

NAVIGANT CONSULTING, INC. AND SUBSIDIARIES  
SUPPLEMENTAL INFORMATION\*  
(UNAUDITED)

TOTAL COMPANY(1)							
	2016		2015			2015	2014
All numbers in thousands except per share data, DSO, ratios and percentages	Q1	Q4	Q3	Q2	Q1	Full Year	Full Year
<b>Revenues Before Reimbursements (RBR)</b>	\$ 223,475	\$ 211,995	\$ 209,634	\$ 211,023	\$ 201,156	\$ 833,808	\$ 766,552
Y/Y Growth rate	11%	N/A	N/A	N/A	N/A	9%	N/A
Q/Q Growth rate	5%	1%	-1%	5%	N/A	N/A	N/A
<b>Reimbursements</b>	21,812	20,623	20,624	22,416	22,015	85,678	93,065
<b>Total Revenues</b>	245,287	232,618	230,258	233,439	223,171	919,486	859,617
<b>Geographic Revenues as % of Total Revenues</b>							
U.S. Operations	91%	90%	90%	91%	91%	91%	92%
Non U.S. Operations	9%	10%	10%	9%	9%	9%	8%
<b>Cost of Services Before Reimbursable Expenses</b>	153,940	146,195	141,731	145,367	138,601	571,894	519,157
% of RBR	69%	69%	68%	69%	69%	69%	68%
<b>General and Administrative Expenses</b>	39,831	36,100	36,629	39,068	35,665	147,462	136,057
% of RBR	18%	17%	17%	19%	18%	18%	18%
<b>EBITDA (2)</b>	29,704	30,122	30,991	22,517	40,887	124,517	(7,242)
% of RBR	13%	14%	15%	11%	20%	15%	-1%
<b>Adjusted EBITDA (2)</b>	30,561	30,851	31,557	30,141	28,393	120,942	116,223
% of RBR	14%	15%	15%	14%	14%	15%	15%
<b>Operating Income (Loss)</b>	20,261	21,554	22,953	14,357	33,263	92,127	(32,781)
% of RBR	9%	10%	11%	7%	17%	11%	-4%
<b>Net Income (Loss)</b>	12,642	13,199	14,176	7,827	25,143	60,345	(36,398)
<b>Net Income (Loss) from Continuing Operations</b>	12,642	13,199	14,176	7,827	25,143	60,345	(36,907)
% of RBR	6%	6%	7%	4%	12%	7%	-5%
Y/Y Growth rate	-50%	N/A	N/A	N/A	N/A	264%	N/A
Q/Q Growth rate	-4%	-7%	81%	-69%	N/A	N/A	N/A
<b>Income (Loss) from Discontinued Operations, net of tax</b>	-	-	-	-	-	-	509
<b>Net Income (Loss) Per Diluted Share (EPS)</b>	0.26	0.27	0.29	0.16	0.51	1.23	(0.75)
<b>Net Income (Loss) from Continuing Operations Per Diluted Share (EPS)</b>	0.26	0.27	0.29	0.16	0.51	1.23	(0.76)
<b>Income (Loss) from Discontinued Operations, net of tax Per Diluted Share</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.01
<b>Adjusted Earnings Per Diluted Share (2)</b>	0.27	0.28	0.30	0.26	0.23	1.07	1.02
<b>Shares used in computing per diluted share data (3)</b>	49,031	49,007	49,155	49,310	49,413	49,224	48,741
<b>Shares used in computing adjusted per diluted share data (4)</b>	49,031	49,007	49,155	49,310	49,413	49,224	49,976
<b>Balance Sheet</b>							
Cash and cash equivalents	3,406	8,895	4,017	3,854	1,988	8,895	2,648
Accounts receivable, net	230,177	216,660	221,159	223,717	211,879	216,660	187,652
Days sales outstanding (DSO)	78	76	81	80	80	76	69
Bank debt	211,521	173,743	146,814	171,386	178,734	173,743	109,790
<b>Free Cash Flow (2)</b>	20,996	7,492	18,201	11,577	11,754	49,024	72,390
<b>Share-based compensation expense related to client-service FTE</b>	1,495	1,528	1,512	2,232	1,135	6,407	4,965

SEGMENT INFORMATION (1)							
	2016		2015			2015	2014
All numbers in thousands except percentages	Q1	Q4	Q3	Q2	Q1	Full Year	Full Year
<b>Business Segment RBR</b>							
<b>Disputes, Forensics &amp; Legal Technology</b>	\$ 81,262	\$ 76,820	\$ 80,099	\$ 81,116	\$ 76,593	\$ 314,628	\$ 309,570
% of Total Company RBR	36%	36%	38%	38%	38%	38%	40%
<b>Financial Services Advisory and Compliance</b>	33,650	31,605	28,302	29,509	34,943	124,359	135,498
% of Total Company RBR	15%	15%	14%	14%	17%	15%	18%
<b>Healthcare</b>	81,667	76,059	74,500	74,245	63,994	288,798	223,817
% of Total Company RBR	37%	36%	36%	35%	32%	35%	29%
<b>Energy</b>	26,896	27,511	26,733	26,153	25,626	106,023	97,667
% of Total Company RBR	12%	13%	13%	12%	13%	13%	13%
<b>Total Company</b>	\$ 223,475	\$ 211,995	\$ 209,634	\$ 211,023	\$ 201,156	\$ 833,808	\$ 766,552
<b>Business Segment Revenues</b>							
<b>Disputes, Forensics &amp; Legal Technology</b>	\$ 86,999	\$ 82,600	\$ 86,826	\$ 87,515	\$ 81,211	\$ 338,152	\$ 333,273
% of Total Company Revenues	35%	36%	38%	37%	36%	37%	39%
<b>Financial Services Advisory and Compliance</b>	36,907	35,151	31,069	34,439	42,300	142,959	162,637
% of Total Company Revenues	15%	15%	13%	15%	19%	16%	19%
<b>Healthcare</b>	90,102	83,082	80,821	80,652	69,329	313,884	248,095
% of Total Company Revenues	37%	36%	35%	35%	31%	34%	29%
<b>Energy</b>	31,279	31,785	31,542	30,833	30,331	124,491	115,612
% of Total Company Revenues	13%	14%	14%	13%	14%	14%	13%
<b>Total Company</b>	\$ 245,287	\$ 232,618	\$ 230,258	\$ 233,439	\$ 223,171	\$ 919,486	\$ 859,617
<b>Segment Operating Profit</b>							
<b>Disputes, Forensics &amp; Legal Technology</b>	\$ 28,710	\$ 24,014	\$ 28,445	\$ 25,721	\$ 24,269	\$ 102,449	\$ 104,466
% of Segment RBR	35%	31%	36%	32%	32%	33%	34%
<b>Financial Services Advisory and Compliance</b>	13,506	12,476	10,383	11,201	15,070	49,130	58,929
% of Segment RBR	40%	39%	37%	38%	43%	40%	43%
<b>Healthcare</b>	23,768	23,796	24,091	24,726	18,256	90,869	65,104
% of Segment RBR	29%	31%	32%	33%	29%	31%	29%
<b>Energy</b>	6,714	8,247	7,698	7,513	7,922	31,380	30,507
% of Segment RBR	25%	30%	29%	29%	31%	30%	31%
<b>Total Company</b>	\$ 72,698	\$ 68,533	\$ 70,617	\$ 69,161	\$ 65,517	\$ 273,828	\$ 259,006
% of Total Company RBR	33%	32%	34%	33%	33%	33%	34%
<b>OTHER INFORMATION</b>							
<b>Technology, Data &amp; Process RBR (5)</b>	\$ 45,520	\$ 46,699	\$ 47,033	\$ 47,864	\$ 43,943	\$ 185,539	\$ 138,220
% of Total Company RBR	20%	22%	22%	23%	22%	22%	18%

METRIC INFORMATION (1)							
	2016	2015				2015	2014
	Q1	Q4	Q3	Q2	Q1	Full Year	Full Year
<b>Average Client-Service Full-Time Equivalent (FTE) Headcount (5)(6)</b>							
<b>Disputes, Forensics &amp; Legal Technology</b>							
Consulting	489	485	481	483	500	487	519
Technology, Data & Process	193	206	210	213	210	210	199
<b>Total Client-Service FTE</b>	<b>682</b>	<b>691</b>	<b>691</b>	<b>696</b>	<b>710</b>	<b>697</b>	<b>718</b>
<b>Financial Services Advisory and Compliance</b>							
Consulting	291	286	290	295	302	293	273
<b>Total Client-Service FTE</b>	<b>291</b>	<b>286</b>	<b>290</b>	<b>295</b>	<b>302</b>	<b>293</b>	<b>273</b>
<b>Healthcare</b>							
Consulting	556	453	443	437	439	443	443
Technology, Data & Process	2,581	2,629	2,536	2,420	1,562	2,287	688
<b>Total Client-Service FTE</b>	<b>3,137</b>	<b>3,082</b>	<b>2,979</b>	<b>2,857</b>	<b>2,001</b>	<b>2,730</b>	<b>1,131</b>
<b>Energy</b>							
Consulting	370	367	349	333	329	344	330
Technology, Data & Process	62	66	64	65	66	65	52
<b>Total Client-Service FTE</b>	<b>432</b>	<b>433</b>	<b>413</b>	<b>398</b>	<b>395</b>	<b>409</b>	<b>382</b>
<b>Total Company</b>							
Consulting	<b>1,706</b>	<b>1,591</b>	<b>1,562</b>	<b>1,548</b>	<b>1,571</b>	<b>1,568</b>	<b>1,565</b>
Technology, Data & Process	<b>2,837</b>	<b>2,901</b>	<b>2,809</b>	<b>2,698</b>	<b>1,838</b>	<b>2,562</b>	<b>939</b>
<b>Total Client-Service FTE</b>	<b>4,543</b>	<b>4,492</b>	<b>4,371</b>	<b>4,246</b>	<b>3,409</b>	<b>4,130</b>	<b>2,504</b>
<b>Average Bill Rate (5)(7)</b>							
Disputes, Forensics & Legal Technology	380	374	373	379	367	373	368
Financial Services Advisory and Compliance	288	280	284	273	274	275	275
Healthcare	264	277	269	286	262	274	258
Energy	203	200	200	203	197	199	191
<b>Total Company</b>	<b>291</b>	<b>290</b>	<b>289</b>	<b>294</b>	<b>284</b>	<b>288</b>	<b>282</b>
<b>Average Utilization (based on 1,850 hrs) (5)(8)</b>							
Disputes, Forensics & Legal Technology	78%	74%	76%	75%	74%	75%	71%
Financial Services Advisory and Compliance	81%	77%	69%	75%	84%	76%	80%
Healthcare	77%	76%	77%	76%	74%	76%	75%
Energy	72%	71%	73%	75%	76%	74%	74%
<b>Total Company</b>	<b>77%</b>	<b>75%</b>	<b>74%</b>	<b>75%</b>	<b>76%</b>	<b>75%</b>	<b>75%</b>
<b>Period End FTE Employees (5)(6)</b>							
Consulting	1,711	1,677	1,588	1,541	1,568	1,677	1,573
Technology, Data & Process	2,812	2,897	2,843	2,701	2,700	2,897	1,201
Non-billable	822	755	735	709	693	755	608
<b>Total Company</b>	<b>5,345</b>	<b>5,329</b>	<b>5,166</b>	<b>4,951</b>	<b>4,961</b>	<b>5,329</b>	<b>3,382</b>

**NON-GAAP FINANCIAL MEASURES RECONCILIATIONS PAGE 1 OF 2**

**EBITDA AND ADJUSTED EBITDA (1)(2)**

	2016		2015			2015	2014
	Q1	Q4	Q3	Q2	Q1	Full Year	Full Year
<b>All numbers in thousands except ratios and percentages</b>							
<b>Operating Income (Loss)</b>	\$ 20,261	\$ 21,554	\$ 22,953	\$ 14,357	\$ 33,263	\$ 92,127	\$ (32,781)
Depreciation expense	6,522	6,579	5,954	5,724	5,355	23,612	19,580
Accelerated depreciation - office consolidation	-	26	-	139	-	165	-
Amortization expense	2,921	1,963	2,084	2,297	2,269	8,613	5,959
<b>EBITDA</b>	<b>29,704</b>	<b>30,122</b>	<b>30,991</b>	<b>22,517</b>	<b>40,887</b>	<b>124,517</b>	<b>(7,242)</b>
<b>Add:</b>							
Severance expense	857	1,151	283	3,553	1,503	6,490	4,885
<b>Other operating costs (benefit):</b>							
Contingent acquisition liability adjustments, net	-	(422)	-	2,308	(14,933)	(13,047)	(4,992)
Office consolidation, net	-	-	-	1,665	936	2,601	725
Loss (gain) on disposition of assets	-	-	283	-	-	283	(541)
Goodwill impairment	-	-	-	-	-	-	122,045
Other impairment	-	-	-	98	-	98	1,343
<b>Adjusted EBITDA</b>	<b>30,561</b>	<b>30,851</b>	<b>31,557</b>	<b>30,141</b>	<b>28,393</b>	<b>120,942</b>	<b>116,223</b>
<b>General and administrative expenses</b>	<b>39,831</b>	<b>36,100</b>	<b>36,629</b>	<b>39,068</b>	<b>35,665</b>	<b>147,462</b>	<b>136,057</b>
<b>Long term compensation expense related to client-service personnel (including share-based compensation)</b>	<b>3,163</b>	<b>2,733</b>	<b>2,714</b>	<b>3,505</b>	<b>2,962</b>	<b>11,914</b>	<b>11,611</b>
<b>Severance expense added above</b>	<b>(857)</b>	<b>(1,151)</b>	<b>(283)</b>	<b>(3,553)</b>	<b>(1,503)</b>	<b>(6,490)</b>	<b>(4,885)</b>
<b>Total Segment Operating Profit</b>	<b>\$ 72,698</b>	<b>\$ 68,533</b>	<b>\$ 70,617</b>	<b>\$ 69,161</b>	<b>\$ 65,517</b>	<b>\$ 273,828</b>	<b>\$ 259,006</b>

**FREE CASH FLOW (1)(2)**

<b>Net cash provided by (used in) operating activities</b>	\$ (26,557)	\$ 48,976	\$ 38,908	\$ 29,149	\$ (33,954)	\$ 83,079	\$ 90,097
Changes in other assets and liabilities	54,197	(17,314)	(11,386)	(4,356)	58,811	25,755	16,232
Allowance for doubtful accounts receivable	(1,636)	(886)	(100)	(1,402)	(190)	(2,578)	(5,009)
Purchases of property and equipment	(4,959)	(7,934)	(7,963)	(10,284)	(12,913)	(39,094)	(23,506)
Payments of acquisition liabilities	-	(11,350)	(666)	(1,530)	-	(13,546)	(4,960)
Payments of contingent acquisition liabilities	(49)	(4,000)	(592)	-	-	(4,592)	(464)
<b>Free Cash Flow</b>	<b>\$ 20,996</b>	<b>\$ 7,492</b>	<b>\$ 18,201</b>	<b>\$ 11,577</b>	<b>\$ 11,754</b>	<b>\$ 49,024</b>	<b>\$ 72,390</b>

**LEVERAGE RATIO (1)(2)**

<b>Adjusted EBITDA for prior twelve-month period</b>	\$ 123,110	\$ 120,942	\$ 120,253	\$ 124,979	\$ 122,285	\$ 120,942	\$ 116,223
<b>Bank debt</b>	211,521	173,743	146,814	171,386	178,734	173,743	109,790
<b>Leverage ratio</b>	1.72	1.44	1.22	1.37	1.46	1.44	0.94

**ORGANIC GROWTH (1)(2)**

<b>Revenues Before Reimbursements</b>	\$ 223,475				\$ 201,156		
<b>Pro forma acquisition adjustment</b>	-				7,626		
<b>Currency impact</b>	1,026				-		
<b>Pro forma RBR</b>	\$ 224,501				\$ 208,782		
<b>Y/Y Organic growth rate</b>	7.5%				N/A		

NON-GAAP FINANCIAL MEASURES RECONCILIATIONS PAGE 2 OF 2

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE (1)(2)

	2016		2015			2015	2014
	Q1	Q4	Q3	Q2	Q1	Full Year	Full Year
All numbers in thousands except per share data							
<b>Shares used in computing adjusted per diluted share data (4)</b>	49,031	49,007	49,155	49,310	49,413	49,224	49,976
Severance expense	\$ 857	\$ 1,151	\$ 283	\$ 3,553	\$ 1,503	\$ 6,490	\$ 4,885
Income tax benefit (9)	(310)	(378)	(117)	(1,232)	(520)	(2,247)	(1,821)
<b>Tax-effected impact of severance expense</b>	\$ 547	\$ 773	\$ 166	\$ 2,321	\$ 983	\$ 4,243	\$ 3,064
<b>Diluted earnings per share impact of severance expense</b>	\$ 0.01	\$ 0.02	\$ -	\$ 0.05	\$ 0.02	\$ 0.09	\$ 0.06
<b>Other operating (benefit) costs - contingent acquisition liability adjustment, net</b>	\$ -	\$ (422)	\$ -	\$ 2,308	\$ (14,933)	\$ (13,047)	\$ (4,992)
Income tax expense (benefit)(9)(10)(11)	-	166	-	(907)	(183)	(924)	2,014
<b>Tax-effected impact of other operating (benefit) costs - contingent acquisition liability adjustment, net</b>	\$ -	\$ (256)	\$ -	\$ 1,401	\$ (15,116)	\$ (13,971)	\$ (2,978)
<b>Diluted earnings per share impact of other operating (benefit) costs - contingent acquisition liability adjustment, net</b>	\$ -	\$ (0.01)	\$ -	\$ 0.03	\$ (0.31)	\$ (0.28)	\$ (0.06)
<b>Other operating costs - office consolidation, net</b>	\$ -	\$ 26	\$ -	\$ 1,804	\$ 936	\$ 2,766	\$ 725
Income tax benefit(9)	-	(11)	-	(729)	(379)	(1,119)	(292)
<b>Tax-effected impact of other operating costs - office consolidation, net</b>	\$ -	\$ 15	\$ -	\$ 1,075	\$ 557	\$ 1,647	\$ 433
<b>Diluted earnings per share impact of other operating costs - office consolidation, net</b>	\$ -	\$ -	\$ -	\$ 0.02	\$ 0.01	\$ 0.03	\$ 0.01
<b>Other operating costs (benefit) - loss (gain) on disposition of assets</b>	\$ -	\$ -	\$ 283	\$ -	\$ -	\$ 283	\$ (541)
Income tax expense(9)(12)	-	-	-	-	-	-	218
<b>Tax-effected impact of other operating costs (benefit) - loss (gain) on disposition of assets</b>	\$ -	\$ -	\$ 283	\$ -	\$ -	\$ 283	\$ (323)
<b>Diluted earnings per share impact of other operating costs (benefit) - loss (gain) on disposition of assets</b>	\$ -	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	\$ (0.01)
<b>Other operating costs - goodwill impairment</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,045
Income tax benefit(9)	-	-	-	-	-	-	(35,111)
<b>Tax-effected impact of other operating costs - goodwill impairment</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,934
<b>Diluted earnings per share impact of other operating costs - goodwill impairment</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.74
<b>Other operating costs - other impairment</b>	\$ -	\$ -	\$ -	\$ 98	\$ -	\$ 98	\$ 1,343
Income tax benefit(9)	-	-	-	(40)	-	(40)	(541)
<b>Tax-effected impact of other operating costs - other impairment</b>	\$ -	\$ -	\$ -	\$ 58	\$ -	\$ 58	\$ 802
<b>Diluted earnings per share impact of other operating costs - other impairment</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.02
<b>Net Income (Loss) from continuing operations</b>	\$ 12,642	\$ 13,199	\$ 14,176	\$ 7,827	\$ 25,143	\$ 60,345	\$ (36,907)
<b>Tax-effected impact of severance expense</b>	547	773	166	2,321	983	4,243	3,064
<b>Tax-effected impact of other operating (benefit) costs - contingent acquisition liability adjustment, net</b>	-	(256)	-	1,401	(15,116)	(13,971)	(2,978)
<b>Tax-effected impact of other operating costs - office consolidation, net</b>	-	15	-	1,075	557	1,647	433
<b>Tax-effected impact of other operating costs (benefit) - loss (gain) on disposition of assets</b>	-	-	283	-	-	283	(323)
<b>Tax-effected impact of other operating costs - goodwill impairment</b>	-	-	-	-	-	-	86,934
<b>Tax-effected impact of other operating costs - other impairment</b>	-	-	-	58	-	58	802
<b>Adjusted net income</b>	\$ 13,189	\$ 13,731	\$ 14,625	\$ 12,682	\$ 11,567	\$ 52,605	\$ 51,025
<b>Adjusted earnings per share</b>	\$ 0.27	\$ 0.28	\$ 0.30	\$ 0.26	\$ 0.23	\$ 1.07	\$ 1.02

## FOOTNOTES

### **\*TOTALS MAY NOT SUM DUE TO ROUNDING DIFFERENCES**

(1) This supplemental information is reported on a continuing operations basis unless otherwise noted.

### **(2) Non-GAAP Financial Information**

This supplemental information includes certain non-GAAP financial measures as defined by the Securities and Exchange Commission. All non-GAAP financial measures are presented on a continuing operations basis. Reconciliations of these non-GAAP financial measures to the most directly comparable financial measure calculated and presented in accordance with generally accepted accounting principles (GAAP) have been provided. This information should be considered as supplemental in nature and not as a substitute for, or superior to, any measure of performance prepared in accordance with GAAP. Management uses these non-GAAP financial measures in addition to GAAP financial measures to assess the Company's operations and financial results and believes they are useful indicators of operating performance and the Company's ability to generate cash flows from operations that are available for interest, debt service, taxes and capital expenditures. Investors should recognize that these non-GAAP financial measures may not be comparable to similarly-titled measures of other companies.

### **EBITDA, adjusted EBITDA, adjusted Net Income and adjusted Earnings Per Share**

EBITDA is earnings from continuing operations before interest, taxes, depreciation and amortization. Adjusted EBITDA excludes the impact of severance expense and other operating costs (benefit). Adjusted net income and adjusted earnings per share exclude the net income (loss) and per share net income (loss) impact of discontinued operations, severance expense and other operating costs (benefit). Severance expense and other operating costs (benefit) are not considered to be non-recurring, infrequent or unusual to our business. Management believes that these non-GAAP financial measures provide investors with enhanced comparability of the Company's results of operations across periods.

### **Free Cash Flow**

Free cash flow is calculated as net cash provided from operations excluding the change in assets and liabilities and allowance for doubtful accounts less cash payments for property and equipment and deferred acquisition liabilities. Free cash flow does not represent discretionary cash available for spending as it excludes certain contractual obligations such as debt repayment. However, management believes that it provides investors with an indicator of cash available for on-going business operations and long term value creation.

### **Leverage Ratio**

Leverage ratio is calculated as bank debt at the end of the period divided by adjusted EBITDA for the prior twelve-month period. Management believes that leverage provides investors with an indicator of the cash flows available to repay the Company's debt obligations.

### **Organic Growth**

Organic growth represents revenues before reimbursements adjusted to include the impact of our acquisitions as if we owned them from the beginning of each comparable period and adjusted to exclude the impact of foreign currency exchange rate fluctuations. Management believes that organic growth reflects the growth of our existing business and is, therefore, useful in analyzing the Company's financial condition and results of operations.

(3) For the year ended December 31, 2014, the Company reported a net loss. For that period, the basic weighted average common shares outstanding equals the diluted weighted average common shares outstanding for purposes of calculating U.S. GAAP earnings per share because potentially dilutive securities would be antidilutive.

(4) For non-GAAP purposes, the per share and share amounts presented here reflect the inclusion of potentially dilutive shares based on the impact of the add backs included in Adjusted Net Income.

(5) Technology, Data & Process businesses are comprised of technology-enabled professional services, including eDiscovery services, data analytics, business process management services, technology solutions, invoice and insurance claims processing, market research and benchmarking.

(6) Average FTE is our average headcount during the period adjusted for part-time status. Average FTE is further split between the following categories:

a) Client-Service FTE - combination of Consulting FTE and Technology, Data & Process FTE defined as follows:

i) Consulting FTE - individuals assigned to client services who record time to client engagements; and

ii) Technology, Data & Process FTE - individuals in businesses primarily dedicated to maintaining and delivering the services described above in note (5) and are not included in average bill rate and average utilization metrics (see note (7) and (8) below); and

b) Non-billable FTE - individuals assigned to administrative and support functions, including office services, corporate functions and certain practice support functions.

(7) Average bill rate is calculated by dividing fee revenues before certain adjustments such as discounts and markups, by the number of hours associated with the fee revenues. Fee revenues and hours billed on performance-based services and related to Technology, Data & Process FTE are excluded from average bill rate.

(8) Average utilization rate is calculated by dividing the number of hours of our Consulting FTE who recorded time to client engagements during a period by the total available working hours for these consultants during the same period (1,850 hours annually). Hours related to Technology, Data & Process FTE are excluded from average utilization rate.

(9) Effective income tax (benefit) has been determined based on specific tax jurisdiction.

(10) A portion of the deferred contingent acquisition liability adjustment for the year ended December 31, 2015 was non-taxable in nature.

(11) On May 15, 2015, we executed an Amendment to Merger Agreement with the Cymetrix Sellers, establishing a definitive amount for the obligation and eliminating the contingent aspect of the Cymetrix acquisition liability. As a result of this agreement, the company will no longer record an interest expense for imputed interest resulting from the contingent aspect of the acquisition liability. Based on this change, the company re-evaluated the need for a deferred tax liability associated with expected non-deductible imputed interest and recorded an \$826 thousand benefit to reverse the remaining tax impact in the quarter ended June 30, 2015.

(12) The loss on dispositions recorded during the quarter ended September 30, 2015 is subject to capital loss treatment in Canada. The tax benefit associated with this capital loss is subject to a full valuation allowance.