy. The importance of this philosophy to us and our compensation committee is demonstrated by the fact that the target payment amounts under the cash incentive bonuses that our executive officers were eligible to receive for fiscal 2013 represented approximately 53% of the target cash compensation that our executive officers were eligible to receive for fiscal 2013.(4)

An analysis of the cash incentive bonuses that our executive officers were eligible to receive for fiscal 2013 performance, as well as the determination by our compensation committee on March 18, 2014 of the actual amounts to be paid with respect to them, is set forth below. A more complete description of our cash incentive plan and these cash incentive bonuses is contained in this annual report under the headings Plan-based awards Cash incentive plan and Plan-based awards Cash incentive bonuses for fiscal 2013 performance below.

Performance criteria and targets of cash incentive bonuses for fiscal 2013 performance.

On March 15, 2013, our compensation committee determined the performance criteria, performance targets and payment formulas of the cash incentive bonuses that our executive officers were eligible to receive for fiscal 2013 performance under our cash incentive plan.

The performance criteria underlying these cash incentive bonuses were based on non-GAAP financial metrics based on our fiscal 2013 consolidated net revenue (excluding the impact of our NeuCo subsidiary, acquisitions, discontinued operations and extraordinary and special items, as determined by our compensation committee) and our fiscal 2013 consolidated earnings before interest and taxes (excluding the impact of our NeuCo subsidiary, acquisitions, discontinued operations and extraordinary and special items, as determined by our compensation committee), and on individual subjective performance goals for fiscal 2013 tailored for each executive officer.(5) These net revenue and earnings performance criteria were weighted equally, with each tied to 35% of the target payment amount of these cash incentive bonuses. This proportion of objective financial performance criteria was designed to motivate our executive officers to consider and improve both our growth and our profitability, thereby aligning their interests with the interests of our shareholders.

The performance targets established by our compensation committee for these objective financial performance criteria were as follows: the performance target for our fiscal 2013 consolidated non-GAAP net revenue (excluding the impact of our NeuCo subsidiary, acquisitions, discontinued operations and extraordinary and special items, as determined by our compensation committee) was \$300.6 million and the performance target for our fiscal 2013 consolidated non-GAAP earnings before interest and taxes (excluding the impact of our NeuCo subsidiary, acquisitions, discontinued operations and extraordinary and special items, as determined by our compensation committee) was \$30.3 million.

30% of the target payment amounts of the cash incentive bonuses that to our executive officers were eligible to receive for fiscal 2013 performance were based on subjective individual performance goals. This component was designed to motivate them to pursue individual,

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qualitative and strategic goals consistent with their particular roles. These subjective individual goals were set for our executive officers (other than Mr. Maleh, our chief executive officer) by our compensation committee in consultation with our chief executive officer and, for Mr. Maleh, by our compensation committee. In setting the relative importance of this subjective component as compared to the components based on objective financial performance

(4) This percentage does not take into account the revenue oversight component of the cash incentive bonus that Mr. Lowenstein was eligible to receive, which had no pre-determined target payment amount.

(5) Our subsidiary NeuCo, Inc., or NeuCo, develops and markets a family of neural network software tools and complementary application consulting services that are currently focused on electric utilities. As of December 28, 2013, our ownership interest in NeuCo was 55.89%.

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criteria, our compensation committee had previously received advice from its compensation consultant that 30% was both appropriate and consistent with competitive practice.

The cash incentive bonus that Mr. Lowenstein was eligible to receive for fiscal 2013 performance included an additional revenue oversight component based on the revenue we generated in fiscal 2013 from his key clients. This component was included in addition to the components based on management performance in order to recognize the importance of, and to reward, Mr. Lowenstein's direct client revenue oversight activities.

Payment formulas of cash incentive bonuses for fiscal 2013 performance.

The overall target payments for the cash incentive bonuses that our executive officers were eligible to receive for fiscal 2013 performance, excluding Mr. Lowenstein's revenue oversight component, which did not have a pre-determined target payment, were as follows: for Mr. Maleh, \$900,000 (or 150% of base salary); for Mr. Mackie, \$250,000 (or approximately 67% of base salary); and for Mr. Lowenstein, \$400,000 (or 100% of base salary). As a result, approximately 53% of the target cash compensation that our executive officers were eligible to receive for fiscal 2013 was subject to performance conditions (without taking into account the revenue oversight component of Mr. Lowenstein's cash incentive bonus) demonstrating our pay-for-performance philosophy.

The amounts to be paid under these cash incentive bonuses, which were determined by our compensation committee on March 18, 2014 as described under the heading "Amounts paid with respect to cash incentive bonuses for fiscal 2013 performance" below, could not exceed a maximum payment amount, mitigating the risk that the incentive compensation payable to our executive officers for fiscal 2013 could lead to payments that were not commensurate with our actual performance. These maximum payment amounts, which emphasize the relative importance of the objective financial performance criteria, were determined as follows: (1) the maximum payment of any component linked to our consolidated non-GAAP net revenue or our consolidated non-GAAP earnings before interest and taxes was equal to twice that component's target payment; (2) the maximum payment of any component linked to individual subjective performance goals was 140% of that component's target payment; and (3) the maximum payment of Mr. Lowenstein's revenue oversight component was \$650,000. The amount payable to Mr. Maleh under the component linked to individual subjective performance goals was further limited by an objective formula amount based on our consolidated non-GAAP fiscal 2013 earnings before interest and taxes (excluding the impact of our NeuCo subsidiary, acquisitions, discontinued operations and extraordinary and special items as determined by our compensation committee) in order to preserve the deductibility of the amounts payable to him under it. The target and maximum amounts payable under these cash incentive bonuses are reported under the heading "Estimated Possible Payouts Under Non-Equity Incentive Plan Awards" in the "Grant of Plan-Based Awards for Fiscal 2013" table below.

The payment formulas under the components of the cash incentive bonuses that our executive officers were eligible to receive for fiscal 2013 performance tied to objective financial performance criteria increased the payment by 1% of the target payment for each 1% that the performance of the applicable performance criteria exceeded the applicable performance target (subject to the component's maximum payment amount), and decreased the payment by 1% of the target payment for each 1% that the performance of the applicable performance criteria missed the applicable performance target (subject to a floor of zero). Our compensation committee initially adopted this one-to-one so-called "leverage curve" in fiscal 2009 based, in part, on advice from its compensation consultant that less steep leverage curves are more appropriate when performance targets are unpredictable and volatile. Given the current uncertain economic times, our compensation committee decided to retain this one-to-one leverage curve for the components of the cash incentive bonuses that our executive officers were eligible to receive for fiscal 2013 performance tied to objective financial performance criteria based on the same rationale. The performance formula determining the amount payable under the components of these cash incentive bonuses tied to individual subjective performance goals provided for a payment based on a tally sheet weighted-average score of the applicable executive officer's achievement of his or her individual subjective business goals ranging from one to five. Specifically, this formula provided for a payment linearly ranging from (1) 60% to 90% of the target payment, as the applicable executive officer's individual component weighted-average score ranged from one to two, (2) 90% to 110% of the target payment, as

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the applicable named executive officer's individual component weighted-average score ranged from two to four, and (3) 110% to 140% of the target payment, as the applicable executive officer's individual component weighted-average score ranged from four to five. Our compensation committee developed this payment formula in consultation with its compensation consultant. The payment formula for Mr. Lowenstein's revenue oversight component provided for a payment ranging from \$0 to \$650,000 as the revenues generated by us in fiscal 2013 from his key clients ranged from \$0 million to \$8 million. This payment formula was designed to capture the difference between what a typical sourcing consultant would receive at various revenue oversight levels, as applicable, compared to the compensation that Mr. Lowenstein would otherwise receive for his service as an executive officer for fiscal 2013.

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Regardless of the amount determined by the payment formula with respect to any component of the cash incentive bonuses that our executive officers were eligible to receive for fiscal 2013 performance, our compensation committee retained the ability to reduce or eliminate the amount actually paid under the component in its discretion. This discretion mitigated the risk that the cash incentive compensation payable to our executive officers for fiscal 2013 could have led to payments that were not commensurate with our actual performance.

Amounts paid with respect to cash incentive bonuses for fiscal 2013 performance.

On March 18, 2014, our compensation committee determined the amounts to be paid to our executive officers with respect to the cash incentive bonuses that our executive officers were eligible to receive for fiscal 2013 performance, and the amounts actually paid to our executive officers in respect of these cash incentive bonuses are reported in the Summary Compensation Table for Fiscal 2013 under the heading Non-Equity Incentive Plan Compensation. The amounts to be paid under each of these cash incentive bonuses were determined as follows:

- Component linked to our net revenue. Our fiscal 2013 consolidated non-GAAP net revenue (excluding the impact of our NeuCo subsidiary, acquisitions, discontinued operations and extraordinary and special items, as determined by our compensation committee) was approximately \$273.4 million, or approximately 9.1% below the performance target of \$300.6 million. Accordingly, the amount payable under the payment formula for the net revenue component of these cash incentive bonuses was the target payment reduced by approximately 9.1% of the target payment.
- Component linked to earnings before interest and taxes. Our fiscal 2013 consolidated non-GAAP earnings before interest and taxes (excluding the impact of our NeuCo subsidiary, acquisitions, discontinued operations and extraordinary and special items, as determined by our compensation committee) was approximately \$18.4 million, or approximately 39.1% below the performance target of \$30.3 million. Accordingly, the amount payable under the payment formula for the earnings before interest and taxes component of these cash incentive bonuses was the target payment reduced by approximately 39.1% of the target payment.
- Component linked to individual subjective performance goals. Based on the subjective individual performance goal weighted-average scores for each of our executive officers, the amounts payable under the payment formula for the subjective individual performance goal component of these cash incentive bonuses were equal to 100% of their respective target amounts for each of our executive officers. Because our fiscal 2013 consolidated non-GAAP earnings before interest and taxes (excluding the impact of our NeuCo subsidiary, acquisitions, discontinued operations and extraordinary and special items, as determined by our compensation committee) was greater than 50% of the performance target of \$30.3 million, the objective payment formula capping the subjective individual performance goal component of Mr. Maleh's cash incentive bonus did not operate to reduce the amount otherwise payable to Mr. Maleh under this component.
- Components linked to revenue sourcing and revenue oversight. The revenue we generated from Mr. Lowenstein's key clients in fiscal 2013 was between \$2.4 million and \$4 million. Accordingly, the amount payable under the payment formula for the revenue oversight component of Mr. Lowenstein's cash incentive bonus was \$50,000.
- Determination of Amount Paid. After calculating the total amount payable to each of our executive officers under these cash incentive bonuses' payment formulas, the aggregate amount paid to our executive officers with respect to these bonuses was reduced by

approximately 1.2% as a result of rounding.

Discretionary cash bonus paid to Dr. Noether for fiscal 2013.

Dr. Noether, who stepped down as our chief operating officer and executive vice president on February 7, 2013 to return to a full-time consultant role with us, was eligible to receive a purely discretionary cash bonus for fiscal 2013. On March 25, 2014, our chief executive officer determined that the amount payable under this bonus was \$440,000. This bonus rewarded Dr. Noether for her direct client revenue oversight and sourcing activities during fiscal 2013. This amount is reported in the Summary Compensation Table for Fiscal 2013 under the heading Bonus.

Equity incentive compensation. In fiscal 2013, the compensation we paid to our named executive officers included equity incentive compensation. We believe that equity compensation is an important component of our compensation program because it promotes the long-term retention of our key employees, motivates high levels of performance, and

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recognizes our key employees' contributions to our success. In addition, equity compensation aligns the long-term interests of our management and our shareholders. We recognize that we conduct our business in an increasingly competitive environment. In order to remain competitive, we must employ top-flight key employees who have abundant talent and demonstrated skills and experience, and we believe that equity compensation may give us an advantage in attracting and retaining such employees.

We grant long-term equity incentive compensation to our executive officers and other key employees under our 2006 equity incentive plan, which was adopted by our shareholders in April 2006, and our long-term incentive program, which our compensation committee adopted in fiscal 2009 to create a framework for grants made under our 2006 equity incentive plan. An analysis of the equity compensation granted to our named executive officers in fiscal 2013 under our long-term incentive program and our 2006 equity incentive plan is set forth below. More complete descriptions of our long-term incentive program and 2006 equity incentive plan, and the equity awards granted under them to our named executive officers in fiscal 2013, are contained in this annual report under the headings "Plan-based awards - Long-term incentive program" and "Plan-based awards - 2006 equity incentive plan" below. Where appropriate, our compensation committee also may grant special one-time restricted stock bonuses under our 2006 equity incentive plan to recognize special achievements relating to unique circumstances. A description of the special one-time restricted stock bonus granted to our president and chief executive officer, Mr. Maleh, in fiscal 2014 appears in this compensation discussion and analysis under the heading "Special one-time restricted stock bonus awarded in fiscal 2014" below.

Long-term incentive program.

Equity awards granted under our long-term incentive program are comprised of the following types of equity awards granted under our 2006 equity incentive plan in the following proportions: 30% stock options, 30% time-vesting restricted stock unit awards, or RSUs, and 40% performance restricted stock unit awards, or PRSUs, each of which is described more fully below. For purposes of these weightings, each share subject to a stock option is treated as one-half of a share, each share by which an RSU or a PRSU is measured is treated as one share, and it is assumed that each PRSU's target performance will be achieved.

The equity awards comprising grants made to our named executive officers under our long-term incentive program are designed to work together to achieve the program's primary objectives, namely to:

- directly align a significant portion of the total compensation of our named executive officers with the delivery of future value to our shareholders;
- focus our named executive officers on performance by directly linking their compensation to the achievement of predetermined performance goals and shareholder returns;
- provide a competitive compensation program that has significant retention value; and
- promote top line and bottom line growth.

As noted above, these equity awards are comprised of stock options, RSUs and PRSUs. Equity grants under our long-term incentive program include stock options because they motivate our named executive officers to increase shareholder value. The four-year vesting schedule applicable to the stock options granted under our long-term incentive program provides long-term retention value. Stock options granted under our shareholder-approved 2006 equity incentive plan are also efficient from a tax perspective because the compensation they provide is not subject to the deductibility limitations of Section 162(m) of the Internal Revenue Code. RSUs are included in the equity grants made under our long-term incentive program because their value is directly based on the value of our common stock, so RSUs directly align the interests of our named executive officers and our shareholders. The four-year vesting schedule applicable to RSUs granted under our long-term incentive program provides long-term retention value that is less dependent on our stock price than the retention value of stock options, which may be reduced if our stock price drops below the stock options' exercise price. Because RSUs vest based on time, not performance, the compensation they provide is subject to the deductibility limitations of Section 162(m). PRSUs are included in the equity grants made under our long-term incentive program because the value of the award is based on our performance, over a period of one fiscal year or more, enabling us to provide longer-term compensation that motivates our named executive officers to increase our profitability and our growth and to increase shareholder value. The PRSUs granted under our long-term incentive program also provide long-term retention value because the RSUs earned based upon the outcome of a PRSU's performance conditions is subject to further time-based vesting, so the entire award is paid over a four-year vesting period, regardless of the length of the PRSU's performance period. PRSUs

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granted under our shareholder-approved 2006 equity incentive plan are also efficient from a tax perspective because the compensation they provide is not subject to the deductibility limitations of Section 162(m) of the Internal Revenue Code. These stock options and shares of common stock issued pursuant to the vesting of these RSUs and PRSUs further align the interests of our named executive officers and our shareholders because they are held subject to our stock ownership guidelines described in this compensation discussion and analysis under the heading "Stock ownership guidelines" below.

Values of equity awards, and mix of cash and equity compensation, for fiscal 2013.

On November 19, 2013, our compensation committee granted equity awards under our long-term incentive program to our named executive officers. The aggregate grant date fair value of these equity awards (assuming the PRSUs' target performance would be achieved) were as follows: for Mr. Maleh, \$760,995; for Mr. Mackie, \$285,371; for Mr. Lowenstein, \$380,498; and for Dr. Noether, \$142,677. Accordingly, the target grant date fair value of this equity compensation represented approximately 33% of the target total cash and equity compensation of our executive officers for fiscal 2013. Combining this equity compensation, whose value is tied to the value of our common stock, and the target payments of the cash incentive bonuses that our executive officers were eligible to receive based on fiscal 2013 performance under our cash incentive plan, over 68% of our executive officers' target compensation for or granted in fiscal 2013 consisted of awards subject to performance conditions and continued service, demonstrating our commitment to providing executive compensation that aligns the interests of our executive officers with the interests of our shareholders, rewards performance and provides retention value.

The number of shares of our common stock subject to stock options, the number of shares of our common stock by which RSUs are measured, and the threshold, target and maximum number of shares of our common stock by which PRSUs are measured with respect to the equity awards granted to each of our executive officers under our long-term incentive program in fiscal 2013 are set forth under the headings "All Other Option Awards: Number of Securities Underlying Options," "All Other Stock Awards: Number of Shares of Stock or Units," and "Estimated Future Payouts Under Equity Incentive Plan Awards," respectively, in the "Grant of Plan-Based Awards for Fiscal 2013" table below.

PRSUs granted in fiscal 2013

The PRSUs granted to our named executive officers in fiscal 2013 are based on the performance over fiscal 2014 and fiscal 2015 of our consolidated non-GAAP average adjusted EBITDA (including acquisitions and divestitures) and our consolidated non-GAAP cumulative net annual revenue growth (excluding acquisitions and divestitures), which aligns the interests of our named executive officers and shareholders by motivating our named executive officers to consider both our growth and profitability. The non-GAAP adjusted EBITDA and revenue we will use for these purposes will be the same as the non-GAAP adjusted EBITDA and revenue we report with our financial results for the applicable measurement periods. The number of shares of our common stock potentially issuable under each of these PRSUs based on the outcome of its performance conditions ranges from a threshold of 50% of the PRSU's target payment to a maximum of 125% of the PRSU's target payment. If these PRSU's threshold performance level is not achieved over their performance period, no payment will be made under the PRSUs, mitigating the risk that the incentive compensation payable under them will not be commensurate with our actual performance. When determining these PRSU's performance targets, our compensation committee sets goals that it believes will be challenging to achieve, based on a review of our future financial plan and general economic conditions, in order to motivate a high degree of business performance with an emphasis on longer-term financial objectives.

PRSU performance conditions determined for fiscal 2012 and fiscal 2013.

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On March 18, 2014, our compensation committee determined that no shares of our common stock were issuable based on the outcome of performance conditions of PRSUs granted on November 14, 2011 to our named executive officers under our long-term incentive program and 2006 equity incentive plan. These PRSUs were based on our fiscal 2012 and fiscal 2013 consolidated non-GAAP average operating margin (including acquisitions and divestitures) and our consolidated non-GAAP cumulative annual net revenue growth (excluding acquisitions and divestitures). The number of shares of our common stock potentially issuable under each of these PRSUs based on the outcome of the PRSU's performance conditions, or its performance share number, ranged from a threshold of 50% of PRSU's target payment to a maximum of 125% of the PRSU's target payment. The threshold, target and maximum performance share numbers under these PRSUs were based on threshold, target and maximum performance of 8%, 10% and 12%, respectively, for our fiscal 2012 and fiscal 2013 consolidated non-GAAP operating margin (excluding the impact of our NeuCo subsidiary and, for fiscal 2012 only, restructuring costs and a non-cash goodwill impairment charge) and 4%, 8% and 14%, respectively, for our fiscal 2012 and fiscal 2013 consolidated non-GAAP annual revenue growth (excluding the impact of our NeuCo subsidiary and divestitures and, for fiscal 2012 only, restructuring costs and a non-cash goodwill impairment charge). Our compensation committee

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determined that our fiscal 2012 and fiscal 2013 consolidated non-GAAP average operating margin (excluding the impact of our NeuCo subsidiary and, for fiscal 2012 only, restructuring costs and a non-cash goodwill impairment charge) was approximately -1.42% and our fiscal 2012 and fiscal 2013 consolidated non-GAAP annual revenue growth (excluding the impact of our NeuCo subsidiary and divestitures and, for fiscal 2012 only, restructuring costs and a non-cash goodwill impairment charge) was approximately 7.3% and, accordingly, that these PRSU s threshold performance levels were not achieved over the performance period. As a result, no payment will be made under these PRSUs.

Stock ownership guidelines.

The equity awards granted to our executive officers, other senior leaders and other key employees under our long-term incentive program, or LTIP, are subject to share ownership requirements to further promote the long-term nature of the program. The share ownership thresholds are 400% of base salary for our chief executive officer, 300% of base salary for each of our other executive officers, and 140% of base salary for our other key employees who participate in the LTIP. The equity awards that count towards these share ownership thresholds are (1) vested stock options granted under the LTIP, (2) shares of our common stock issued pursuant to vested time-vesting restricted stock unit awards, or RSUs, granted under the LTIP, (3) shares of our common stock issued pursuant to vested performance restricted stock unit awards, or PRSUs, granted under the LTIP and (4) any other share of our common stock delivered to us to be held for purposes of meeting these stock ownership guidelines. If an employee is subject to our stock ownership guidelines, until his or her employment with us ends or he or she is no longer otherwise providing services for us, he or she may not exercise any stock option issued under the LTIP, or sell or transfer any shares of common stock issued with respect to RSUs or PRSUs granted under the LTIP (except for sales to cover withholding taxes with respect to such issuance), unless his or her share ownership threshold is met and would continue to be met after such exercise, sale or transfer. In any event, an employee subject to our stock ownership guidelines may exercise any vested stock option granted under the LTIP within one year of such stock option s expiration date. For purposes of these stock ownership guidelines, shares of our common stock are valued based on the closing price of our common stock reported on the NASDAQ Global Select Market on the day prior to the applicable exercise, sale or transfer and vested stock options are valued based on the Black-Scholes option-pricing model.

Policy on derivatives, hedging, short sales and pledging.

Our trading policies prohibit our employees, consultants and non-employee directors from (i) purchasing, selling or otherwise trading in options (including publicly traded options), puts, calls, warrants and other derivatives involving or relating to our common stock, (ii) engaging in any hedging activities with respect to our common stock, (iii) engaging in short sales or taking equivalent positions in our common stock, or (iv) holding shares of our common stock in a margin account or, without the express authorization of our chief executive officer or general counsel, pledging shares of our common stock as security.

Practices regarding the grant of equity awards.

Our compensation committee has generally followed a practice of making all equity awards to our executive officers on a single date each year. The committee authorized all of the equity awards made in fiscal 2013 on November 19, 2013. We do not otherwise have any program, plan or practice related to the timing of the granting of equity awards to our executive officers as it relates to the release of material non-public information.

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All equity awards made to our executive officers, or to any of our other employees or directors, are currently made pursuant to our 2006 equity incentive plan. All stock options under this plan are granted with an exercise price equal to the fair market value of our common stock on the date of grant. Fair market value is defined under the plan to be the closing price per share on the applicable date as reported by a nationally recognized stock exchange. In connection with inducement grants made to new hires outside of the 2006 equity incentive plan, we have at times granted options at strike prices significantly above the then current fair market value of our common stock, as an incentive for these new hires to participate only in very significant increases in our overall stock value. We do not otherwise have any program, plan or practice of awarding stock options or setting the exercise price of stock options based on our stock price on a date other than the grant date. We do not have a practice of determining the exercise price of stock option grants by using average prices (or lowest prices) of our common stock over a period preceding, surrounding or following the grant date. While our compensation committee's charter permits the committee to delegate its authority to grant equity awards in certain circumstances, all grants to employees are currently made by the committee itself and not pursuant to any delegated authority.

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Special one-time restricted stock bonus awarded in fiscal 2014.

On February 25, 2014, our compensation committee granted Mr. Maleh, our president and chief executive officer, a special one-time bonus of 21,748 restricted shares of our common stock, which will vest in four equal annual installments beginning on February 25, 2015. The committee granted Mr. Maleh this bonus in recognition of his exceptional personal performance during fiscal 2013.

Perquisites and other compensation. Our executive officers have typically received modest perquisites and other compensation paid by us mainly parking, contributions to our 401(k) savings and retirement plan (described in this compensation discussion and analysis under the heading "401(k) savings plan" below), premiums we pay for term life insurance, long-term disability insurance and accidental death and dismemberment insurance for the benefit of our executive officers, and reimbursement for certain health and dental premiums and expenses. Our compensation committee believes these modest perquisites and other compensation are consistent with our overall policy of providing competitive compensation to attract and retain our executive officers.

Employment agreements. We have an employment agreement with Mr. Mackie that is described in this annual report under the heading "Potential payments upon termination or change in control" below. Mr. Mackie's employment agreement provides for certain payments upon his termination in a change of control, as described in that section. Our other named executive officers do not have employment agreements, other than our standard employee agreements related to confidentiality, non-competition and non-solicitation. As described in this annual report under the heading "Potential payments upon termination or change in control" below, a change of control may also trigger payments to our named executive officers under our cash incentive plan, and a named executive officer's death or disability may trigger acceleration of certain equity awards granted to the named executive officer under our 2006 equity incentive plan, pursuant to the applicable award agreement.

401(k) savings plan. Under our 401(k) savings plan, a tax-qualified retirement savings plan, participating employees, including our named executive officers, may contribute up to 80% of regular earnings on a before-tax basis, up to the applicable calendar year limit, which was \$17,500 in calendar year 2013, into their 401(k) plan accounts. Participants age 50 and over may also contribute catch-up contributions of up to \$5,500 for calendar year 2013. In addition, under the 401(k) plan, we match an amount equal to fifty cents for each dollar contributed by participating employees on the first 6% of their regular earnings up to a maximum amount. This maximum matching amount was \$7,650 in calendar year 2013. Amounts held in 401(k) plan accounts on behalf of an employee may not be withdrawn prior to the employee's termination of employment, total and permanent disability, or such earlier time as the employee reaches the age of 59½, subject to certain exceptions set forth in the regulations of the Internal Revenue Service. We maintain our 401(k) plan because we wish to encourage our employees to save some percentage of their cash compensation for their retirement. Our 401(k) plan permits employees to make such savings in a manner that is relatively tax efficient.

Policy on deductibility of compensation. Section 162(m) of the Internal Revenue Code limits our tax deduction for compensation in excess of \$1.0 million paid to each of our chief executive officer and our three other most highly compensated named executive officers, other than our chief financial officer, in any fiscal year. Compensation that is "qualified performance-based compensation" within the meaning of Section 162(m) does not count towards this \$1.0 million limit. The cash incentive bonuses that our executive officers were eligible to receive for fiscal 2013 performance under our cash incentive plan (excluding the components tied to the subjective individual performance goals for all of our executive officers other than our chief executive officer), as well as the stock options and PRSUs granted to our named executive officers in fiscal 2013 under our long-term incentive program and 2006 equity incentive plan, were all designed to be qualified performance-based compensation, preserving the deductibility of the amounts paid under them. Special one-time cash or stock bonuses, such as the restricted stock bonus granted to Mr. Maleh in 2014 described under the heading "Equity Incentive Compensation" Special one-time restricted stock bonus awarded in fiscal 2014 above, count toward the Section 162(m) \$1.0 million limit described above. Section 162(m) did not operate to limit the deductibility of any of the compensation we paid to our named executive officers in fiscal 2013.

Our policy with respect to Section 162(m) is to make a reasonable effort to cause compensation paid to our named executive officers to be deductible by us while simultaneously providing our named executive officers with appropriate rewards for their performance. Our compensation committee may, in its discretion, defer compensation that would not be deductible under Section 162(m) and may decide to make payments to our named executive officers that are not fully deductible because of the Section 162(m) limitation.

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Compensation committee report

The compensation committee has reviewed and discussed with management the contents of the compensation discussion and analysis set forth above. Based on this review and discussion, the committee recommended to our board of directors that the above compensation discussion and analysis be included in this annual report on Form 10-K for the fiscal year ended December 28, 2013.

The compensation committee

William Schleyer (Chair)
Rowland Moriarty
Thomas Robertson

Compensation policies and practices as they relate to risk management

Our compensation committee has reviewed our incentive compensation programs, discussed the concept of risk as it relates to our compensation programs, and considered various mitigating factors. Based on these reviews and discussions, the committee does not believe that our compensation programs encourage excessive or inappropriate risk-taking. Some of the reasons leading to the committee's conclusion are as follows:

- The compensation we pay to our executive officers and key employees consists of both fixed and variable components. The fixed portion is designed to provide steady income regardless of our common stock's performance, so that these employees do not focus solely on our stock performance to the detriment of other important business metrics. The equity compensation paid to our executive officers and key employees through our long-term incentive program is designed to reward long-term performance. For example, the stock options and time-vesting restricted stock unit awards granted under our long-term incentive program vest in equal annual installments over a period of four years, and the performance restricted stock unit awards are linked to our performance over periods of one to four years. The proportions of salary and equity compensation are designed to ensure that our executives and key employees are properly motivated without being encouraged to take unnecessary or excessive risks.
- The performance criteria underlying the performance restricted stock unit awards granted to our executive officers and key employees under our long-term incentive program are based on non-GAAP performance criteria related to our consolidated net revenue growth and adjusted EBITDA or average operating margin, which encourages these employees to focus on growth and efficiency, and discourages risk-taking focused on improving only one of these measures of our performance because such a focus would ultimately harm our stock price and thus the value of their equity awards. There is no payment under any of these awards if the award's threshold performance levels are not achieved, and each award contains a pre-determined maximum payment, which mitigates risk by making it less likely that the payout on any given award will not correspond to performance. Finally, the performance criteria applicable to performance restricted stock unit awards granted under our long-term incentive program apply to all of our executive officers and our key employees eligible for the program, creating a consistent compensation risk profile across our business.
- The financial performance criteria underlying the cash incentive bonuses that our executive officers were eligible to receive for fiscal 2013 performance under our cash incentive plan are based on our fiscal 2013 consolidated non-GAAP net revenue and earnings before interest

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and taxes, which encourages our executive officers to focus on growth and efficiency. These awards have pre-determined maximum payouts and use a relatively flat one-to-one leverage curve for adjusting the payments for performance that misses or exceeds the awards' performance targets, which reduces the risk that payouts under the awards will not correspond to performance. Most important, our compensation committee can exercise its discretion to reduce or eliminate the payment made under any of these awards, regardless of the amount resulting from the award's payment formula.

- We have adopted stock ownership guidelines with respect to equity awards made under our long-term incentive program, which further motivates our executives and key employees to consider our long-term performance.

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- Our compensation committee has generally followed a practice of making all equity awards to our executive officers on a single date each year, so the equity component of our compensation program cannot be timed or coordinated with the release of material information.
- Except with respect to the 30% component of the cash incentive bonuses that our executive officers (other than our chief executive officer) were eligible to receive for fiscal 2013 performance tied to subjective individual performance goals, the amounts earned under these cash incentive bonuses and the performance restricted stock units awards granted to our named executive officers under our 2006 equity incentive plan and long-term incentive program are designed to be qualified performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code, which preserves the deductibility of the amounts payable under them. The outcome and payments of these awards are certified to, and approved by, our compensation committee.
- Our compensation committee has sought and received the advice of a compensation consultant regarding certain of our compensation practices and policies and the structure and design of our executive officer and key employee compensation programs; our committee determined that this consultant, which provided services only as directed by the committee and had no other relationship with us during fiscal 2013, is independent from us and that the limited services provided by it in fiscal 2013 raised no conflicts of interest.

Executive compensation

Summary compensation. The following table provides a summary of all compensation earned with respect to fiscal 2013 by Paul Maleh, our president and chief executive officer, Wayne Mackie, our chief financial officer, treasurer and executive vice president, and the two persons other than our chief executive officer and chief financial officer who served as executive officers during fiscal 2013, Arnold Lowenstein, our chief strategy officer and executive vice president, and Monica Noether, who stepped down as our chief operating officer and executive vice president on February 7, 2013. The persons listed in this table are referred to as our named executive officers. The term executive officers, where used below, does not include Dr. Noether.

The compensation received by our named executive officers in fiscal 2013 consisted of the following: base salary; non-equity incentive plan awards in the form of cash incentive bonuses that our executive officers were eligible to receive under our cash incentive plan depending on the achievement of performance goals linked to our fiscal 2013 consolidated non-GAAP net revenue, our fiscal 2013 consolidated non-GAAP earnings before interest and taxes, subjective individual performance goals for fiscal 2013 and, in the case of and Mr. Lowenstein, his fiscal 2013 revenue oversight; in the case of Dr. Noether, a purely discretionary cash bonus; option and stock awards in the form of stock options, time-vesting restricted stock unit awards, or RSUs, and performance restricted stock unit awards, or PRSUs, based on fiscal 2014 and fiscal 2015 performance, all of which were granted on November 19, 2013 under our long-term incentive program and 2006 equity incentive plan; and modest perquisites and other compensation. The structure of these cash incentive bonuses, and the determination by our compensation committee on March 18, 2014 of the amounts payable under them, are described in this annual report under the headings Plan-based awards Cash incentive plan and Plan-based awards Cash incentive bonuses for fiscal 2013 performance below. These stock options, RSUs and PRSUs are described in this annual report under the headings Plan-based awards Long-term incentive program and Plan-based awards LTIP awards granted in fiscal 2013 below. Analysis and further information about our named executive officers fiscal 2013 compensation is set forth in this annual report under the heading Compensation discussion and analysis above.

Summary Compensation Table for Fiscal 2013

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Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)(2)	Option Awards (\$)(3)	Non-Equity Incentive Plan Compensation (\$)(4)	All Other Compensation (\$)(5)(6)	Total (\$)
Paul Maleh	2013	600,000		559,390	201,606	740,000	33,186	2,134,182
President, chief executive officer and director	2012	600,000		127,250			29,835	757,085
	2011	500,000		490,784	194,763	700,000	30,029	1,915,576
Wayne Mackie	2013	375,000		209,766	75,604	205,000	24,627	889,997
Executive vice president, treasurer and chief financial officer	2012	375,000					28,561	403,561
	2011	375,000		184,044	73,036	210,000	27,049	869,129

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Arnold Lowenstein	2013	400,000		279,695	100,803	370,000(7)	22,688	1,173,186
Executive vice president	2012	400,000				150,000(8)	27,392	577,392
and chief strategy officer	2011	400,000		245,392	97,381	700,000(9)	9,070	1,451,843
Monica Noether	2013	450,000	440,000(10)	104,874	37,802		19,349	1,052,025
Former executive vice	2012	450,000				793,622(11)	22,775	1,266,397
president and chief operating	2011	450,000		306,740	121,727	525,000	9,070	1,412,537
officer								

(1) Amounts reflect the aggregate grant date fair values of grants of shares of restricted stock, RSUs and PRSUs, as applicable, made in the specified fiscal periods to each of our named executive officers under our 2006 equity incentive plan. Specifically, in fiscal 2011, each named executive officer was granted, on November 14, 2011, RSUs and PRSUs based on fiscal 2012 and 2013 performance under our long-term incentive program; in fiscal 2012, our compensation committee granted a one-time bonus of shares of restricted stock to Mr. Maleh on March 23, 2012; and in fiscal 2013, each named executive officer was granted, on November 19, 2013, RSUs and PRSUs based on fiscal 2014 and fiscal 2015 performance under our long-term incentive program. The grant date fair values were computed in accordance with ASC Topic 718, excluding the estimated effect of any forfeitures, based on the closing market price of our common stock on the date of grant. In addition, the grant date fair value of each PRSU was computed based on the probable outcome of its performance conditions. Additional details on our accounting for share-based compensation can be found in note 1, Summary of Significant Accounting Policies Share-Based Compensation, and note 12, Share-Based Compensation, to our consolidated financial statements in our annual report on Form 10-K filed with the Securities and Exchange Commission on March 13, 2014.

(2) The grant date fair values of the PRSUs based on fiscal 2014 and 2015 performance granted to each of our named executive officers in fiscal 2013, assuming the maximum payment under each award is made, are as follows: for Mr. Maleh, \$399,561; for Mr. Mackie, \$149,827; for Mr. Lowenstein, \$199,791; and for Dr. Noether, \$74,913. The grant date fair values of the PRSUs based on fiscal 2012 and 2013 performance granted to each of our named executive officers in fiscal 2011, assuming the maximum payment under each award is made, are as follows: for Mr. Maleh, \$350,560; for Mr. Mackie, \$131,460; for Mr. Lowenstein, \$175,280; and for Dr. Noether, \$219,100. These grant date fair values were computed in accordance with ASC Topic 718, excluding the estimated effect of any forfeitures, based on the closing market price of our common stock on the date of grant.

(3) The amounts reflect the aggregate grant date fair values of stock options granted in the specified fiscal periods to each of our named executive officers under our long-term incentive program and 2006 equity incentive plan. The grant date fair values were computed in accordance with ASC Topic 718, excluding the estimated effect of any forfeitures, using the Black-Scholes option-price model. In fiscal 2013, this model was based on the following weighted-average assumptions: expected life 5.0 years; expected volatility 46.88%; risk-free interest rate 1.37%; and no expected dividends. In fiscal 2011, this model was based on the following weighted-average assumptions: expected life 5.0 years; expected volatility 53.53%; risk-free interest rate 0.9%; and no expected dividends. Additional details on accounting for share-based compensation can be found in note 1, Summary of Significant Accounting Policies Share-Based Compensation, and note 12, Share-Based Compensation, to our consolidated financial statements in our annual report on Form 10-K filed with the Securities and Exchange Commission on March 13, 2014.

(4) The amounts shown represent amounts earned in respect of the cash incentive bonuses based on performance measured over the specified fiscal periods to each of our named executive officers under our cash incentive plan. The amounts earned on the cash incentive bonuses for fiscal 2013 performance were determined by our compensation committee on March 18, 2014.

(5) For fiscal 2013, the amounts shown represent other compensation in the form of contributions to our savings and retirement plan on behalf of each of our named executive officers and premiums we paid for term life insurance, long-term disability insurance and accidental death and dismemberment insurance for the benefit of our named executive officers, as well as the perquisites and other personal benefits described in footnote (6) below.

(6) For fiscal 2013, the amounts shown include our aggregate incremental cost of the following perquisites and other personal benefits paid to our named executive officers: reimbursement for certain health and dental premiums and expenses, and, for our named executive officers other than Dr. Noether,

parking and use of sporting tickets.

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(7) Includes the \$50,000 formula payment amount, determined by our compensation committee on March 18, 2014, of the revenue oversight component of Mr. Lowenstein's cash incentive bonus for fiscal 2013 performance based upon the revenue we generated from his key clients in fiscal 2013, as further discussed in this annual report under the heading "Plan-based awards - Cash incentive bonuses for fiscal 2013 performance" below.

(8) Represents the amount, determined by our compensation committee on March 15, 2013, paid under the revenue oversight component of Mr. Lowenstein's cash incentive bonus for fiscal 2012 performance based upon the revenue we generated from his key clients in fiscal 2012.

(9) Includes the \$400,000 formula payment amount, determined by our compensation committee on March 5, 2012, of the revenue oversight component of Mr. Lowenstein's cash incentive bonus for fiscal 2011 performance based upon the revenue we generated from his key clients in fiscal 2011.

(10) Represents the discretionary bonus received for fiscal 2013.

(11) Represents the amount, determined by our compensation committee on March 15, 2013, paid under the revenue sourcing component of Dr. Noether's cash incentive bonus for fiscal 2012 performance based upon the revenue sourced by Dr. Noether in fiscal 2012.

Plan-based awards. The plan-based awards granted to our named executive officers in fiscal 2013 consisted of (1) cash incentive bonuses that our executive officers were eligible to receive based on fiscal 2013 performance under our cash incentive plan and (2) stock options, time-vesting restricted stock unit awards, or RSUs, and performance restricted stock unit awards, or PRSUs, based on fiscal 2014 and fiscal 2015 performance, all of which were granted on November 19, 2013 under our long-term incentive program and our 2006 equity incentive plan. Our cash incentive plan, the structure and determination of the amounts to be paid under these cash incentive bonuses, our long-term incentive program, our 2006 equity incentive plan, and these stock options, RSUs and PRSUs granted under our long-term incentive program and 2006 equity incentive plan are described below.

Cash incentive plan.

Our cash incentive plan authorizes the grant of performance-based incentive awards to our executive officers and other salaried employees. The plan is designed to facilitate the granting of performance awards to our executive officers intended to qualify as "qualified performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code, which preserves the deductibility of amounts paid under the awards. A performance award granted under the plan is payable only to the extent certain performance targets, based on performance criteria specified by our compensation committee, are achieved in the relevant measurement period. These performance targets can be based on objective financial performance criteria, including, but not limited to, revenue; net revenue; revenue growth; earnings before interest, taxes, depreciation and amortization; funds from operations; funds from operations per share; operating income; operating income growth; operating cash flow; net income; net income growth; pre- or after-tax income; cash available for distribution; cash available for distribution per share; cash and/or cash equivalents available from operations; net earnings; earnings per share; earnings per share growth; return on equity; return on assets; share price performance; total shareholder return; total shareholder return growth; economic value added; improvement in cash flow; and confidential business unit objectives. These performance targets may also be based on performance criteria in the form of individual or other goals specified by our compensation committee. Only awards based on or limited by objective financial performance criteria may qualify as qualified performance-based compensation.

The performance criteria, performance targets and payment formulas of performance awards granted to our executive officers under our cash incentive plan must be determined within the first 90 days of the applicable performance period in order to qualify as qualified performance-based compensation. The period on which the performance underlying these performance awards is based must be at least a fiscal year or longer. The maximum amount payable to any executive officer in a given fiscal year under performance awards granted under the plan is \$8,000,000. This maximum is prorated for executive officers who do not participate in our cash incentive plan for the entire fiscal year.

After the completion of the performance period over which a performance award granted to an executive officer under our cash incentive plan is based, our compensation committee reviews our performance and the performance of the executive officer over the performance period, and then determines and certifies in writing the extent to which the executive officer has achieved the objective performance criteria applicable to the performance award and the appropriate amount, if any, to be paid to the executive officer with respect to the performance award. Regardless of the amount determined by the

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payment formula applicable to any performance award, the committee may exercise its discretion, based on whatever criteria it determines appropriate, to reduce the payment made under the performance award from the award's payment formula amount. The criteria used by our compensation committee as the basis for any such exercise of its discretion may, but need not be, set forth in the applicable performance award's terms and conditions. The payment of any performance award under our cash incentive plan is generally made shortly following the certification with respect to such award mentioned above. Performance awards issued under our cash incentive plan are payable in cash, shares of our common stock issued under our 2006 equity incentive plan, or any combination of the two at the discretion of our compensation committee. The recipient of a performance award may receive payment under the award only if he or she is an employee on the last day of the performance period over which the performance award is based, unless our compensation committee exercises its discretion to make prorated payments to former or retired employees or to a deceased employee's estate.

Our cash incentive plan was initially approved by our shareholders in 2007, was re-approved by our shareholders in 2012, and must be approved every five years so that performance awards granted to our executive officers under the plan may qualify as qualified performance-based compensation. Our cash incentive plan is currently effective until the 2017 annual meeting of our shareholders (or any special meeting in lieu thereof).

Cash incentive bonuses for fiscal 2013 performance.

On March 15, 2013, our compensation committee determined the performance criteria, performance targets and payment formulas of the cash incentive bonuses that our executive officers were eligible to receive for fiscal 2013 performance under our cash incentive plan.

The performance criteria underlying these cash incentive bonuses were based on non-GAAP financial metrics related to our fiscal 2013 consolidated net revenue and earnings before interest and taxes and on individual subjective performance goals for fiscal 2013 tailored to the applicable executive officer. In addition, the cash incentive bonus that Mr. Lowenstein was eligible to receive included a revenue oversight component based on the revenue we generated in fiscal 2013 from his key clients. The overall target payments for these cash incentive bonuses, excluding Mr. Lowenstein's revenue oversight component, which did not have a pre-determined target payment, were as follows: for Mr. Maleh, \$900,000; for Mr. Mackie, \$250,000; and for Mr. Lowenstein, \$400,000. For each of our executive officers, 35% of this target payment was linked to our fiscal 2013 consolidated non-GAAP net revenue (excluding the impact of our NeuCo subsidiary, acquisitions, discontinued operations and extraordinary and special items, as determined by our compensation committee); 35% of this target payment was linked to our fiscal 2013 consolidated non-GAAP earnings before interest and taxes (excluding the impact of our NeuCo subsidiary, acquisitions, discontinued operations and extraordinary and special items, as determined by our compensation committee); and 30% of this target payment was linked to individual subjective performance goals for fiscal 2013 established for the executive officer (other than Mr. Maleh, our chief executive officer) by our compensation committee in consultation with our chief executive officer and, for Mr. Maleh, by our compensation committee.

The target and maximum amounts payable under these cash incentive bonuses are reported under the heading "Estimated Possible Payouts Under Non-Equity Incentive Plan Awards" in the "Grant of Plan-Based Awards for Fiscal 2013" table below. Because the revenue oversight component of the cash incentive bonus that Mr. Lowenstein was eligible to receive did not have target payment, the \$800,000 target payment reported for Mr. Lowenstein's cash incentive bonus in the table was determined by adding a representative amount payable under this revenue oversight component calculated based on his fiscal 2012 performance to the \$400,000 target payment set for the other components of Mr. Lowenstein's cash incentive bonus. The maximum amounts payable under each of these cash incentive bonuses were determined as follows: (1) the maximum payment of any component linked to our consolidated non-GAAP net revenue or our consolidated non-GAAP earnings before interest and taxes was equal to twice that component's target payment; (2) the maximum payment of any component linked to individual subjective performance goals was 140% of that component's target payment; and (3) the maximum payment of Mr. Lowenstein's revenue oversight component was \$650,000. The amount payable to Mr. Maleh under the component linked to individual subjective performance goals was further limited by an

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objective formula amount based upon our consolidated our fiscal 2013 consolidated non-GAAP earnings before interest and taxes (excluding the impact of our NeuCo subsidiary, acquisitions, discontinued operations and extraordinary and special items as determined by our compensation committee) in order to preserve the deductibility of the amounts payable to him under it.

The performance targets established by our compensation committee for the components of these cash incentive bonuses linked to overall corporate performance were as follows: the performance target for our fiscal 2013 consolidated non-GAAP net revenue (excluding the impact of our NeuCo subsidiary, acquisitions, discontinued operations and extraordinary and special items, as determined by our compensation committee) was \$300.6 million and the performance

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target for our fiscal 2012 consolidated non-GAAP earnings before interest and taxes (excluding the impact of our NeuCo subsidiary, acquisitions, discontinued operations and extraordinary and special items, as determined by our compensation committee) was \$30.3 million. The components of these cash incentive bonuses linked to individual subjective performance goals were quantified, using a scoring system developed by our compensation committee with advice from its compensation consultant, by taking the weighted average of the scores received by the applicable executive officer with respect to the subjective individual performance goals for fiscal 2013 set for the executive officer, each of which was scored on a scale of one to five. The performance target for the components of these cash incentive bonuses based on subjective individual performance goals was a weighted-average score of three.

Under the performance formula determining the amount that our executive officers were eligible to receive under the components of these cash incentive bonuses tied to overall corporate performance, (1) the payment for target performance was the target payment, (2) the payment for performance exceeding target performance by a certain percentage equaled the target payment increased by that percentage of the target payment, subject to the maximum payments described above, and (3) the payment for performance missing target performance by a certain percentage equaled the target payment reduced by that percentage of the target payment (subject to a floor of zero). The performance formula determining the amount that our executive officers were eligible to receive under the components of these cash incentive bonuses tied to individual subjective performance goals provided for a payment linearly ranging from (1) 60% to 90% of the target payment, as the applicable executive officer's individual component weighted-average score ranged from one to two, (2) 90% to 110% of the target payment, as the applicable executive officer's individual component weighted-average score ranged from two to four and (3) 110% to 140% of the target payment, as the applicable executive officer's individual component weighted-average score ranged from four to five, subject, in the case of Mr. Maleh, to an objective formula maximum amount as described above. The payment formula for Mr. Lowenstein's revenue oversight component provided for a payment ranging from \$0 to \$650,000 as the revenues generated by us in fiscal 2013 from his key clients ranged from \$0 million to \$8 million. Regardless of the amount determined by the payment formula with respect to any component of these cash incentive bonuses, in no event could the amount actually paid under the component be greater than the component's maximum payment, and our compensation committee could exercise its discretion to reduce or eliminate the amount actually paid out under the component.

As described under the heading "Compensation discussion and analysis—Performance-based annual incentive compensation—Amounts paid with respect to cash incentive bonuses for fiscal 2013 performance" above, on March 18, 2014, our compensation committee determined the amounts to be paid in respect of the cash incentive bonuses that our executive officers were eligible to receive for fiscal 2013 performance. These amounts are reported in the "Summary Compensation Table for Fiscal 2013" under the heading "Non-Equity Incentive Plan Compensation."

Long-term incentive program

In 2009, our compensation committee approved our long-term incentive program, which sets a framework for grants of equity awards under our 2006 equity incentive plan to our executive officers and certain other key employees. Grants under our long-term incentive program are comprised of the following types of equity awards in the following proportions: 30% stock options, 30% time-vesting restricted stock unit awards, or RSUs, and 40% performance restricted stock unit awards or PRSUs, each of which are described more fully below. For purposes of these weightings, each share subject to a stock option is treated as one-half of a share, each share by which an RSU or a PRSU is measured is treated as one share, and it is assumed that the PRSUs' target performance will be achieved. The stock options, and shares of common stock issued pursuant to the vesting of these RSUs and PRSUs, granted under our long-term incentive program are held subject to our stock ownership guidelines described in this annual report under the heading "Compensation discussion and analysis—Stock ownership guidelines" above.

The equity awards that comprise the grants made under our long-term incentive program have the following features:

- Stock options. 30% of each award granted under our long-term incentive program consists of a non-statutory stock option granted under our 2006 equity incentive plan. For purposes of this 30% weighting, each share of our common stock subject to the stock option is treated as one-half of a share. These stock options vest over a period of four years in equal annual installments, beginning on the first anniversary of the date of grant. Like all stock options granted under our 2006 equity incentive plan, stock options granted under our long-term incentive program have a seven-year term, are granted with an exercise price equal to the fair market value of our common stock on the date of grant, and may have their exercise prices reduced only with the approval of our shareholders. We have been advised that stock options granted under our 2006 equity incentive plan qualify as

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qualified performance-based compensation, and are thus not subject to Section 162(m)'s deductibility limitations.

- **RSUs.** 30% of each award granted under our long-term incentive program consists of RSUs, measured in shares of our common stock, granted under our 2006 equity incentive plan. For purposes of this 30% weighting, each share of our common stock by which an RSU is measured is treated as one share. These RSUs vest over a period of four years in equal annual installments, beginning on the first anniversary of the date of grant. Vested RSUs are payable, at our election, in cash, shares of our common stock granted under our 2006 equity incentive plan or any combination of the two. RSUs granted under our long-term incentive program are subject to the deductibility limitations of Section 162(m).
- **PRSUs.** 40% of each award granted under our long-term incentive program consists of PRSUs, measured in shares of our common stock, granted under our 2006 equity incentive plan. For purposes of this 40% weighting, each share of our common stock by which a PRSU is measured is treated as one share and it is assumed that the PRSU's target performance will be achieved. PRSUs are payable based on the extent that certain performance targets are achieved over a performance period of at least one fiscal year. The payment formulas of these PRSUs granted to our executive officers for fiscal 2011 performance and for fiscal 2012 and fiscal 2013 performance were based on the outcomes of performance criteria related to our consolidated non-GAAP average operating margin and our consolidated non-GAAP cumulative annual net revenue growth (excluding acquisitions and divestitures), and the consolidated non-GAAP operating margin and net revenue we used for these purposes was the same as the consolidated non-GAAP operating margin and net revenue we reported with our financial results for the applicable measurement periods. The payment formula for the PRSUs granted to our executive officers in fiscal 2013 are based on the outcomes of performance criteria related to our consolidated non-GAAP average adjusted EBITDA (including acquisitions and divestitures) and our consolidated non-GAAP cumulative annual net revenue growth (excluding acquisitions and divestitures) over fiscal 2014 and fiscal 2015, and the consolidated non-GAAP EBITDA and net revenue will use for these purposes will be the same as the consolidated non-GAAP EBITDA and revenue we will report with our financial results for the applicable measurement periods. The amount payable under each of these PRSUs vests as follows. After the end of the PRSU's performance period, our compensation committee determines the number of shares of our common stock potentially issuable under the PRSU based on the outcome of its performance conditions, or its performance share number. On the date of this determination, 25% of the performance share number automatically vests for each anniversary of the PRSU's grant date that has occurred on or prior to this determination date. The remainder of the performance share number vests in increments of 25% of the performance share number on each subsequent anniversary of the PRSU's grant date until the performance share number is fully vested on the fourth anniversary of the PRSU's grant date. The vesting of any portion of a PRSU's performance share number is subject to the continued employment of the PRSU's recipient on the vesting date. Each PRSU has a threshold, target and maximum payment amount, and if a PRSU's threshold performance level is not achieved over the PRSU's performance period, no payment is made under the PRSU. Vested portions of a PRSU's performance share number are payable, at our election, in cash, shares of our common stock granted under our 2006 equity incentive plan or a combination of the two. We have been advised that PRSUs granted under our long-term incentive program and 2006 equity incentive plan qualify as qualified performance-based compensation, and are thus not subject to Section 162(m)'s deductibility limitations.

LTIP awards granted in fiscal 2013

On November 19, 2013, our compensation committee granted equity awards under our long-term incentive program to our named executive officers and certain other key employees. As described above, these equity awards consisted of 30% stock options (treating each share of our common stock subject to the stock option as on-half of a share), 30% RSUs and 40% PRSUs (assuming the PRSU's target performance would be achieved). The number of shares of our common stock subject to stock options, the number of shares of our common stock by which RSUs are measured, and the threshold, target and maximum number of shares of our common stock by which PRSUs are measured with respect to the equity awards granted to each of our named executive officers under our long-term incentive program in fiscal 2013 are set forth under the headings All Other Option Awards: Number of Securities Underlying Options, All Other Stock Awards: Number of Shares of Stock or Units, and Estimated Future Payouts Under Equity Incentive Plan Awards, respectively, in the Grant of Plan-Based Awards for Fiscal 2013 table below.

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2006 equity incentive plan.

All equity awards granted under our long-term incentive program are issued under 2006 equity incentive plan, which is administered by our compensation committee. Our 2006 equity incentive plan provides for the following types of equity awards:

- options to purchase shares of our common stock intended to qualify as incentive stock options, as defined in section 422 of the Internal Revenue Code;
- nonqualified options, which do not qualify as incentive stock options;
- restricted stock awards consisting of shares of our common stock subject to restrictions;
- restricted stock unit awards consisting of the contractual right to receive shares of our common stock in the future contingent on the completion of service and/or the achievement of performance or other objectives;
- performance awards, including performance-vested restricted stock unit awards, consisting of the right to receive payment of cash and/or shares of our common stock on the achievement of predetermined performance targets; and
- other stock-based awards in the form of stock purchase rights, shares of our common stock, and awards valued in whole or in part by or otherwise based on our common stock.

All of the shares issued under our 2006 equity incentive plan or by which awards granted under the plan are measured are shares of our authorized but unissued common stock. The maximum number of shares issuable under the plan is 4,874,000, consisting of (1) 500,000 shares initially reserved for issuance under our 2006 equity incentive plan, (2) 1,000,000 shares that either remained for future awards under our 1998 incentive and nonqualified stock option plan on April 21, 2006, the date our shareholders initially approved our 2006 equity incentive plan, or were subject to stock options issued under the 1998 incentive and nonqualified stock option plan that were forfeited or terminated after April 21, 2006, (3) 210,000 shares approved by our shareholders at the 2008 annual meeting of our shareholders, (4) 1,464,000 shares approved by our shareholders at the 2010 special meeting in lieu of annual meeting of our shareholders and (5) the 1,700,000 shares that we have determined to use of the 2,500,000 shares approved by our shareholders at the 2012 special meeting in lieu of annual meeting of our shareholders. The plan adjusts the maximum number of shares issuable under the plan if we effect a capital readjustment or pay a stock dividend without receiving compensation in return. Whenever any outstanding award under the plan expires or terminates other than by exercise or payment in shares of our common stock, the corresponding shares of common stock may again be the subject of plan awards. Each share of stock issued pursuant to an award granted on or after April 30, 2010 under the plan, other than a stock option, counts as 1.83 shares against the maximum number of shares issuable under our 2006 equity incentive plan, as does any restricted stock unit or performance award granted on or after April 30, 2010 under the plan to the extent that shares of our common stock are used for measurement purposes. The maximum aggregate number of shares of common stock that may be subject to awards granted under our 2006 equity incentive plan to a single recipient in any calendar year is 150,000.

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Our 2006 equity incentive plan was first approved by our shareholders in 2006, and no award may be granted under the plan after April 21, 2016.

The grants of plan-based awards table for fiscal 2013.

The following table provides further information regarding the grants of plan-based awards described above to our named executive officers during fiscal 2013.

Table of Contents**Grants of Plan-Based Awards for Fiscal 2013**

Name	Type of Award (1)	Grant Date (2)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards		Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#) (4)	All Other Securities Underlying Options (#)	Exercise or Base Price of Awards (\$/sh)	Grant Date Fair Value (\$ (5)
			Target (\$)	Maximum (\$)	Threshold (#)	Target (\$ or #)	Maximum (\$ or #)				
Paul Maleh	CIB	3/15/2013	900,000	1,638,000							
	OPT	11/19/2013							25,946	18.48	201,606
	RSU	11/19/2013						12,973			239,741
	PRSU	11/19/2013			8,648	17,297	21,621				319,649
Wayne Mackie	CIB	3/15/2013	250,000	455,000							
	OPT	11/19/2013							9,730	18.48	75,604
	RSU	11/19/2013						4,865			89,905
	PRSU	11/19/2013			3,243	6,486	8,107				119,861
Arnold Lowenstein	CIB	3/15/2013	800,000(3)	1,378,000(3)							
	OPT	11/19/2013							12,973	18.48	100,803
	RSU	11/19/2013						6,486			119,861
	PRSU	11/19/2013			4,324	8,649	10,811				159,834
Monica Noether	OPT	11/19/2013							4,865	18.48	37,802
	RSU	11/19/2013						2,432			44,943
	PRSU	11/19/2013			1,621	3,243	4,053				59,931

(1) For purposes of this column, (a) CIB means a cash incentive bonus that the applicable executive officer was eligible to receive based on fiscal 2013 performance under our cash incentive plan, (b) OPT means a stock option granted under our long-term incentive program and 2006 equity incentive plan, (c) RSU means a time-vesting restricted stock unit award measured in shares of our common stock granted under our long-term incentive program and 2006 equity incentive plan and (d) PRSU means a performance restricted stock unit award measured in shares of our common stock granted under our long-term incentive program and 2006 equity incentive plan.

(2) The grant date of each equity award is the same as the date such award was approved by our compensation committee. None of our named executive officers paid any amount to us as consideration for any award disclosed in this table.

(3) As discussed in the section of this annual report entitled "Plan-based Awards - Cash incentive bonuses for fiscal 2013 performance" above, the cash incentive bonus Mr. Lowenstein was eligible to receive for fiscal 2013 performance had an amount approved according to the relevant provisions of the Companies Law. The provisions of Article 35(b) shall apply to any meeting of the Board whereat such appointment and/or its terms are considered and/or determined, and to all acts of the Board with respect thereto. (d) A director may be engaged by the Company in rendering professional services to the Company, whether with or without remuneration, and may enter into an agreement with the Company with respect to the terms of his engagement, provided however, that such engagement was approved according to the relevant provisions of the Companies Law. The provisions of Article 35(b) shall apply to any meeting of the Board whereat such engagement and/or its terms are considered and/or determined, and to all acts of the Board of Directors with respect thereto. 36. ALTERNATE DIRECTOR. (a) Any director, other than an Outside Director, may, by delivering a written notice to the Chairman of the Board (and the Chairman by delivering such notice to any other director), appoint an alternate for himself (hereinafter referred to as "ALTERNATE DIRECTOR"), remove such Alternate Director and appoint another Alternate Director in such Alternate Director's place. The appointment of the Alternate Director shall be for an indefinite period and for all purposes, unless restricted to a specific period, to a specific meeting or act of the Board, to a specific matter or in any other manner, and same restriction

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was specified in the appointment instrument or in a written notice delivered to the Company. (b) Any notice delivered to the Company pursuant to Article 36(a) shall become effective on the date specified therefore therein or upon its receipt thereof by the Company, whichever date is later. (c) An Alternate Director shall be vested with all rights and shall bear all obligations of the Director for whom he is appointed, provided, however, that he shall not be entitled to appoint an alternate for himself, and provided further that the Alternate Director shall have no standing at any meeting of the Board or any committee thereof whereat the director for whom he is appointed as alternate is present. (d) Only a person who qualifies to be a director and is not a member of the Board at that time, either as a director or as an Alternate Director, may be appointed an Alternate Director. The provisions of these Articles regarding qualification, vacation of office, remuneration and conflict of interests shall also apply to Alternate Directors. - 15 - (e) The Alternate Director solely shall be responsible for his own acts and omissions, and he shall not be deemed an agent of the director(s) who appointed him. (f) The office of an Alternate Director shall be ipso facto terminated if the director who appointed him ceases to be a director. 37. MEETINGS OF THE BOARD OF DIRECTORS. Subject to Articles 38 and 39 below, the Board may meet, adjourn its meetings and otherwise determine and regulate such meetings and their proceedings as it deems fit. 38. CONVENING MEETING OF THE BOARD OF DIRECTORS. (a) The Chairman of the Board may, at any time, convene a meeting of the Board, and shall be obliged to do so upon receipt of a written demand from two (2) directors then in office. In the event there is no such Chairman or a meeting of the Board was not convened to a date which is no later than ten (10) days following the delivery of such written demand, the directors requesting the meeting may convene a meeting of the Board. (b) Convening a meeting of the Board shall be made by delivering a notice thereof to all of the directors not less than five (5) days prior to the date thereof, or, in emergencies, a shorter period determined by the Chairman as reasonably necessary in the circumstances. Such notice shall specify the exact time and place of the meeting so called and the general nature of the business to be considered thereat. (c) The accidental omission to give notice of a meeting, or the non-receipt of notice by any director, shall not invalidate the proceedings of such meeting. (d) A director may waive his right to receive notice of any meeting, or to receive prior notice as aforesaid, in general or in respect of a specific meeting, and shall be deemed to have waived such right with respect to any meeting at which he was present. 39. QUORUM. A majority of the number of Directors then in office and entitled to vote at the meeting of the Board called for shall constitute a quorum thereat. No business shall be considered or determined at any meeting of the Board unless the requisite quorum is present when the meeting proceeds to business. 40. CHAIRMAN OF THE BOARD OF DIRECTORS. The Board may from time to time elect one of its members to be the Chairman of the Board, remove such Chairman from office and appoint another in his place. The Chairman of the Board shall preside at every meeting of the Board, but if there is no such Chairman, or if he is not present or he is unwilling to take the chair at any meeting, the directors present shall elect one of their number to be the chairman of such meeting. The Chairman of the Board shall have no additional or casting vote. 41. VALIDITY OF ACTS OF DIRECTORS DESPITE DEFECTS. All acts done bona fide at any meeting of the Board, or of a committee of the Board shall, notwithstanding that it may afterwards be discovered that there was a defect in the appointment or qualification of the participants thereat, or any of them, be as valid as if there was no such defect. - 16 - GENERAL MANAGER 42. GENERAL MANAGER. (a) The Board may, from time to time, appoint one or more persons, whether or not directors, as General Manager(s) of the Company or a similar title, either for a definite period or without any limitation of time, and may confer powers, authorities and rights and/or impose duties and obligations upon such person or persons and determine his or their salaries as the Board may deem fit, all subject to the provisions of the Companies Law. (b) Notwithstanding the provisions of any agreement between the General Manager and the Company, the Company shall be vested with the power, exercisable by a resolution of the Board and subject to the provisions of the Companies Law, to remove the General Manager from his office or to revoke or alter his powers, authorities, rights, duties, obligations or salary. (c) Unless otherwise determined by the Board, the General Manager shall have the power to appoint other officers, executives and employees of the Company and determine their remuneration, provided that the remuneration of the five highest salaried personnel of the Company shall require the approval of either the Board or any of the Board's committees. 43. MINUTES. (a) The proceedings of each General Meeting, meeting of the Board and meeting of a committee of the Board shall be recorded in the minutes of the Company. Such minutes shall set forth the names of the persons present at every such meeting and all resolutions adopted thereat and shall be signed by the chairman of that meeting. (b) All minutes purporting to be executed and signed as aforesaid, shall constitute evidence that the meeting was duly convened and held and as recorded in the minutes, unless proven otherwise. 44. DIVIDENDS AND PROFITS 44. DECLARATION OF DIVIDENDS. (a) The Board may from time to time declare interim or final dividend at a rate as the Board may deem fit considering the profits of the Company and as permitted by applicable Legal Requirements. (b) Subject to any special or restricted rights conferred upon the holders of shares as to dividends, all dividends shall be declared and paid in accordance with the paid-up capital of the Company attributable to the shares in respect of which the dividends are declared and paid. The paid-up capital attributable to any share (whether issued at its nominal value, at a premium or at a discount), shall be the nominal value of such share; provided, however, that if the entire consideration for same share was not yet paid to the Company, the paid-up capital attributable thereto shall be such proportion of the nominal value as the amount paid to the Company with respect to the share bears to its full consideration. (c) Notice of the declaration of dividends shall be delivered to all those entitled to such dividends. - 17 - 45. RIGHTS TO PARTICIPATE IN THE DISTRIBUTION OF DIVIDENDS. (a) Subject to special rights with respect to the Company's profits to be conferred upon any person pursuant to these Articles and further subject to the provisions of these Articles with respect to reserved funds and special funds, all the profits of the Company may be distributed among the shareholders entitled to participate in the distribution of dividends. (b) Notwithstanding the foregoing, a share shall not attribute the right to participate in the distribution of dividends which were declared prior to the date of its actual issuance. (c) The purchase by the Company of its own shares from any one or more shareholders shall not be considered as dividend, shall not entitle any other shareholders to have their shares purchased by the Company and shall not otherwise be subject to the provisions of these Articles relating to dividends. 46. INTEREST ON DIVIDENDS. The Company shall not be obliged to pay, and shall not pay interest on declared but unpaid dividends if the shareholders entitled to such dividends fails to collect same or to provide the Company the necessary information for the payment thereof, or if the Company is for any other reason unable to pay the dividend to such shareholder. 47. PAYMENT OF DIVIDENDS. Subject to Article 48, a declared dividend may be paid by a check made to the order of the person entitled to receive such dividend (and if there are two or more persons entitled to the dividend in respect of the same share - to the order of any one of such persons) or to the order of such person as the person entitled thereto may direct in writing. Same check shall be sent to the address of the person entitled to the dividend, as notified to the Company. 48. PAYMENT IN SPECIE. (a) The Company may, at the decision of the Board, pay dividends, wholly or in part, by the distribution of specific assets of the Company and/or by the distribution of fully paid-up shares and/or debentures of the Company and/or of any other company, or in any combination of such manners. (b) In order to give effect to any resolution in connection with distribution of dividends, or distribution of property, fully paid-up shares or debentures, the Board may resolve any difficulty that shall arise with distribution as it shall deem necessary, especially to issue certificates for fractional shares and to determine the value of certain property for purposes of distribution, and to decide that payment in cash shall be made to the shareholders on the basis of the value decided for that purpose. 49. SETTING-OFF DIVIDENDS. The Company's obligation to pay dividends or any other amount in respect of shares, may be set-off by the Company against any amount then due and payable to the Company by the person entitled to receive the dividend. The provisions contained in this Article shall not prejudice any other right or remedy vested with the Company pursuant to these Articles or any applicable Legal Requirement. 50. UNCLAIMED DIVIDENDS. (a) Dividends unclaimed by the person entitled thereto within thirty (30) days after the date stipulated for their payment, may be invested or otherwise used by the Company for its own account, as it deems fit, until claimed; and the Company shall not be deemed a trustee in respect thereof. - 18 - (b) Dividends unclaimed within a period of seven (7) years from the date stipulated for their payment, shall be forfeited and shall revert to the Company, unless otherwise directed by the Board. 51. RESERVES AND FUNDS. (a) The Board may, before declaring a distribution of dividends, determine to set aside out of the profits of the Company or out of an assets revaluation fund and carry to reserve or reserves such sums as it deems fit, and direct the designation, application and use of such sums. The Board may further determine that any such sums which it deems prudent not to distribute as dividends will not be set aside for reserve, but shall remain as such at the disposal of the Company. (b) The Board may, from time to time, direct the revaluation of the assets of the Company, in whole or in part, and the creation of an assets revaluation fund out of the revaluation surplus, if any. 52.

CAPITALIZATION OF PROFITS. (a) Upon the recommendation of the Board, the Company may determine by an Ordinary Resolution at a General Meeting that it is desirous of capitalizing all or any part of the sums or assets allocated to the credit of any reserve fund or to the credit of the profit and loss account or being otherwise distributable as dividends (including sums or assets received as premiums on the issuance of shares or debentures), and direct accordingly that such sums or assets be released for distribution amongst the shareholders who would have been entitled thereto if distributed by way of dividends and in the same proportion; provided that same sums or assets be not paid in cash or in specie but be applied for the payment in full or in part of the unpaid consideration of the issued shares held by such shareholders and/or for the payment in full of the consideration (as shall be stipulated in said resolution) for shares or debentures of the Company to be issued to such shareholders subsequent to the date of said resolution, credited as fully paid-up. (b) In the event a resolution as aforesaid shall have been adopted, the Board shall make all adjustments and applications of the moneys or assets resolved to be capitalized thereby, and shall do all acts and things required to give effect thereto. The Board may authorize any person to enter into an agreement with the Company on behalf of all shareholders entitled to participate in such distribution, providing for the issuance to such shareholders of any shares or debentures, credited as fully paid, to which they may be entitled upon such capitalization or for the payment on behalf of such shareholders, by the application thereto of the proportionate part of the moneys or assets resolved to be capitalized, of the amounts or any part thereof remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding upon all such shareholders. **ACCOUNTS AND AUDIT 53. ACCOUNTS AND AUDIT.** (a) The Board shall cause books of accounts of the Company to be kept, and periodic financial reports of the Company to be prepared, as required by applicable Legal Requirements. The account books shall be kept in the Company's Registered Office or at such other place as the directors deem fit and they shall also be open for inspection by the directors. (b) The Board shall determine from time to time, in any specific case or type of case, or generally, whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company, or any of them, shall be open for inspection by the shareholders, and no shareholder, not being a director, shall have any right of inspecting any account book or document of the Company except as conferred by Legal Requirements or authorized by the Board or by the Company at a General Meeting. - 19 - (c) Once a year, and to the extent practicably possible, at the Annual General Meeting, the Board shall submit before the General Meeting annual audited financial reports of the Company, prepared as required by applicable Legal Requirements for the fiscal year then ended. Such financial reports shall be accompanied by a report from the Board with respect to the situation of the Company's business and the amount they declare as a dividend (if any was declared). **54. INDEPENDENT ACCOUNTANT.** (a) The shareholders at the Annual General Meeting shall appoint an independent accountant for a period that shall not extend beyond the end of the third Annual General Meeting proceeding the Annual General Meeting at which such independent accountant was appointed. (b) The appointment, authorities, rights and duties of the independent accountant of the Company shall be regulated by applicable Legal Requirements. (c) The Board shall fix the remuneration of the independent accountant; provided, however that such remuneration shall be fixed in an amount commensurate with the volume and nature of the services rendered by such independent accountant and that the shareholders shall be informed by the Board at the General Meeting of the remunerations so fixed. (d) The independent accountant shall not be dependent on the Company, directly or indirectly. (e) The shareholders at the General Meeting may decide to terminate or not renew the independent accountant's appointment, provided however, that prior to the such decision the opinion of the Company's audit committee shall be brought before the shareholders at such General Meeting after such audit committee has given the independent accountant a reasonable opportunity to present his arguments before it. **SUPPLEMENTARY REGISTERS 55. AUTHORITY TO KEEP SUPPLEMENTARY REGISTERS.** Subject to and in accordance with the provisions of the Companies Law and to all orders and regulations promulgated thereunder, the Company may cause supplementary registers to be kept in any place outside Israel as the Board may think fit, and, subject to all applicable requirements of law, the Board may from time to time adopt such rules and procedures as it may think fit in connection with the keeping of such branch registers. **STAMP AND SIGNATURES 56. THE COMPANY'S STAMP.** (a) The Company shall have an official stamp. (b) The Company may keep an official stamp for documents made for foreign purposes, and may authorize, from time to time, a person appointed for this purpose to make use of such stamp. **57. THE COMPANY'S SIGNATURE.** (a) A document shall be deemed signed by the Company upon the fulfillment of all of the following: - 20 - (i) the Company's stamp was stamped thereon by a person or persons authorized therefore by the Board, or it bears the name of the Company in print or in handwriting; (ii) it bears the signature of one or more persons authorized therefore by the Board; (iii) the act of the person or persons authorized by the Board as aforesaid was within such person's or persons' authority and without deviation therefrom. (b) An authorization of one or more persons by the Board to sign on a document on behalf of the Company shall be deemed to include the authority to stamp the Company's stamp thereon, unless otherwise provided by the Board (c) An authorization by the Board as provided in Article 57(b) may be for a specific document or for a certain sort of documents or for all the Company's documents or for a definite period of time or for an unlimited period of time, and may be given to persons who are not directors, officers or employees of the Company, provided that any such authority may be terminated by the Board, at will. (d) The provisions of this Article shall apply both to the Company's documents executed in Israel and the Company's documents executed abroad. **NOTICES 58. DELIVERY OF NOTICES.** (a) A notice to a shareholder may be served in accordance with any applicable Legal Requirements, or on each shareholder individually or by hand or by post to the registered address of such shareholders. A notice served on a shareholder not sent by post but left at the shareholder's address as appearing in the Register of Shareholders, shall be deemed duly served on the third day following the day when the envelope containing it was dispatched. A declaration in writing of person authorized therefore by the Company or an authorized person from the Company's designated U.S. transfer agent stating that a notice was mailed to a shareholder shall suffice as evidence of the same for the purposes of this Article. (b) Subject to applicable Legal Requirements, where a given number of days' notice, or notice extending over any period, is required to be given, the day of service shall be counted in such number of days or other period. (c) The registered address of any shareholder shall be the address of such shareholder as appearing in the Register of Shareholders, or otherwise as such shareholder shall designate by written notice to the Company. (d) The address of the Company for the purpose of notice shall be its registered address or the address of its principal place of business. **EXCULPATION, INDEMNITY AND INSURANCE 59. EXCULPATION.** The Company may exculpate any "OFFICE HOLDER" (as defined in the Companies Law) from his or her liability to the Company for breach of duty of care, to the maximum extent permitted by the Legal Requirements, before or after the occurrence giving rise to such liability. - 21 - **60. INDEMNIFICATION.** (a) The Company may undertake with any Office Holder to indemnify in advance such Office Holder, in accordance with the conditions set under the Legal Requirements, against any liabilities he or she may incur in such capacity, provided that such undertaking is limited (a) with respect to categories of events that can be expected as determined by the Board when authorizing such undertaking, and (b) with respect to such amounts determined by the Board as reasonable in the circumstances. (b) The Company may indemnify any past or present Office Holder, in accordance with the conditions set under the Legal Requirements, with respect to any past occurrence, whether or not the Company is obligated under any agreement to indemnify such Office Holder in respect of such occurrence. **61. INSURANCE.** The Company may procure, and/or undertake to procure, insurance covering any past or present or future Office Holder against any liability which he or she may incur in such capacity, including insurance covering the Company for indemnifying such Office Holder, to the maximum extent permitted by any Legal Requirement and in accordance with the conditions sets therein. **62. LIMITATIONS ON EXCULPATIONS, INDEMNITY AND INSURANCE.** Articles 59 through 61 above notwithstanding, the Company shall not procure insurance, indemnify or exculpate any Office Holder with respect to his/her liability in any events as to which the Company is prohibited under Legal Requirements to provide such insurance, indemnification or exculpation, as the case may be. **63. INDEMNITY AND INSURANCE OF OTHERS.** In addition to the provisions of the preceding Articles 59 through 62, and subject to the provisions of the Legal Requirements, the Company may exculpate, indemnify, may undertake to indemnify, and may enter into an agreement for the insurance of the liability of, any other person or entity who is not an Office Holder. **MERGERS 64. APPROVAL OF MERGER.** Notwithstanding Section 327 of the Companies Law, the Company may approve any merger under Part Eight, Chapter One of the Companies Law by an Ordinary Resolution. **WINDING UP 65. DISTRIBUTION OF ASSETS.** (a) In the liquidation of the Company, the entire surplus of assets and funds of the Company legally available for distribution, if any, shall be distributed ratably to the holders of all shares of the Company, in each case in proportion to the nominal value of the shares then held by them; provided, however, that if the entire consideration for a

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share was not yet paid to the Company, the paid-up capital attributable thereto shall be such proportion of the nominal value as the amount paid to the Company with respect to the share bears to its full consideration. - 22 - (c) Whenever the distribution provided for in this Article 65 shall be payable in securities or property other than cash, the Board shall have the authority to make any determination necessary to resolve any difficulty arising in effecting such distribution, including determining the fair market value of such securities or other property, or the manner of distributing any property which can not be apportioned among the shareholders. * * * - 23 - EXHIBIT 8 LIST OF SUBSIDIARIES We have the following significant subsidiaries: COUNTRY OF OWNERSHIP SUBSIDIARY NAME INCORPORATION PERCENTAGE ----- Eltek Europe Ltd. United Kingdom 100% En-Eltek Netherlands 2002 B.V Netherlands 100% Kubatronik Leiterplatten GmbH German 76% EXHIBIT 23.1 CONSENT OF INDEPENDENT PUBLIC ACCOUNTING FIRM The Board of Directors Eltek Ltd.: We consent to the incorporation by reference in the Registration Statement on Form S-8 (Registration No. 333-12012) of Eltek Ltd. of our report dated June 14, 2004 with respect to the consolidated financial statements of Eltek Ltd. which report appears in the December 31, 2003 Annual Report on Form 20-F of Eltek Ltd. SOMEKH CHAIKIN CERTIFIED PUBLIC ACCOUNTANTS (ISR.) A MEMBER OF KPMG INTERNATIONAL Tel Aviv, Israel July 7, 2004 EXHIBIT 31.1 CERTIFICATION PURSUANT TO SECTION 302(A) OF THE SARBANES-OXLEY ACT OF 2002 I, Arieh Reichart, certify that: 1. I have reviewed this annual report on Form 20-F of Eltek Ltd.; 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(s) 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)) 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) [Paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986] (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 officers 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 function): (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect 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: July 8, 2004 _____ * Arieh Reichart Chief Executive Officer * The originally executed copy of this Certification will be maintained at the Company's offices and will be made available for inspection upon request. EXHIBIT 31.2 CERTIFICATION PURSUANT TO SECTION 302(A) OF THE SARBANES-OXLEY ACT OF 2002 I, Amnon Shemer, certify that: 1. I have reviewed this annual report on Form 20-F of Eltek Ltd.; 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(s) 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)) 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) [Paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986] (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 officers 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 function): (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect 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: July 8, 2004 _____ * Amnon Shemer Chief Financial Officer * The originally executed copy of this Certification will be maintained at the Company's offices and will be made available for inspection upon request. EXHIBIT 32.1 CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 In connection with the Annual Report of Eltek Ltd. (the "Company") on Form 20-F for the period ending December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arieh Reichart, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 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 result of operations of the Company. _____ * Arieh Reichart Chief Executive Officer July 8, 2004 * The originally executed copy of this Certification will be maintained at the Company's offices and will be made available for inspection upon request. EXHIBIT 32.2 CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 In connection with the Annual Report of Eltek Ltd. (the "Company") on Form 20-F for the period ending December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Amnon Shemer, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 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 result of operations of the Company. _____ * Amnon Shemer Chief Financial Officer July 8, 2004 * The originally executed copy of this Certification will be maintained at the Company's offices and will be made available for inspection upon request. 79