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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2013

OR

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

Commission File No. 1-12173

Navigant Consulting, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**36-4094854**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

30 South Wacker Drive, Suite 3550, Chicago, Illinois 60606
(Address of principal executive offices, including zip code)

(312) 573-5600
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See 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	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

As of April 24, 2013, 50,436,742 shares of the registrant's common stock, par value $.001 per share, were outstanding.

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Forward-Looking Statements

Statements included in this report which are not historical in nature are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements may generally be identified by words such as "anticipate," "believe," "intend," "estimate," "expect," "plan," "outlook" and similar expressions. We caution readers that there may be events in the future that we are not able to accurately predict or control and the information contained in the forward-looking statements is inherently uncertain and subject to a number of risks that could cause actual results to differ materially from those contained in or implied by the forward-looking statements, including the factors described in the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2012 and Item 2 — Management's Discussion and Analysis of Financial Condition and Results of Operations in this report. We cannot guarantee any future results, levels of activity, performance or achievement, and we undertake no obligation to update any of the forward-looking statements contained in this report.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

NAVIGANT CONSULTING, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands)

	March 31, 2013 (unaudited)	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,939	$ 1,052
Accounts receivable, net	205,827	198,709
Prepaid expenses and other current assets	25,685	25,054
Deferred income tax assets	12,533	17,821
Total current assets	246,984	242,636
Non-current assets:		
Property and equipment, net	43,414	45,342
Intangible assets, net	14,252	16,123
Goodwill	607,143	619,932
Other assets	29,385	30,417
Total assets	$ 941,178	$ 954,450
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 18,019	$ 18,042
Accrued liabilities	10,980	11,557
Accrued compensation-related costs	39,958	84,813
Income tax payable	1,475	7,129
Other current liabilities	37,860	35,754
Total current liabilities	108,292	157,295
Non-current liabilities:		
Deferred income tax liabilities	69,766	67,623
Other non-current liabilities	34,071	35,606
Bank debt non-current	164,656	134,183
Total non-current liabilities	268,493	237,412
Total liabilities	376,785	394,707
Stockholders' equity:		
Common stock	62	62
Additional paid-in capital	586,515	582,363
Treasury stock	(224,477)	(216,500)
Retained earnings	216,340	202,542
Accumulated other comprehensive loss	(14,047)	(8,724)
Total stockholders' equity	564,393	559,743
Total liabilities and stockholders' equity	$ 941,178	$ 954,450

See accompanying notes to the unaudited consolidated financial statements.

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NAVIGANT CONSULTING, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands, except per share data)

	For the three months ended March 31, 2013	2012
Revenues before reimbursements	$187,257	$ 186,380
Reimbursements	27,516	20,241
Total revenues	214,773	206,621
Cost of services before reimbursable expenses	126,364	123,960
Reimbursable expenses	27,516	20,241
Total costs of services	153,880	144,201
General and administrative expenses	32,483	35,557
Depreciation expense	3,730	3,516
Amortization expense	1,698	1,725
Other operating costs (benefit):		
Office consolidation	208	—
Gain on disposition of assets	(1,715)	—
Operating income	24,489	21,622
Interest expense	1,225	1,463
Interest income	(163)	(238)
Other (income) expense, net	(148)	105
Income before income tax expense	23,575	20,292
Income tax expense	9,777	8,650
Net income	$ 13,798	$ 11,642
Basic net income per share	$ 0.27	$ 0.23
Shares used in computing net income per basic share	50,295	51,032
Diluted net income per share	$ 0.27	$ 0.22
Shares used in computing net income per diluted share	51,360	51,797
Net income	$ 13,798	$ 11,642
Other comprehensive (loss) income, net of tax		
Unrealized net gain (loss), foreign currency translation	(5,341)	3,272
Unrealized net loss on interest rate derivatives	(10)	(81)
Reclassification adjustment on interest rate derivatives included in interest expense and income tax expense	28	154
Other comprehensive (loss) income, net of tax	(5,323)	3,345
Total comprehensive income, net of tax	$ 8,475	$ 14,987

See accompanying notes to the unaudited consolidated financial statements.

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NAVIGANT CONSULTING, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands)

	Common Stock Shares	Treasury Stock Shares	Common Stock Par Value	Additional Paid-In Capital	Treasury Stock Cost	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
Balance at December 31, 2012	62,104	(11,587)	$ 62	$ 582,363	$(216,500)	$ (8,724)	$202,542	$559,743
Comprehensive income (loss)	—	—	—	—	—	(5,323)	13,798	8,475
Issuances of common stock	91	—	—	1,071	—	—	—	1,071
Tax benefits (deficits) on stock options exercised and restricted stock and restricted stock units vested	—	—	—	(213)	—	—	—	(213)
Vesting of restricted stock and restricted stock units net of forfeitures and tax withholdings	244	(72)	—	306	(1,340)	—	—	(1,034)
Share-based compensation expense	24	(24)	—	2,988	(443)	—	—	2,545
Repurchases of common stock	—	(513)	—	—	(6,194)	—	—	(6,194)
Balance at March 31, 2013	62,463	(12,196)	$ 62	$586,515	$ (224,477)	$ (14,047)	$ 216,340	$ 564,393

See accompanying notes to the unaudited consolidated financial statements.

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NAVIGANT CONSULTING, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	For the three months ended March 31, 2013	2012
Cash flows from operating activities:		
Net income	$ 13,798	$ 11,642
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation expense	3,730	3,516
Accelerated depreciation - office consolidation	208	—
Amortization expense	1,698	1,725
Share-based compensation expense	2,545	2,331
Accretion of interest expense	219	140
Deferred income taxes	7,022	4,775
Allowance for doubtful accounts receivable	255	1,160
Gain on disposition of assets	(1,715)	—
Changes in assets and liabilities (net of acquisitions and dispositions):		
Accounts receivable, net	(16,944)	(17,730)
Prepaid expenses and other assets	1,470	1,395
Accounts payable	70	(1,361)
Accrued liabilities	(1,373)	1,098
Accrued compensation-related costs	(42,072)	(50,826)
Income taxes payable	(5,544)	(448)
Other liabilities	4,713	(507)
Net cash used in operating activities	(31,920)	(43,090)
Cash flows from investing activities:		
Purchases of property and equipment	(3,680)	(7,826)
Proceeds from disposition, net of selling costs	15,607	—
Payments of acquisition liabilities	—	(750)
Other, net	(1,368)	(612)
Net cash provided by (used in) investing activities	10,559	(9,188)
Cash flows from financing activities:		
Issuances of common stock	1,071	1,066
Repurchase of common stock	(6,194)	(3,032)
Payments of contingent acquisition liabilities	(2,000)	(2,435)
Repayments to banks	(102,680)	(53,998)
Borrowings from banks	134,114	108,823
Other, net	(945)	(1,111)
Net cash provided by financing activities	23,366	49,313
Effect of exchange rate changes on cash and cash equivalents	(118)	70
Net increase (decrease) in cash and cash equivalents	1,887	(2,895)
Cash and cash equivalents at beginning of the period	1,052	2,969
Cash and cash equivalents at end of the period	$ 2,939	$ 74

Supplemental Consolidated Cash Flow Information

	For the three months ended March 31, 2013	2012
Interest paid	$ 783	$ 1,137
Income taxes paid, net of refunds	$ 8,085	$ 3,616

See accompanying notes to the unaudited consolidated financial statements.

NAVIGANT CONSULTING, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Navigant Consulting, Inc. (“we”, “us”, or “our”) is an independent specialty consulting firm that combines deep industry knowledge with technical expertise to enable companies to create and protect value in the face of complex and critical business risks and opportunities. Our professional service offerings include dispute, investigative, economic, operational, risk management and financial and regulatory advisory solutions. We provide our services to companies, legal counsel and governmental agencies facing the challenges of uncertainty, risk, distress and significant change. We provide services to and focus on industries undergoing substantial regulatory or structural change and on the issues driving these transformations. Our business is organized in four reporting segments — Disputes, Investigations & Economics; Financial, Risk & Compliance Advisory; Healthcare; and Energy, which were realigned during the second quarter of 2012.

The accompanying unaudited interim consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for interim reporting and do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America (GAAP). The information furnished herein includes all adjustments, consisting of normal and recurring adjustments except where indicated, which are, in the opinion of management, necessary for a fair presentation of the results of operations for the interim periods presented.

The results of operations for the three months ended March 31, 2013 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2013.

These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes as of and for the year ended December 31, 2012 included in our Annual Report on Form 10-K filed with the SEC on February 15, 2013.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the unaudited consolidated financial statements and the related notes. Actual results could differ from those estimates and may affect future results of operations and cash flows. We have evaluated events and transactions occurring after the balance sheet date and prior to the date of this filing. We believe there are no such events or transactions that require disclosure for this filing.

In June 2011, the Financial Accounting Standards Board (FASB) issued guidance which requires public entities to increase the prominence of other comprehensive income in financial statements. Under FASB ASC Topic 220 — Presentation of Comprehensive Income, an entity has the option to present the components of net income and comprehensive income in either one continuous or two separate financial statements. This update eliminates the option to present other comprehensive income in the statement of changes in equity. This update is effective for fiscal years and interim periods beginning after December 15, 2011. We adopted this guidance effective January 1, 2012 and elected to present the components of net income and comprehensive income in one continuous financial statement.

In February 2013, the FASB issued accounting standards update (ASU) 2013-02 – Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. This ASU requires disclosure of significant reclassifications out of accumulated other comprehensive income. The ASU is to be applied prospectively and is effective for fiscal years beginning after December 15, 2012. We adopted this guidance effective January 1, 2013 and have presented all significant reclassifications in the Unaudited Consolidated Statements of Comprehensive Income.

2. ACQUISITIONS

2012 Acquisitions

On December 3, 2012, we acquired the assets of PFEC LLC (doing business as, AFE Consulting) (AFE) to expand our economics consulting business. AFE provides expert and advisory services to clients with legal, business and other analytical challenges. This acquisition included 30 professionals and has been integrated into our Disputes, Investigations & Economics segment. We paid $15.0 million in cash at closing, issued $2.5 million in common stock at closing, and have a $2.5 million deferred cash payment payable on the first and second anniversaries of closing in equal annual installments. The common stock issued at closing has a two year restriction on sale or transfer. We considered the transfer restrictions of the common stock and estimated the fair value of the stock to be $2.2 million. AFE can also earn up to $10.0 million in one additional payment based on the business achieving certain performance targets over the next four calendar years following the year of closing. The additional payment is due on the fourth anniversary of closing. We estimated the fair value of the contingent consideration on the date of closing to be $4.4 million. The common stock and deferred payments were recorded at fair value, and the deferred payments were recorded in other current and non-current liabilities. As part of the purchase price allocation, we recorded $3.1 million in identifiable intangible assets and $23.4 million in goodwill. The purchase price paid in cash at closing was funded with borrowings under our credit facility.

On October 2, 2012, we acquired the assets of Easton Associates, LLC to expand our life science services in our healthcare advisory business within our Healthcare segment. Easton provides product and business strategy advisory services to companies in the life sciences and pharmaceutical industries. This acquisition included 47 professionals and has been integrated into our Healthcare segment. We paid $8.0 million in cash at closing and have a $4.1 million deferred cash payment payable in three equal installments on the first, second and third anniversary of closing. As part of the purchase price allocation, we recorded $0.1 million in property and equipment, $1.9 million in identifiable intangible assets and $9.8 million in goodwill. The purchase price paid in cash at closing was funded with borrowings under our credit facility.

On August 24, 2012, we acquired the assets of Empath Consulting, Inc. to expand our healthcare advisory services. Empath provides hospital work flow management and process control systems. This acquisition included eight professionals and has been integrated into our Healthcare segment. We paid $0.7 million in cash at closing and have an $0.8 million deferred cash payment payable on the first anniversary of closing. Empath can earn up to $4.5 million of additional payments based on the business achieving certain performance targets over the 46 month period after closing. We estimated the fair value of the contingent consideration on the date of purchase to be $3.2 million. The liability was recorded as other current and non-current liabilities. As part of the purchase price allocation, we recorded $0.7 million in other assets, $0.1 million in identifiable intangible assets and $3.9 million in goodwill. The purchase price paid in cash at closing was funded with borrowings under our credit facility.

On July 2, 2012, we acquired the assets of Pike Research, LLC to expand our energy advisory services. Pike Research is a market intelligence firm that provides in-depth analysis of global clean energy and smart technology markets. This acquisition included 33 professionals and has been integrated into our Energy segment. We paid $1.9 million in cash at closing and have a $0.7 million deferred cash payment payable on the first anniversary of closing. Pike Research can earn up to $4.0 million of additional payments based on the business achieving certain performance targets over the three year period after closing. We estimated the fair value of the contingent consideration on the date of purchase to be $2.5 million. The liability was recorded as other current and non-current liabilities. As part of the purchase price allocation, we recorded $0.4 million in current assets, $0.7 million in liabilities, $0.1 million in identifiable intangible assets and $5.3 million in goodwill. The purchase price paid in cash at closing was funded with borrowings under our credit facility.

Also, in November 2012, we acquired one small business, for an aggregate purchase price of $4.2 million, of which $2.6 million was paid in cash at closing. The acquired business was integrated into our Disputes, Investigations & Economics segment.

Pro Forma Information

The following supplemental unaudited pro forma financial information was prepared as if the 2012 acquisitions noted above had occurred as of January 1, 2012. The following table was prepared for comparative purposes only and does not purport to be indicative of what would have occurred had the acquisitions been made at that time or of results which may occur in the future (in thousands, except per share data).

	For the three months ended March 31,	
	2013	2012
Total revenues	$214,773	$217,624
Net income	$ 13,798	$ 12,469
Basic net income per share	$ 0.27	$ 0.24
Diluted net income per share	$ 0.27	$ 0.24

3. DISPOSITION

On January 31, 2013, we sold a portion of our Disputes, Investigations & Economics segment. This disposition facilitated the early transition of four experts within our economics consulting business whose departures were anticipated in the second quarter of 2013. The transaction also included an agreement to transition engagements and approximately 40 other employees to the purchaser. We received $15.6 million in cash, net of selling costs, for the sale. As part of the transaction, we recorded a $1.7 million gain in other operating benefit, which reflected a reduction of $7.4 million in goodwill and $6.5 million relating to working capital.

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4. SEGMENT INFORMATION

Our business is assessed and resources are allocated based on the following four reportable segments:

- The **Disputes, Investigations & Economics** segment provides accounting, financial and economic analysis, as well as discovery support, data management and analytics, on a wide range of legal and business issues including disputes, investigations and regulatory matters. The clients of this segment are principally companies, along with their in-house counsel and law firms, as well as accounting firms, corporate boards and government agencies.
- The **Financial, Risk & Compliance Advisory** segment provides strategic, operational, valuation, risk management, investigative and compliance consulting to clients in the highly regulated financial services industry, including major financial and insurance institutions. This segment also provides anti-corruption solutions and restructuring consulting to clients in a broad variety of industries.
- The **Healthcare** segment provides strategy consulting, revenue cycle management, performance improvement, program management, physician practice management and outsourcing, technology solutions to health systems, physician practice groups, health insurance providers, governmental agencies and life sciences companies.
- The **Energy** segment provides management advisory services to existing and prospective owners of energy supply and delivery assets which allows them to evaluate, plan, develop, and enhance the value of their investments within evolving market and regulatory structures. In addition, the segment provides energy efficiency and energy related market research services. Clients include utilities, independent power producers, financial entities, law firms, regulators, and energy equipment providers.

The following information includes segment revenues before reimbursements, segment total revenues and segment operating profit. Certain unallocated expense amounts related to specific reporting segments have been excluded from segment operating profit to be consistent with the information used by management to evaluate segment performance. Segment operating profit represents total revenues less costs of services excluding long-term compensation expense attributable to consultants. Long-term compensation expense attributable to consultants includes share-based compensation expense and compensation expense attributed to certain retention incentives (see Note 7 — Share-based Compensation Expense and Note 8 — Supplemental Consolidated Balance Sheet Information).

The information presented does not necessarily reflect the results of segment operations that would have occurred had the segments been stand-alone businesses. Prior period segment data has been recast to be consistent with the current presentation.

Information on the segment operations has been summarized as follows (shown in thousands):

	For the three months ended March 31, 2013	For the three months ended March 31, 2012
Revenues before reimbursements:		
Disputes, Investigations & Economics	$ 76,975	$ 91,219
Financial, Risk & Compliance Advisory	41,764	37,230
Healthcare	43,583	36,542
Energy	24,935	21,389
Total revenues before reimbursements	$187,257	$ 186,380
Total revenues:		
Disputes, Investigations & Economics	$ 83,458	$ 97,089
Financial, Risk & Compliance Advisory	52,603	43,828
Healthcare	49,191	40,926
Energy	29,521	24,778
Total revenues	$ 214,773	$206,621
Segment operating profit:		
Disputes, Investigations & Economics	$ 25,817	$ 34,168
Financial, Risk & Compliance Advisory	14,995	13,755
Healthcare	15,804	11,470
Energy	8,796	7,254
Total segment operating profit	65,412	66,647
Segment reconciliation to income before income tax expense:		
Unallocated:		
General and administrative expenses	32,483	35,557
Depreciation expense	3,730	3,516
Amortization expense	1,698	1,725
Other operating costs (benefit), net	(1,507)	—
Long-term compensation expense attributable to consultants (including share-based compensation expense)	4,519	4,227
Operating income	24,489	21,622
Interest and other expense, net	914	1,330
Income before income tax expense	$ 23,575	$ 20,292

Total assets allocated by segment include accounts receivable (net), certain retention related prepaid assets, intangible assets and goodwill. The remaining assets are unallocated. Allocated assets by segment were as follows (shown in thousands):

	March 31, 2013	December 31, 2012
Disputes, Investigations & Economics	$462,259	$476,640
Financial, Risk & Compliance Advisory	103,679	99,269
Healthcare	175,242	175,430
Energy	104,659	102,487
Unallocated assets	95,339	100,624
Total assets	$ 941,178	$954,450

5. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill consisted of (shown in thousands):

	March 31, 2013	December 31, 2012
Goodwill	$612,568	$625,357
Less: accumulated amortization	(5,425)	(5,425)
Goodwill, net	$ 607,143	$619,932

On January 1, 2012, we adopted the principles prescribed in FASB ASU No. 2011-08, "Intangibles — Goodwill and Other (Topic 350): Testing Goodwill for Impairment" ("ASC Topic 350") which provides an entity the option to first assess qualitative factors to determine whether it is necessary to perform the two-step test for goodwill impairment, including an annual goodwill impairment test.

In June 2012, we realigned our segments. As a result of the realignment of our segments, the composition of our reporting units changed. Our four reporting units are the same as our operating segments. In connection with the segment realignment, we re-assigned our goodwill balances using the relative fair value approach. The changes made to the January 1, 2012 goodwill balances of our reporting units, including as a result of the realignment, can be found in our Annual Report on Form 10-K filed with the SEC on February 15, 2013. Changes made to our goodwill balances during the three months ended March 31, 2013 and 2012 were as follows (shown in thousands):

	Disputes, Investigations & Economics	Financial, Risk & Compliance Advisory	Healthcare	Energy	Total Company
Goodwill, net as of January 1, 2012	$326,458	$56,962	$115,527	$ 71,333	$ 570,280
Adjustments	(35)	(12)	—	—	(47)
Foreign currency	3,039	56	—	24	3,119
Goodwill, net as of March 31, 2012	$329,462	$ 57,006	$115,527	$ 71,357	$ 573,352
Goodwill, net as of January 1, 2013	$357,091	$56,982	$ 129,231	$ 76,628	$619,932
Adjustments	(35)	(12)	—	—	(47)
Disposition	(7,350)	—	—	—	(7,350)
Foreign currency	(5,165)	(158)	—	(69)	(5,392)
Goodwill, net as of March 31, 2013	$ 344,541	$ 56,812	$ 129,231	$76,559	$ 607,143

The key assumptions used in our annual impairment test, performed in May 2012, remain generally unchanged and included: profit margin improvement generally consistent with our longer-term historical performance; revenue growth rates consistent with our longer-term historical performance also considering our near term investment plans and growth objectives; discount rates that were determined based on comparable discount rates for our peer group; and cost of capital based on our historical experience. Each reporting unit's estimated fair value depends on various factors including its expected ability to achieve profitable growth.

We evaluate our results and projections periodically throughout the year to consider the impact of changes to our business and market conditions on our goodwill valuation. At March 31, 2013, we considered our most recent projections, including the impact of the recent sale of a portion of our Disputes, Investigations & Economics segment which included the disposition of a portion of our Economics consulting business (see Note 3 — Disposition) and the acquisition of AFE during the fourth quarter of 2012. In addition, we considered the impact of the recent settlements between many banks and government regulators on our mortgage servicing review engagements. We continue to monitor our stock price in relation to our book value. At March 31, 2013, our common stock was trading above book value.

Based on our analysis, at March 31, 2013, there was no indication of impairment related to our goodwill or intangible assets, and therefore, we did not perform the first step of the goodwill impairment test.

There can be no assurance that goodwill or intangible assets will not be impaired in the future. We will continue to monitor the factors and key assumptions used in determining the fair value of each of our reporting units, as further discussed below.

As we review our portfolio of services in the future, we may exit certain markets or reposition certain service offerings within our business. Consistent with past evaluations, further evaluations may result in redefining our operating segments and may impact a significant portion of one or more of our reporting units. As noted above, if such actions occur, they may be considered triggering events that would result in our performing an interim impairment test of our goodwill and an impairment test of our intangible assets.

Intangible assets consisted of (shown in thousands):

	March 31, 2013	December 31, 2012
Intangible assets:		
Customer lists and relationships	$ 76,798	$ 78,462
Non-compete agreements	21,883	22,236
Other	24,260	24,570
Intangible assets, at cost	122,941	125,268
Less: accumulated amortization	(108,689)	(109,145)
Intangible assets, net	$ 14,252	$ 16,123

Our intangible assets have estimated remaining useful lives ranging up to seven years which approximate the estimated periods of consumption. We will amortize the remaining net book values of intangible assets over their remaining useful lives. At March 31, 2013, our intangible assets consisted of the following (amounts shown in thousands, except year data):

Category	Weighted Average Remaining Years	Amount
Customer lists and relationships, net	3.5	$ 10,843
Non-compete agreements, net	4.2	1,488
Other intangible assets, net	2.5	1,921
Total intangible assets, net	3.4	$14,252

Total amortization expense for the three months ended March 31, 2013 and 2012 was $1.7 million for each period. Below is the estimated annual aggregate amortization expense to be recorded for the remainder of 2013 and in future years related to intangible assets at March 31, 2013 (shown in thousands):

Year Ending December 31,	Amount
2013 (April - December)	$ 4,831
2014	4,543
2015	2,650
2016	1,254
2017	585
Thereafter	389
Total	$14,252

6. NET INCOME PER SHARE (EPS)

Basic net income per share (EPS) is computed by dividing net income by the number of basic shares. Basic shares are the total of shares of common stock outstanding and the equivalent shares from obligations presumed payable in shares of common stock, both weighted for the average days outstanding for the period. Basic shares exclude the dilutive effect of common stock that could potentially be issued due to the exercise of stock options, vesting of restricted stock and restricted stock units, or satisfaction of necessary conditions for contingently issuable shares. Diluted EPS is computed by dividing net income by the number of diluted shares, which are the total of the basic shares outstanding and all potentially issuable shares, based on the weighted average days outstanding for the period.

The components of basic and diluted shares (shown in thousands and based on the weighted average days outstanding for the periods) are as follows:

	For the three months ended March 31,	
	2013	2012
Basic shares	50,295	51,032
Employee stock options	61	222
Restricted stock and restricted stock units	809	543
Contingently issuable shares	195	—
Diluted shares	51,360	51,797
Antidilutive shares[1]	590	261

[1] Stock options with exercise prices greater than the average market price of our common stock during the respective time periods were excluded from the computation of diluted shares because the impact of including the shares subject to these stock options in the diluted share calculation would have been antidilutive.

We use the treasury stock method to calculate the dilutive effect of our common stock equivalents should they vest. The exercise of stock options or vesting of restricted stock and restricted stock units triggers excess tax benefits or tax deficiencies that reduce or increase the dilutive effect of such common stock being issued. The excess tax benefits or deficiencies are based on the difference between the market price of our common stock on the date the equity award is exercised or vested and the cumulative compensation cost of the stock options, restricted stock and restricted stock units. These excess tax benefits are recorded as a component of additional paid-in capital in the accompanying consolidated balance sheets and as a component of financing cash flows in the accompanying consolidated statements of cash flows. The excess tax deficiencies are recorded as a component of additional paid-in capital in the accompanying consolidated balance sheets and as a component of operating cash flows in the accompanying consolidated statements of cash flows.

7. SHARE-BASED COMPENSATION EXPENSE

Share-based compensation expense is recorded for restricted stock, restricted stock units, stock options and the discount given on employee stock purchase plan transactions.

Total share-based compensation expense consisted of the following (shown in thousands):

	For the three months ended March 31,	
	2013	2012
Cost of services before reimbursable expenses	$ 1,315	$ 1,396
General and administrative expenses	1,230	935
Total share-based compensation expense	$ 2,545	$ 2,331

Share-based compensation expense attributable to consultants was included in cost of services before reimbursable expenses. Share-based compensation expense attributable to corporate management and support personnel was included in general and administrative expenses.

The following table shows the amounts attributable to each category (shown in thousands):

	For the three months ended March 31,	
	2013	2012
Amortization of restricted stock and restricted stock unit awards	$ 2,165	$ 1,973
Amortization of stock option awards	292	261
Discount given on employee stock purchase transactions through our Employee Stock Purchase Plan	88	97
Total share-based compensation expense	$ 2,545	$ 2,331

At March 31, 2013, we had $13.3 million of total compensation costs related to unvested stock-based awards that have not been recognized as share-based compensation expense. The compensation costs will be recognized as an expense over the remaining vesting periods. The weighted average remaining vesting period is approximately two years. During the three months ended March 31, 2013, we granted an aggregate of 374,335 share-based awards, consisting of restricted stock units and stock options with an aggregate fair value of $3.8 million at the time of grant. These grants include certain awards that vest based on relative achievement of pre-established performance criteria.

8. SUPPLEMENTAL CONSOLIDATED BALANCE SHEET INFORMATION

Accounts Receivable, net

The components of accounts receivable were as follows (shown in thousands):

	March 31, 2013	December 31, 2012
Billed amounts	$159,230	$159,399
Engagements in process	60,128	54,685
Allowance for uncollectible accounts	(13,531)	(15,375)
Accounts receivable, net	$205,827	$ 198,709

Receivables attributable to engagements in process represent balances for services that have been performed and earned but have not been billed to the client. Services are generally billed on a monthly basis for the prior month's services. Our allowance for uncollectible accounts is based on historical experience and management judgment and may change based on market conditions or specific client circumstances.

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Prepaid expenses and other current assets

The components of prepaid expenses and other current assets were as follows (shown in thousands):

	March 31, 2013	December 31, 2012
Notes receivable - current	$ 6,776	$ 7,701
Other prepaid expenses and other current assets	18,909	17,353
Prepaid expenses and other current assets	$25,685	$ 25,054

Other assets

The components of other assets were as follows (shown in thousands):

	March 31, 2013	December 31, 2012
Notes receivable - non-current	$12,197	$ 13,916
Prepaid expenses and other non-current assets	17,188	16,501
Other assets	$29,385	$ 30,417

Notes receivable represent unsecured employee loans. These loans were issued to recruit or retain certain senior-level consultants. During the three months ended March 31, 2013 and 2012, no such loans were issued. The principal amount and accrued interest on these loans is either paid by the consultant or forgiven by us over the term of the loans so long as the consultant remains continuously employed by us and complies with certain contractual requirements. The expense associated with the forgiveness of the principal amount of the loans is recorded as compensation expense over the service period, which is consistent with the term of the loans.

Prepaid expenses and other assets include sign-on and retention bonuses that are generally recoverable from an employee if the employee terminates employment prior to fulfilling his or her obligations to us. These amounts are amortized as compensation expense over the period in which they are recoverable from the employee generally in periods up to seven years. During the three months ended March 31, 2013 and 2012, we granted $2.6 million and $1.1 million, respectively, of sign-on and retention bonuses. At March 31, 2013, we had a balance of $18.7 million in unamortized sign-on and retention bonuses included in prepaid expenses and other assets.

Property and Equipment, net

Property and equipment, net consisted of (shown in thousands):

	March 31, 2013	December 31, 2012
Furniture, fixtures and equipment	$ 64,836	$ 63,497
Software	40,190	39,608
Leasehold improvements	39,984	40,052
Property and equipment, at cost	145,010	143,157
Less: accumulated depreciation and amortization	(101,596)	(97,815)
Property and equipment, net	$ 43,414	$ 45,342

During the three months ended March 31, 2013, we invested in our technology infrastructure and software. We also made a cash payment of $1.6 million relating to additions accrued for in the prior year.

Other Current Liabilities

The components of other current liabilities were as follows (shown in thousands):

	March 31, 2013	December 31, 2012
Deferred acquisition liabilities	$ 8,413	$ 10,863
Deferred revenue	22,217	17,366
Deferred rent	2,354	2,995
Commitments on abandoned real estate	513	748
Other liabilities	4,363	3,782
Other current liabilities	$ 37,860	$ 35,754

The deferred acquisition liabilities at March 31, 2013 consisted of cash obligations related to definitive and contingent purchase price considerations recorded at net present value and fair value, respectively. During the three months ended March 31, 2013, we made a cash payment of $2.0 million in connection with a deferred contingent acquisition liability relating to a prior period acquisition.

The current portion of deferred rent relates to rent allowances and incentives on lease arrangements for our office facilities that expire at various dates through 2022.

Deferred revenue represents advance billings to our clients for services that have not yet been performed and earned. During the three months ended March 31, 2013, deferred revenue increased mainly due to a large fixed fee engagement billed in advance of work performed.

Other Non-Current Liabilities

The components of other non-current liabilities were as follows (shown in thousands):

	March 31, 2013	December 31, 2012
Deferred acquisition liabilities	$ 15,323	$ 14,783
Deferred rent - long term	10,608	11,034
Commitments on abandoned real estate	393	487
Interest rate swap liability (Note 9)	484	515
Other non-current liabilities	7,263	8,787
Total other non-current liabilities	$ 34,071	$ 35,606

The deferred acquisition liabilities at March 31, 2013 consisted of cash obligations related to definitive and contingent purchase price considerations recorded at net present value and fair value, respectively.

The long-term portion of deferred rent is primarily rent allowances and incentives related to leasehold improvements on lease arrangements for our office facilities that expire at various dates through 2022.

9. DERIVATIVES AND HEDGING ACTIVITY

During the three months ended March 31, 2013, the following interest rate derivatives were outstanding (summarized based on month of execution):

Month executed	Number of Contracts	Beginning Date	Maturity Date	Rate	Total Notional Amount (millions)
November 2011	1	May 31, 2012	May 31, 2015	0.98%	$ 10.0
December 2011	2	December 31, 2012	December 31, 2015	1.17%	$ 10.0
March 2012	1	June 29, 2012	June 30, 2015	1.01%	$ 5.0
May 2012	1	June 28, 2013	May 27, 2016	1.15%	$ 5.0

We expect the interest rate derivatives to be highly effective against changes in cash flows related to changes in interest rates and have recorded the derivatives as a cash flow hedge. As a result, gains or losses related to fluctuations in the fair value of the interest rate derivatives are recorded as a component of accumulated other comprehensive (loss) income and reclassified into interest expense as the variable interest expense on our bank debt is recorded. There was no ineffectiveness related to the interest rate derivatives during the three months ended March 31, 2013 and 2012. For the three months ended March 31, 2013 and 2012, we recorded $0.1 million and $0.3 million, respectively, in interest expense associated with differentials received or paid under the interest rate derivatives. In May 2012, $90.0 million notional amount interest rate derivatives matured.

At March 31, 2013, we had a $0.5 million net liability related to the interest rate derivatives.

10. BANK DEBT

Our credit agreement provides a five-year, $400.0 million revolving credit facility. At our option, subject to the terms and conditions specified in the credit agreement, we may elect to increase the commitments under the credit facility up to an aggregate amount of $500.0 million. The credit facility matures on May 27, 2016, at which time any outstanding borrowings will be payable in full. Borrowings and repayments may be made in multiple currencies including U.S. Dollars, Canadian Dollars, UK Pound Sterling and Euro.

At March 31, 2013, we had aggregate borrowings outstanding of $164.7 million, compared to $134.2 million at December 31, 2012. Based on our financial covenants at March 31, 2013, a maximum of approximately $205.0 million was available in additional borrowings under the credit facility.

At our option, borrowings under the credit facility bear interest at a variable rate equal to an applicable base rate or LIBOR, in each case plus an applicable margin. For LIBOR loans, the applicable margin varies depending upon our consolidated leverage ratio (the ratio of total funded debt to adjusted EBITDA, as defined in the credit agreement). At March 31, 2013, the applicable margins on LIBOR and base rate loans were 1.25% and 0.25%, respectively. Depending upon our performance and financial condition, our LIBOR loans will have applicable margins varying between 1.00% and 2.00%, and our base rate loans have applicable margins varying between zero and 1.00%. Our average borrowing rate (including the impact of our interest rate derivatives; see Note 9 — Derivatives and Hedging Activity) was 2.6% and 3.4% for the three months ended March 31, 2013 and 2012, respectively.

Our credit agreement contains certain financial covenants, including covenants that require that we maintain a consolidated leverage ratio of not greater than 3.25:1 (except for the first quarter of each calendar year when the covenant requires us to maintain a consolidated leverage ratio of not greater than 3.5:1) and a consolidated interest coverage ratio (the ratio of the sum of adjusted EBITDA (as defined in the credit agreement) and rental expense to the sum of cash interest expense and rental expense) of not less than 2.0:1. At March 31, 2013, under the definitions in the credit agreement, our consolidated leverage ratio was 1.6 and our consolidated interest coverage ratio was 4.6. In addition, the credit agreement contains customary affirmative and negative covenants (subject to customary exceptions), including covenants that limit our ability to incur liens or other encumbrances, make investments, incur indebtedness, enter into mergers, consolidations and asset sales, change the nature of our business and engage in transactions with affiliates, as well as customary provisions with respect to events of default. We were in compliance with the terms of our credit agreement at March 31, 2013; however, there can be no assurances that we will remain in compliance in the future.

11. FAIR VALUE

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The inputs used to measure fair value are classified into the following hierarchy:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability

Level 3: Unobservable inputs for the asset or liability

We endeavor to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Our interest rate derivatives (see Note 9 — Derivatives and Hedging Activity) are valued using counterparty quotations in over-the-counter markets. In addition, we incorporate credit valuation adjustments to appropriately reflect both our own nonperformance

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risk and the respective counterparty's nonperformance risk. The credit valuation adjustments associated with our interest rate derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by ourselves and our counterparties. However, at March 31, 2013, we assessed the significance of the impact on the overall valuation and believe that these adjustments are not significant. As such, our interest rate derivatives are classified within Level 2.

For acquisitions consummated on or after January 1, 2009, we estimate the fair value of deferred contingent acquisition liabilities using a probability-weighted discounted cash flow model. This fair value measure is based on significant inputs not observed in the market and thus represents a Level 3 measurement. Fair value measurements characterized within Level 3 of the fair value hierarchy are measured based on unobservable inputs that are supported by little or no market activity and reflect our own assumptions in measuring fair value.

The significant unobservable inputs used in the fair value measurements of our deferred contingent acquisition liabilities are our measures of the future profitability and related cash flows and discount rates. The fair value of the deferred contingent acquisition liabilities is reassessed on a quarterly basis based on assumptions provided to us by segment and business area leaders in conjunction with our business development and finance departments. Any change in the fair value adjustment is recorded in the earnings of that period.

At March 31, 2013, the carrying value of our bank debt approximated fair value. We consider the recorded value of our other financial assets and liabilities, which consist primarily of cash and cash equivalents, accounts receivable and accounts payable, to approximate the fair value of the respective assets and liabilities at March 31, 2013 based upon the short-term nature of the assets and liabilities.

The following table summarizes the financial liabilities measured at fair value on a recurring basis at March 31, 2013 and December 31, 2012 (shown in thousands):

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
At March 31, 2013				
Interest rate derivatives, net	$ —	$ 484	$ —	$ 484
Deferred contingent acquisition liabilities	$ —	$ —	$ 11,541	$11,541
At December 31, 2012				
Interest rate derivatives, net	$ —	$ 515	$ —	$ 515
Deferred contingent acquisition liabilities	$ —	$ —	$ 13,384	$ 13,384

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12. OTHER OPERATING COSTS (BENEFIT)

Office consolidation

During the three months ended March 31, 2013, we committed to consolidating our Arlington, Virginia lease into one of our existing offices effective May 31, 2013, ahead of its original February 28, 2017 termination date. Accordingly, we changed the estimated useful life of the leasehold improvements related to the Arlington, Virginia office location, which resulted in an additional $0.2 million of depreciation expense for the three months ended March 31, 2013 and is expected to result in additional office consolidation costs upon exit in the second quarter of 2013.

Gain on disposition of assets

During the three months ended March 31, 2013, we recorded a $1.7 million gain relating to the January 31, 2013 sale of a portion of our Disputes, Investigations & Economics segment (see Note 3 — Disposition).

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations relates to, and should be read in conjunction with, our consolidated financial statements included elsewhere in this report.

Overview

We are an independent specialty consulting firm that combines deep industry knowledge with broad technical expertise. We focus on industries that typically undergo substantial regulatory or structural change and provide services to enable clients to manage the uncertainty, risk and distress caused by those changes. The nature of our services, as well as our clients' demand for our services are impacted not only by these regulatory and structural changes, but also by the United States and global economies and other significant events specific to our clients.

Our clients' demand for our services ultimately drives our revenues and expenses. We derive our revenues from fees on services provided. The majority of our revenues are generated on a time and materials basis, though we also have engagements where fees are a fixed amount (either in total or for a period of time). From time to time, we may also earn incremental revenues, in addition to hourly or fixed fees, which are contingent on the attainment of certain contractual milestones or objectives. We also recognize revenues from business referral fees or commissions on certain contractual outcomes. These performance based and referral revenues may cause unusual variations in our quarterly revenues and results of operations. Revenue is also earned on a per unit or subscription basis. Regardless of the terms of our fee arrangements, our ability to earn those fees is reliant on deploying consultants with the experience and expertise to deliver services.

Our most significant expense is consultant compensation, which includes salaries, incentive compensation, amortization of sign-on and retention incentive payments, share-based compensation and benefits. Consultant compensation is included in cost of services before reimbursable expenses, in addition to sales and marketing expenses and the direct costs of recruiting and training consultants.

Our most significant overhead expenses are administrative compensation and benefits and office-related expenses. Administrative compensation includes salaries, incentive compensation, share-based compensation and benefits for corporate management and administrative personnel that indirectly support client engagements. Office-related expenses primarily consist of rent for our offices. Other administrative costs include bad debt expense, marketing, technology, finance and human capital management.

Because our ability to derive fees is largely reliant on the hiring and retention of personnel, the average number of full-time equivalents (FTE) and our ability to keep consultants utilized are important drivers of the business. The average number of FTE is adjusted for part-time status and takes into account hiring and attrition which occurred during the reporting period. Our average utilization rate as defined below provides a benchmark for how well we are managing our FTE's in response to changing demand.

While hiring and retention of personnel is key to driving revenues, FTE levels and related consultant compensation in excess of demand drive additional costs that can negatively impact margin. From time to time, we hire independent contractors to supplement our consultants on certain engagements, which allows us to adjust staffing in response to changes in demand for our services, and manage our costs accordingly.

In connection with recruiting activities and business acquisitions, our general policy is to obtain non-solicitation covenants from senior and some mid-level consultants. Most of these covenants have restrictions that extend 12 months beyond the termination of employment. We utilize these contractual agreements and other agreements to reduce the risk of attrition and to safeguard our existing clients, staff and projects.

In addition to managing the number of employees and utilization of consultants, we also continually review and adjust our consultants' total compensation (including salaries, annual cash incentive compensation, other cash and share-based compensation, and benefits) to ensure that it is competitive within the industry and is consistent with our performance. We also monitor and adjust our bill rates according to then-current market conditions for our service offerings and within the various industries we serve.

Acquisitions

We did not acquire any businesses during the three months ended March 31, 2013. During the full year ended December 31, 2012 we acquired the assets of several businesses. Additional information regarding the purchase price, purchase price allocation and other details of the businesses acquired in 2012 can be found in Note 2 — Acquisitions to the notes to our unaudited consolidated financial statements. Any material impact these acquisitions may have had on our results from operations or segment results for the periods presented have been included in our discussions below.

Disposition

On January 31, 2013, we sold a portion of our Disputes, Investigations & Economics segment. This disposition facilitated the early transition of four experts within our Economics consulting business whose departures were anticipated in the second quarter of 2013. The transaction also included an agreement to transition engagements and approximately 40 other employees to the purchaser. We received $15.6 million in cash, net of selling costs, for the sale. As part of the transaction, we recorded a $1.7 million gain in other operating benefit, which reflected a reduction of $7.4 million in goodwill and $6.5 million relating to working capital.

Key Operating Metrics

The following key operating metrics provide additional operating information related to our business and reporting segments. These key operating metrics may not be comparable to similarly-titled metrics at other companies. During the three months ended June 30, 2012, in connection with our segment realignment (see Note 4 – Segment Information to the notes to our unaudited consolidated financial statements), we revised the definition of our technology businesses. Our Technology, Data & Process businesses are comprised of technology enabled professional services, including e-discovery services and data analytics, technology solutions and data services, invoice and insurance claims processing, market research and benchmarking businesses. Prior period operating metrics have been revised to reflect all changes made to the following definitions.

- Average FTE is our average headcount during the reporting period adjusted for part-time status. Average FTE is further split between the following categories:
- Client Service FTE — combination of Consulting FTE and Technology, Data & Process FTE defined as follows:
  - Consulting FTE — individuals assigned to client services who record time to client engagements; and
  - Technology, Data & Process FTE — individuals in businesses primarily dedicated to maintaining and delivering the services described above and are not included in average bill rate and average utilization metrics described below,
- Non-billable FTE — individuals assigned to administrative and support functions, including office services, corporate functions and certain practice support functions.
- Period-end FTE — represents our headcount at the last day of the reporting period adjusted for part-time status. Consulting, Technology, Data & Process and Non-billable criteria also apply to period-end FTE.
- 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. As discussed above, changes in our definition of our Technology, Data & Process businesses resulted in changes to previously reported average bill rate.
- 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). As discussed above, changes in our definition of our Technology, Data & Process businesses resulted in changes to previously reported average utilization.
- Billable hours are the number of hours our consulting FTE recorded time to client engagements during the reporting period.
- Segment operating profit represents total revenues less costs of services excluding long-term compensation expense attributable to consultants. Long-term compensation expense attributable to consultants includes share-based compensation expense and compensation expense attributable to retention incentives.

All FTE, utilization and average bill rate metric data provided in this report excludes the impact of independent contractors and project employees.

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Results of Operations

Results for the three months ended March 31, 2013 compared to the three months ended March 31, 2012

	For the three months ended March 31, 2013	For the three months ended March 31, 2012	2013 over 2012 Increase (Decrease) Percentage
Key operating metrics:			
Average FTE			
- Consulting	1,577	1,572	0.3
- Technology, Data & Process	406	325	24.9
- Non-billable	540	523	3.3
Period end FTE			
- Consulting	1,543	1,561	(1.2)
- Technology, Data & Process	399	340	17.4
- Non-billable	533	517	3.1
Average bill rate	$ 275	$ 291	(5.5)
Utilization	77 %	77 %	—

Overview. During the three months ended March 31, 2013 compared to the corresponding period in 2012, we reported a $2.2 million, or 18.5%, increase in net income.

- During the three months ended March 31, 2013, we recorded a $1.7 million gain on disposition of assets relating to the sale of a portion of our Disputes, Investigations & Economics segment (See note 3 – Disposition to the notes to our unaudited consolidated financial statements for further information on the sale).
- Revenues before reimbursements (RBR) were relatively flat for the period as increases within our Healthcare, Energy and Financial, Risk & Compliance Advisory segments were offset by lower RBR from our Disputes, Investigations & Economics segment (see segment results below for further detail).
- Cost of services increased mainly due to higher wages as a result of higher FTE levels and higher information technology related costs.
- General and administrative expenses decreased, partly due to lower bad debt expense, timing of certain expenses and lower legal, information technology and facilities expenses.

Revenues before Reimbursements. For the three months ended March 31, 2013, RBR increased 0.5% compared to the corresponding period in 2012. Our Healthcare segment's RBR increased 19.3% both organically and through acquisitions for the three months ended March 31, 2013 over the corresponding period in 2012. For the same period, our Energy segment's RBR grew 16.6% mainly due to growth in energy efficiency service offerings and the acquisition of Pike Research in July 2012. In addition, our Financial, Risk & Compliance Advisory segment's RBR increased 12.2% principally reflecting large mortgage servicing review engagements which ramped up during 2012. Three of these engagements were substantially completed late in the first quarter 2013 while a fourth is expected to wind down during the second half of 2013. In addition, lower restructuring work in this segment partially offset the increase as the economic environment continued to improve. Our Disputes, Investigations & Economics segment's RBR decreased 15.6% due to the sale of a portion of the Disputes, Investigations & Economics segment during the first quarter of 2013 and a large investigations engagement which peaked during the three months ended March 31, 2012. No comparable size engagement replaced this RBR in first quarter 2013.

RBR included performance-based fees of $0.9 million for the three months ended March 31, 2013, compared to $1.9 million in the corresponding period in 2012. The decrease was primarily associated with our restructuring business in our Financial, Risk & Compliance Advisory segment.

Utilization levels for the three months ended March 31, 2013 remained constant at 77% utilization rate compared to the corresponding period in 2012. Average bill rate decreased 5.5% to $275. Average FTE — Consulting increased 0.3% while average FTE — Technology, Data & Process increased 24.9% to support technology related engagements including: technology solutions and financial services engagements within our Disputes, Investigations & Economics segment; technology solutions engagements within our Healthcare segment; and finally our acquisition of Pike Research in July 2012 within our Energy segment added additional headcount. These additions were offset by a decrease in claims and billing engagements within our Disputes, Investigations & Economics segment due to a decrease in demand.

Cost of Services before Reimbursable Expenses. Cost of services before reimbursable expenses increased 1.9% for the three months ended March 31, 2013 compared to the corresponding period in 2012. The increase in cost of services was mainly due to higher wages associated with the increase in FTE levels, higher severance, information technology and research expenses partially offset by lower performance-based incentives and practice development expenses. Severance expense relating to client service FTE's for the three months ended March 31, 2013 and 2012 was $1.3 million and $0.7 million, respectively.

General and Administrative Expenses. General and administrative expenses decreased 8.6% for the three months ended March 31, 2013 compared to the corresponding period in 2012. The decrease was driven by lower facilities expense, legal fees, bad debt expense and information technology costs. These decreases were offset by higher wages and benefits relating to information technology hiring and, higher share-based compensation expense relating to new hires and 2012 grants. Bad debt expense was $0.3 million and $1.2 million for the three months ended March 31, 2013 and 2012, respectively. The decrease in bad debt expense was a result of collections of previously reserved accounts receivable balances.

General and administrative expenses were 17.3% and 19.1% of RBR for the three months ended March 31, 2013 and 2012, respectively, attributable to improved cost management and lower bad debt expense.

Depreciation Expense. The increase in depreciation expense of 6.1% for the three months ended March 31, 2013 compared to the corresponding period in 2012 was primarily due to technology infrastructure spending.

Amortization Expense. Amortization expense decreased 1.6% for the three months ended March 31, 2013 compared to the corresponding period in 2012. The decrease was due mainly to reduced amortization associated with certain intangible assets which became fully amortized as their useful lives came to term, partially offset by amortization relating to recent acquisitions.

Other Operating Costs — Office consolidation. During the three months ended March 31, 2013, we committed to consolidating our Arlington, Virginia lease into one of our existing offices effective May 31, 2013, ahead of its original February 28, 2017 termination date. Accordingly, we changed the estimated useful life of the leasehold improvements related to the Arlington, Virginia office location, which resulted in an additional $0.2 million of depreciation expense for the three months ended March 31, 2013 and is expected to result in additional office consolidation costs upon exit in the second quarter of 2013.

Other Operating Costs — Gain on disposition of assets. During the three months ended March 31, 2013, we recorded a $1.7 million gain relating to the January 31, 2013 sale of a portion of our Disputes, Investigations & Economics segment. The gain reflected proceeds of $15.6 million in cash, net of selling expenses and net of $6.5 million of working capital and $7.4 million of goodwill. The transaction facilitated an early transition for four experts within our economics group whose departures were anticipated in the second quarter of 2013. The transaction also included an agreement to transition engagements and approximately 40 other employees.

Interest Expense. Interest expense decreased 16.3% for the three months ended March 31, 2013 compared to the corresponding period in 2012. This decrease was primarily due to lower average borrowing rates for the three months ended March 31, 2013 compared to the corresponding period in 2012. Our average borrowing rate under our credit facility, including the impact of our interest rate derivatives (see Note 9 — Derivatives and Hedging Activity to the notes to our unaudited consolidated financial statements), was 2.6% and 3.4% for the three months ended March 31, 2013 and 2012, respectively. See Note 10 — Bank Debt to the notes to our unaudited consolidated financial statements for further information on borrowings under our credit facility.

Income Tax Expense. Our effective income tax rate fluctuates based on the mix of income earned in various tax jurisdictions, including state and foreign jurisdictions, which have different income tax rates as well as various permanent book/tax differences. Our effective income tax rate was 41.5% and 42.6% for the three months ended March 31, 2013 and 2012, respectively. The decrease in rates between periods is mainly a result of a higher expectation of earnings in foreign jurisdictions as well as a decrease in certain foreign tax rates.

Segment Results

Based on their size and importance, our operating segments are the same as our reporting segments. Our performance is assessed and resources are allocated based on the following four reporting segments:

- Disputes, Investigations & Economics
- Financial, Risk & Compliance Advisory
- Healthcare
- Energy

The following information includes segment revenues before reimbursements, segment total revenues and segment operating profit. Certain unallocated expense amounts related to specific reporting segments have been excluded from the calculation of segment operating profit to be consistent with the information used by management to evaluate segment performance (see Note 4 — Segment Information to the notes to our unaudited consolidated financial statements). Segment operating profit represents total revenues less cost of services excluding long-term compensation expense related to consultants. Long-term compensation expense attributable to consultants includes share-based compensation expense and compensation expense attributed to retention incentives (see Note 8 — Supplemental Consolidated Balance Sheet Information to the notes to our unaudited consolidated financial statements). Key operating metric definitions are provided above.

The information presented does not necessarily reflect the results of segment operations that would have occurred had the segments been stand-alone businesses. Prior year segment data has been recast to be consistent with the current presentation.

Disputes, Investigations & Economics

	For the three months ended March 31,		2013 over 2012 Increase (Decrease) Percentage
	2013	2012	
Revenues before reimbursements (in 000's)	$76,975	$91,219	(15.6)
Total revenues (in 000's)	$ 83,458	$97,089	(14.0)
Segment operating profit (in 000's)	$ 25,817	$ 34,168	(24.4)
Key segment operating metrics:			
Segment operating profit margin	33.5%	37.5%	(10.7)
Average FTE - Consulting	570	635	(10.2)
Average FTE - Technology	192	160	20.0
Average utilization rates based on 1,850 hours	75%	77%	(2.6)
Average bill rate	$ 345	$ 340	1.5

The Disputes, Investigations & Economics segment provides accounting, financial and economic analysis, as well as discovery support, data management and analytics, on a wide range of legal and business issues including disputes, investigations and regulatory matters. The clients of this segment are principally companies, along with their in-house counsel and law firms, as well as accounting firms, corporate boards and government agencies.

RBR for this segment decreased 15.6% for the three months ended March 31, 2013 compared to the corresponding period in 2012. The decrease was partially driven by the sale of a portion of the segment (See note 3 — Disposition to the notes to our unaudited consolidated financial statements for further information on the sale). In addition, demand for our general litigation and forensic accounting services and international arbitration also declined. Technology related services was down mainly due to lower contract rates for certain large high volume customers for the three months ended March 31, 2013 compared to the corresponding period in 2012. This decrease was partially offset by business from the recent fourth quarter acquisition of AFE. Average FTE — Consulting decreased 10.2% for the three months ended March 31, 2013 compared to the corresponding period in 2012, mainly due to attrition. For the same period FTE — Technology, Data & Process increased 20.0% due to the increased staffing associated with our recent focus on technology-related services. Average bill rate increased 1.5% for the three months ended March 31, 2013 compared to the corresponding period in 2012. Utilization decreased 2.6% for the same period as a result of project mix. For the three months ended March 31, 2013, segment operating profit decreased $8.4 million and segment operating profit margins decreased 4.0 percentage points compared to the corresponding period in 2012. Despite an overall reduction in wages and incentive benefits lower RBR contributed to lower margins in this segment. In addition, technology related services also contributed to lower margins due to higher infrastructure costs incurred to develop the business further.

Financial, Risk & Compliance Advisory

	For the three months ended March 31, 2013	For the three months ended March 31, 2012	2013 over 2012 Increase (Decrease) Percentage
Revenues before reimbursements (in 000's)	$ 41,764	$ 37,230	12.2
Total revenues (in 000's)	$ 52,603	$ 43,828	20.0
Segment operating profit (in 000's)	$14,995	$13,755	9.0
Key segment operating metrics:			
Segment operating profit margin	35.9%	36.9%	(2.7)
Average FTE - Consulting	265	272	(2.6)
Average utilization rates based on 1,850 hours	75%	75%	—
Average bill rate	$ 278	$ 310	(10.3)

The Financial, Risk & Compliance Advisory segment provides strategic, operational, valuation, risk management, investigative and compliance consulting to clients in the highly regulated financial services industry, including major financial and insurance institutions. This segment also provides anti-corruption solutions and restructuring consulting to clients in a broad variety of industries.

RBR for this segment increased 12.2% for the three months ended March 31, 2013 compared to the corresponding period in 2012. The increase in RBR reflected large mortgage servicing review engagements which ramped up during 2012. Three of these engagements were substantially completed late in the first quarter 2013 while a fourth is expected to wind down during the second half of 2013. These increases were partially offset by lower revenue for restructuring-related services. This segment had $0.4 million of performance-based fees for the three months ended March 31, 2013 compared to $1.4 million for the corresponding period in 2012. Average FTE — Consulting decreased 2.6% for the three months ended March 31, 2013 compared to the corresponding period in 2012, mainly due to attrition within restructuring and financial services practices offset by higher FTE's relating to the mortgage servicing review engagements. Average bill rate decreased 10.3% for the three months ended March 31, 2013 compared to the corresponding period in 2012, mainly due to project mix and leverage. Utilization was flat for the three months ended March 31, 2013 compared to the corresponding period in 2012 which reflected the increased demand in the mortgage servicing review area offset by lower restructuring demand. Segment operating profit increased $1.2 million and segment operating profit margins decreased 1.0 percentage points mainly as a result of project mix and higher margins on contract and temporary staff offset by an increase in retention and sign-on bonus costs mainly relating to the 2012 revenue growth.

Healthcare

	For the three months ended March 31, 2013	2012	2013 over 2012 Increase (Decrease) Percentage
Revenues before reimbursements (in 000's)	$ 43,583	$36,542	19.3
Total revenues (in 000's)	$49,191	$40,926	20.2
Segment operating profit (in 000's)	$ 15,804	$ 11,470	37.8
Key segment operating metrics:			
Segment operating profit margin	36.3%	31.4%	15.6
Average FTE - Consulting	420	366	14.8
Average FTE - Technology, Data & Process	168	155	8.4
Average utilization rates based on 1,850 hours	81%	78%	3.8
Average bill rate	$ 250	$ 266	(6.0)

The Healthcare segment provides strategy consulting, revenue cycle management, performance improvement, program management, physician practice management and outsourcing and technology solutions to health systems, physician practice groups, health insurance providers, governmental agencies and life sciences companies.

RBR for this segment increased 19.3% for the three months ended March 31, 2013 compared to the corresponding period in 2012. Demand continues to be strong for our services in helping clients address ongoing changes in the U.S. healthcare landscape. In addition, strategy consulting demand was strong as payer clients seek assistance in implementing the Patient Protection and Affordable Care Act. The life sciences team also continues to perform well with the 2012 acquisition of Easton Associates. Finally, demand for performance improvement and revenue cycle services also increased. We expect continued growth within this segment throughout 2013. Reflecting the increase in RBR, utilization increased 3.8% to 81% for the three months ended March 31, 2013. Average FTE — Consulting increased 14.8% for the three months ended March 31, 2013 compared to the corresponding period in 2012 mainly due to our acquisition of Easton Associates and to fill increased demand needs related to strategy consulting. Average bill rate decreased 6.0% for the same period mainly due to consultant mix on our engagements (leverage). Including the impact of our acquisitions on a pro forma basis, RBR, increased 9.1% for the three months ended March 31, 2013 compared to the corresponding period in 2012. For the three months ended March 31, 2013, segment operating profit increased $4.3 million, and segment operating profit margin increased 4.9 percentage points compared to the corresponding period in 2012 due to higher revenue and improved resource management as indicated by the increase in utilization.

Energy	For the three months ended March 31, 2013	2012	2013 over 2012 Increase (Decrease) Percentage
Revenues before reimbursements (in 000's)	$ 24,935	$21,389	16.6
Total revenues (in 000's)	$29,521	$ 24,778	19.1
Segment operating profit (in 000's)	$ 8,796	$ 7,254	21.3
Key segment operating metrics:			
Segment operating profit margin.	35.3%	33.9%	4.1
Average FTE - Consulting	322	299	7.7
Average FTE - Technology, Data & Process	46	10	360.0
Average utilization rates based on 1,850 hours	78%	76%	2.6
Average bill rate	$ 191	$ 195	(2.1)

The Energy segment provides management advisory services to existing and prospective owners of energy supply and delivery assets which allows them to evaluate, plan, develop, and enhance the value of their investments within evolving market and regulatory structures. In addition, the segment provides energy efficiency and energy related market research services. Clients include utilities, independent power producers, financial entities, law firms, regulators and energy equipment providers.

RBR for this segment increased 16.6% for the three months ended March 31, 2013 compared to the corresponding period in 2012. The increase was aided by our acquisition of Pike Research in July 2012. We expect the addition of our market research capabilities and the re-branding of Navigant Research combined with demand for our energy efficiency service offerings to drive RBR growth in this segment throughout the remainder of 2013. Utilization increased 2.6% for the three months ended March 31, 2013 compared to the corresponding period in 2012. Average FTE — Consulting increased 7.7% for the three months ended March 31, 2013 compared to the corresponding period in 2012, mainly due to new hires in the energy efficiency area while average FTE — Technology, Data & Process grew mainly due to the acquisition of Pike Research. Including the impact of our acquisition of Pike Research on a pro forma basis, RBR increased 11.7% for the three months ended March 31, 2013 compared to the corresponding period in 2012. For the three months ended March 31, 2013, segment operating profit increased $1.5 million, and segment operating profit margin increased 1.4 percentage points compared to the corresponding period in 2012 mainly due to improved utilization and margins on benchmarking engagements.

Liquidity and Capital Resources

Our cash flow activities were as follows (shown in thousands) for the three months ended March 31,

	2013	2012
Net cash used in operating activities	$(31,920)	$(43,090)
Net cash provided by (used in) investing activities	10,559	(9,188)
Net cash provided by financing activities	23,366	49,313

Generally, our net cash provided by operating activities is used to fund our day to day operating activities, augmented by borrowings under our credit facility. First quarter operating cash requirements are generally higher due to payment of our annual incentive bonuses while subsequent quarters' net cash from operations are expected to be positive. During the three months ended March 31, 2013, we continued with our share repurchase program initiated in the fourth quarter of 2011 and, received proceeds of $15.6 million, net of selling costs from the disposition of a portion of our Disputes, Investigations & Economics segment (see Note 3 — Disposition to the notes to our unaudited consolidated financial statements). Our cash equivalents are primarily limited to money market accounts or 'A' rated securities, with maturity dates of 90 days or less.

We calculate accounts receivable days sales outstanding (DSO) by dividing the accounts receivable balance, net of reserves and deferred revenue credits, at the end of the quarter, by daily revenue. Daily revenues are calculated by taking quarterly revenue divided by 90 days, approximately equal to the number of days in a quarter. DSO was 77 days at March 31, 2013, compared to 80 days at March 31, 2012.

Operating Activities

Net cash used in operating activities was $31.9 million for the three months ended March 31, 2013 compared to $43.1 million for the corresponding period in 2012. The decrease in cash used in operating activities was primarily due to lower incentive bonus payments for the 2012 performance year paid in 2013 compared to the incentive bonus payments for the 2011 performance year paid in 2012.

Investing Activities

Net cash provided by investing activities was $10.6 million for the three months ended March 31, 2013 compared to $9.2 million used in investing activities for the corresponding period in 2012. During the three months ended March 31, 2013 we disposed of a portion of our Disputes, Investigations & Economics segment for net proceeds of $15.6 million. In addition, lower capital expenditures primarily associated with reduced technology infrastructure spending and facility investment contributed to the increase in cash from investing activities.

Financing Activities

Net cash provided by financing activities was $23.4 million for the three months ended March 31, 2013 compared to $49.3 million for the corresponding period in 2012. The decrease in cash provided by financing activities was primarily due to lower borrowings under our credit facility primarily associated with lower cash requirements for annual incentive bonus payments. In addition, during the three months ended March 31, 2013, we purchased 513,200 shares of our common stock in the open market for $6.2 million compared to 232,006 shares for $3.0 million during the three months ended March 31, 2012.

Debt, Commitments and Capital

For further information regarding our debt see Note 10 – Bank Debt to the notes to our unaudited consolidated financial statements.

At March 31, 2013, we had total contractual obligations of $296.3 million. The following table shows the components of our significant commitments at March 31, 2013 and the scheduled years of payments (shown in thousands):

Contractual Obligations	Total	2013	2014 to 2015	2016 to 2017	Thereafter
Deferred acquisition liabilities	$ 23,736	$ 8,413	$ 9,862	$ 5,461	$ —
Purchase agreements	3,342	—	3,342	—	—
Revolving credit facility	164,656	—	—	164,656	—
Lease commitments	104,517	19,340	37,248	23,926	24,003
Total contractual obligations	$296,251	$27,753	$ 50,452	$ 194,043	$24,003

We have commitments recorded in other current liabilities and other non-current liabilities of approximately $3.3 million (reflected in the table above) relating to costs associated with information technology purchases associated with our technology business. In addition, we have various contracts with information technology related vendors to support our enterprise reporting system which contain termination clauses allowing us to terminate the contracts for a penalty. Currently, we do not expect to terminate these contracts under which we expect to pay approximately $6.8 million over the next four years through 2017. These payments are not reflected in the table above.

At March 31, 2013, we had $23.7 million in liabilities relating to deferred acquisition liability obligations (reflected in the table above). Of this balance, $11.5 million is in the form of contingent acquisition liability obligations which were recorded at estimated fair value and discounted to present value. Settlement of the liabilities is contingent upon certain acquisitions meeting performance targets. Assuming each of these acquisitions reach their maximum target, our maximum deferred acquisition liability would be $19.8 million.

On October 25, 2011, our board of directors extended until December 31, 2014 its previous authorization to repurchase up to $100.0 million of our common stock in open market or private transactions. During the three months ended March 31, 2013, we repurchased 513,200 shares for $6.2 million. Through March 31, 2013, we have repurchased an aggregate of 2,349,406 shares for approximately $27.6 million under this program.

We believe that our current cash and cash equivalents, future cash flows from operations and borrowings under our credit facility will provide adequate liquidity to fund anticipated short-term and long-term operating activities. However, in the event we make significant cash expenditures in the future for major acquisitions or other unanticipated activities, we may require more liquidity than is currently available to us under our credit facility and may need to raise additional funds through debt or equity financing, as appropriate. In addition, if our lenders are not able to fund their commitments due to disruptions in the financial markets or otherwise, our liquidity could be negatively impacted.

As we further develop our margin improvement goals, we anticipate taking certain actions which may include compensation and staffing alignment, improved practice cost management and targeted general and administrative cost reductions. Such actions may result in additional severance expense. We continue to evaluate under-performing practice areas and are considering various options to improve our overall financial results.

Off-balance Sheet Arrangements

We do not maintain any off-balance sheet arrangements, transactions, obligations or other relationships with unconsolidated entities that would be expected to have a material current or future impact on our financial condition or results of operations.

Critical Accounting Policies

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7 — “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies” in our Annual Report on Form 10-K for the year ended December 31, 2012.

Recent Accounting Pronouncements

Recently Adopted Standards

In September 2011, the Financial Accounting Standards Board issued guidance which adds an optional qualitative assessment to goodwill impairment testing under ASC Topic 350. The new guidance permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit’s fair value is less than its carrying amount before applying the two-step goodwill impairment test. If an entity concludes that it is not likely that the fair value of the reporting unit is less than its carrying amount, it would not be required to perform the two-step impairment test for that reporting unit. The guidance lists certain factors to consider when making the qualitative assessment. The guidance is effective for annual or interim goodwill tests performed for fiscal years beginning after December 15, 2011. We adopted this guidance effective January 1, 2012. The adoption of this guidance did not have any impact on our financial statements.

In June 2011, the Financial Accounting Standards Board issued guidance which requires public entities to increase the prominence of other comprehensive income in financial statements. Under FASB ASC Topic 220 — Presentation of Comprehensive Income, an entity has the option to present the components of net income and comprehensive income in either one or two financial statements. This update eliminates the option to present other comprehensive income in the statement of changes in equity. This update is effective for fiscal years and interim periods beginning after December 15, 2011. We adopted this guidance effective January 1, 2012. The adoption of this guidance impacted our disclosures only.

In February 2013, the FASB issued ASU 2013-02 – Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. This ASU requires disclosure of significant reclassifications out of accumulated other comprehensive income. The ASU is to be applied prospectively and is effective for fiscal years beginning after December 15, 2012. We adopted this guidance effective January 1, 2013 and have presented all significant reclassifications in the Unaudited Consolidated Statements of Comprehensive Income.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our primary exposure to market risk relates to changes in interest rates and foreign currencies. The interest rate risk is associated with borrowings under our credit facility and our investment portfolio, classified as cash equivalents. The foreign currency risk is associated with our operations in foreign countries.

At March 31, 2013, borrowings under our credit facility bear interest, in general, based on a variable rate equal to an applicable base rate (equal to the higher of a reference prime rate or one half of one percent above the federal funds rate) or LIBOR, in each case plus an applicable margin. We are exposed to interest rate risk relating to the fluctuations in LIBOR. We use interest rate swap agreements to manage our exposure to fluctuations in LIBOR.

At March 31, 2013, our interest rate derivatives effectively fixed our LIBOR base rate on $25.0 million of our debt. Based on borrowings under the credit facility at March 31, 2013 and after giving effect to the impact of our interest rate derivatives, our interest rate exposure was limited to $139.7 million of debt, and each quarter point change in market interest rates would result in approximately a $0.3 million change in annual interest expense.

At March 31, 2013, our cash equivalents were primarily limited to money market accounts or ‘A’ rated securities, with maturity dates of 90 days or less. These financial instruments are subject to interest rate risk and will decline in value if interest rates rise. Because of the short periods to maturity of these instruments, an increase in interest rates would not have a material effect on our financial position or results of operations.

We operate in various foreign countries, which expose us to market risk associated with foreign currency exchange rate fluctuations. At March 31, 2013, we had net assets of approximately $69.6 million with a functional currency of the UK Pound Sterling and $25.2 million with a functional currency of the Canadian Dollar related to our operations in the United Kingdom and Canada, respectively. At March 31, 2013, we had net assets denominated in the non-functional currency of approximately $5.7 million. As such, a ten percent change in the value of the local currency would result in $0.6 million currency gain or loss in our results of operations. Excess cash held outside the United States is immaterial and therefore we have limited exposure to repatriating funds back to the United States.

Item 4. Controls and Procedures.

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the “Exchange Act”)) that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time frames specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Any system of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

An evaluation of the effectiveness of the design and operation of the disclosure controls and procedures, as of the end of the period covered by this report, was made under the supervision and with the participation of our management including our principal executive officer and principal financial officer. Based upon this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective.

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

We are not party to any material legal proceedings.

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012.

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

The following table sets forth repurchases of our common stock during the first quarter of 2013:

Period	Total Number of Shares Purchased(a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(b)	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs(b)
January 1 - 31, 2013	179,439	$ 11.46	178,400	$ 76,528,097
February 1 - 28, 2013	161,200	$ 11.80	161,200	$ 74,626,743
March 1 - 31, 2013	245,054	$ 12.98	173,600	$ 72,377,493
Total	585,693	$ 12.19	513,200	$ 72,377,493

(a) Includes 72,493 shares of our common stock withheld by us to satisfy individual tax withholding obligations in connection with the vesting of restricted stock during the period.

(b) On October 25, 2011, our board of directors extended until December 31, 2014 its previous authorization to repurchase up to $100 million of our common stock in open market or private transactions.

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Item 6. Exhibits.

The following exhibits are filed with this report:

Exhibit No.	Description
10.1	Employment Agreement, dated as of February 22, 2013, between Navigant Consulting, Inc. and Lucinda M. Baier (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on February 28, 2013).
10.2	Form of Executive Officer Stock Option Agreement (2012 Long-Term Incentive Plan).
10.3	Form of Performance-Based Restricted Stock Unit Award Agreement (2012 Long-Term Incentive Plan).
31.1	Certification of Chief Executive Officer required by Rule 13a-14 of the Securities Exchange Act.
31.2	Certification of Chief Financial Officer required by Rule 13a-14 of the Securities Exchange Act.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
101	Interactive Data File.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Navigant Consulting, Inc.

By: /S/ JULIE M. HOWARD
Julie M. Howard
Chief Executive Officer

By: /S/ LUCINDA M. BAIER
Lucinda M. Baier
Executive Vice President and Chief Financial Officer

Date: April 26, 2013

<u>EXHIBIT 10.2</u>

NAVIGANT CONSULTING, INC.
2012 LONG-TERM INCENTIVE PLAN

EXECUTIVE OFFICER OPTION AWARD NOTICE

[ ]

You have been awarded an option to purchase shares of Common Stock of Navigant Consulting, Inc. (the " Company"), pursuant to the terms and conditions of the Navigant Consulting, Inc. 2012 Long-Term Incentive Plan (the " Plan") and the Stock Option Agreement (together with this Award Notice, the "Agreement"). Copies of the Plan and the Stock Option Agreement are attached hereto. Capitalized terms not defined herein shall have the meanings specified in the Plan or the Agreement.

Option:	You have been awarded a Nonqualified Stock Option to purchase from the Company [ ] shares of its Common Stock, par value $0.001 per share, subject to adjustment as provided in Section 3.3 of the Agreement.
Option Date:	[ ]
Exercise Price:	$[ ] per share, subject to adjustment as provided in Section 3.3 of the Agreement.
Vesting Schedule:	Except as otherwise provided in the Plan, Agreement or any other agreement between the Company and Optionee, the Option shall vest on [ ], provided you remain continuously employed by the Company through each such date.
Expiration Date:	Except to the extent earlier terminated pursuant to Section 2.2 of the Agreement or earlier exercised pursuant to Section 2.3 of the Agreement, the Option shall terminate at 5:00 p.m., Central time, on the [ ] anniversary of the Option Date.

NAVIGANT CONSULTING, INC.

By: ______________________________
Name:
Title:

Acknowledgment, Acceptance and Agreement :

By signing below and returning this Award Notice to Navigant Consulting, Inc. at the address stated herein, I hereby acknowledge receipt of the Agreement and the Plan, accept the Option granted to me and agree to be bound by the terms and conditions of this Award Notice, the Agreement and the Plan.

____
Optionee

____
Date

NAVIGANT CONSULTING, INC.
ATTENTION: GENERAL COUNSEL
30 S. WACKER DR., SUITE 3550
Chicago, IL 60606

NAVIGANT CONSULTING, INC.
2012 LONG-TERM INCENTIVE PLAN

Executive Officer Stock Option Agreement

Navigant Consulting, Inc., a Delaware corporation (the "Company"), hereby grants to the individual ("Optionee") named in the award notice attached hereto (the "Award Notice") as of the date set forth in the Award Notice (the "Option Date"), pursuant to the provisions of the Navigant Consulting, Inc. 2012 Long-Term Incentive Plan (the "Plan"), an option to purchase from the Company the number and class of shares of stock set forth in the Award Notice at the price per share set forth in the Award Notice (the "Exercise Price") (the "Option"), upon and subject to the terms and conditions set forth below, in the Award Notice and in the Plan. Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Option Subject to Acceptance of Agreement. The Option shall be null and void unless Optionee shall accept this Agreement by executing the Award Notice in the space provided therefor and returning an original execution copy of the Award Notice to the Company.

2. Time and Manner of Exercise of Option.

2.1. Maximum Term of Option. In no event may the Option be exercised, in whole or in part, after the expiration date set forth in the Award Notice (the "Expiration Date").

2.2. Vesting and Exercise of Option. The Option shall become vested and exercisable in accordance with the vesting schedule set forth in the Award Notice (the "Vesting Schedule"). The Option shall be vested and exercisable following a termination of Optionee's employment with the Company according to the following terms and conditions:

(a) Termination of Employment as a Result of Optionee's Death or Disability. If Optionee's employment with the Company terminates by reason of Optionee's death or Disability, then the Option, to the extent vested on the effective date of such termination of employment, may thereafter be exercised by Optionee or Optionee's executor, administrator, legal representative, guardian or similar person until and including the earlier to occur of (i) the date which is one year after the date of such termination of employment and (ii) the Expiration Date. For purposes of this Agreement, "Disability" shall have the meaning ascribed to such term in the Optionee's employment agreement with the Company, provided that if such term is not defined therein or no such employment agreement is in effect, then "Disability" shall mean the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(b) Termination of Employment Other than for "Cause" or as a Result of Optionee's Death or Disability. If Optionee's employment with the Company ceases for any reason other than for Cause, death or Disability, the Option, to the extent vested on the effective date of such termination of employment, may thereafter be exercised by Optionee until and including the earlier to occur of (i) the date which is ninety (90) days after the date of such termination of employment and (ii) the Expiration Date. For purposes of this Agreement, “Cause” shall have the meaning ascribed to such term in the Optionee’s employment agreement with the Company, provided that if such term is not defined therein or no such employment agreement is in effect, then “Cause” shall mean: (i) the commission of a felony or the commission of any other crime that is injurious to the Company, to a Company employee or to a client of the Company; (ii) willful misconduct, dishonesty, fraud, attempted fraud or other willful action or willful failure to act that is injurious to the Company, to a Company employee or to a client of the Company; (iii) any material breach of fiduciary duty owed to the Company or to a client of the Company; (iv) any material breach of the terms of any agreement with the Company (including without limitation any agreement regarding non-competition, non-solicitation of clients or employees, or confidentiality); (v) any material violation of a restriction on disclosure or use of privileged, proprietary or confidential information (including information belonging to the Company, to a client of the Company or to a third party to whom the Company owes a duty of confidentiality), but only if such violation is committed with actual notice of such restriction on disclosure; or (vi) any other material breach of the Company’s Code of Business Conduct and Ethics or its securities trading policies, as amended from time to time. The determination by the Committee of the existence of Cause shall be conclusive and binding

(c) Termination by Company for Cause. If Optionee’s employment with the Company terminates by reason of the Company’s termination of Optionee’s employment for Cause, then the Option, whether or not vested, shall terminate immediately upon such termination of employment.

(d) Death Following Termination. If Optionee dies during the period set forth in Section 2.2(b), the Option shall be vested only to the extent it is vested on the date of death and may thereafter be exercised by Optionee’s executor, administrator, legal representative, guardian or similar person until and including the earlier to occur of (i) the date which is one year after the date of death and (ii) the Expiration Date.

(e) Termination of Employment Following Change in Control. In the event the Optionee’s employment with the Company is terminated (i) by the Company without Cause or (ii) by the Optionee with Good Reason, in each case within 24 months following a Change in Control, the Option, to the extent it is then outstanding, shall become fully vested, be subject to Section 5.8(b) of the Plan and be exercisable for the period specified in Section 2.2(b) of this Agreement. For purposes of this Agreement, “Good Reason” shall have the meaning ascribed to such term in the Optionee’s employment agreement with the Company, provided that if such term is not defined therein or no such employment agreement is then in effect, then “Good Reason” means any of the following actions, events or conditions that occur without the express written consent of the Optionee: (i) removal by the Company of the Optionee’s position as [ ], or a change such that the Optionee no longer reports to [ ]; (ii) any material changes by the Company in the Optionee’s title, functions, duties, or responsibilities which changes would cause the Optionee’s position with the Company to become of significantly less responsibility, importance or scope as compared to the position and attributes that applied to the Optionee as of Option Date; (iii) any material failure by the Company to comply with the provisions of the employment agreement, if any, between the Optionee and the Company; or (iv) any requirement made by the Company that the Optionee relocate the Optionee’s residence; provided that the Optionee must provide written notice to the Board of the Optionee’s intent to terminate employment for Good Reason due to the action, event or condition described in clauses (i) through (iv) above within a period not to exceed ninety (90) days of the initial existence of the action, event or condition, and must provide the Company a period of at least thirty (30) days during which it may remedy the action, event or condition.

2.3. Method of Exercise. Subject to the limitations set forth in this Agreement, the Option may be exercised by Optionee (a) by delivering to the Company an exercise notice in the form prescribed by the Company specifying the number of whole shares of Stock to be purchased and by accompanying such notice with payment therefor in full (or by arranging for such payment to the Company's satisfaction) either (i) in cash, (ii) by delivery to the Company (either actual delivery or by attestation procedures established by the Company) of shares of Stock having an aggregate Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable pursuant to the Option by reason of such exercise, (iii) authorizing the Company to withhold whole shares of Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the date of exercise, equal to the amount necessary to satisfy such obligation, (iv) except as may be prohibited by applicable law, in cash by a broker-dealer acceptable to the Company to whom Optionee has submitted an irrevocable notice of exercise or (v) by a combination of (i), (ii) and (iii), and (b) by executing such documents as the Company may reasonably request. Any fraction of a share of Stock which would be required to pay such purchase price shall be disregarded and the remaining amount due shall be paid in cash by Optionee. No certificate representing a share of Stock shall be issued or delivered until the full purchase price therefor and any withholding taxes thereon, as described in Section 3.3, have been paid.

2.4. Termination of Option. In no event may the Option be exercised after it terminates as set forth in this Section 2.4. The Option shall terminate, to the extent not earlier terminated pursuant to Section 2.2 or exercised pursuant to Section 2.3, on the Expiration Date. Upon the termination of the Option, the Option and all rights hereunder shall immediately become null and void.

3. Additional Terms and Conditions of Option.

3.1. Nontransferability of Option. The Option may not be transferred by Optionee other than by will or the laws of descent and distribution or pursuant to the designation of one or more beneficiaries on the form prescribed by the Company. Except to the extent permitted by the foregoing sentence, (i) during Optionee's lifetime the Option is exercisable only by Optionee or Optionee's legal representative, guardian or similar person and (ii) the Option may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Option, the Option and all rights hereunder shall immediately become null and void.

3.2. Investment Representation. Optionee hereby represents and covenants that (a) any shares of Stock purchased upon exercise of the Option will be purchased for investment and not with a view to the distribution thereof within the meaning of the Securities Act unless such purchase has been registered under the Securities Act and any applicable state securities laws; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, Optionee shall submit a written statement, in a form satisfactory to the Company, to the effect that such representation (x) is true and correct as of the date of any purchase of any shares hereunder or (y) is true and correct as of the date of any sale of any such shares, as applicable. As a further condition precedent to any exercise of the Option, Optionee shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance or delivery of the shares and, in connection therewith, shall execute any documents which the Board or the Committee shall in its sole discretion deem necessary or advisable.

3.3. Withholding Taxes. (a) As a condition precedent to the issuance of Stock upon exercise of the Option, Optionee shall, upon request by the Company, pay to the Company in addition to the purchase price of the shares, such amount as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to such exercise of the Option. If Optionee shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to Optionee.

(b) Optionee may elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (1) a cash payment to the Company, (2) delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole shares of Stock having an aggregate Fair Market Value, determined as of the date on which such withholding obligation arises (the " Tax Date"), equal to the Required Tax Payments, (3) authorizing the Company to withhold whole shares of Stock which would otherwise be delivered to Optionee upon exercise of the Option having an aggregate Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments, (4) except as may be prohibited by applicable law, a cash payment by a broker-dealer acceptable to the Company to whom Optionee has submitted an irrevocable notice of exercise or (5) any combination of (1), (2) and (3). Shares of Stock to be delivered or withheld may not have a Fair Market Value in excess of the minimum amount of the Required Tax Payments. Any fraction of a share of Stock which would be required to satisfy any such obligation shall be disregarded and the remaining amount due shall be paid in cash by Optionee. No certificate representing a share of Stock shall be issued or delivered until the Required Tax Payments have been satisfied in full.

3.4. Adjustment. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation) that causes the per share value of shares of Stock to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary dividend, the terms of this Award, including the number and class of securities subject to the Option and the Exercise Price shall be appropriately adjusted by the Committee, such adjustment to be made in accordance with Section 409A of the Code. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the

Committee (or, if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation) to prevent dilution or enlargement of rights of participants. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

3.5. Clawback Provision. The Optionee acknowledges that the Optionee has read the Company's Policy on Recoupment of Incentive Compensation (the "Clawback Policy"). In consideration of the grant of the Option, the Optionee agrees to abide by the Clawback Policy and any determinations of the Board pursuant to the Clawback Policy. Without limiting the foregoing, and notwithstanding any provision of this Agreement to the contrary, the Optionee agrees that the Company shall have the right to require the Optionee to repay the value of any shares of Stock acquired upon exercise of the Option, as may be required by law (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder) or in accordance with the terms of the Clawback Policy. This Section 3.5 shall survive the termination of the Optionee's employment with the Company for any reason. The foregoing remedy is in addition to and separate from any other relief available to the Company due to the Optionee's misconduct or fraud. Any determination by the Board with respect to the foregoing shall be final, conclusive and binding upon the Optionee and all persons claiming through the Optionee.

3.6. Compliance with Applicable Law. The Option is subject to the condition that if the listing, registration or qualification of the shares subject to the Option upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the purchase or issuance of shares hereunder, the Option may not be exercised, in whole or in part, and such shares may not be issued, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent, approval or other action.

3.7. Issuance or Delivery of Shares. Upon the exercise of the Option, in whole or in part, the Company shall issue or deliver, subject to the conditions of this Article 3, the number of shares of Stock purchased against full payment therefor. Such issuance shall be evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance, except as otherwise provided in Section 3.3.

3.8. Option Confers No Rights as Shareholder. Optionee shall not be entitled to any privileges of ownership with respect to shares of Stock subject to the Option unless and until such shares are purchased and issued upon the exercise of the Option, in whole or in part, and Optionee becomes a shareholder of record with respect to such issued shares. Optionee shall not be considered a shareholder of the Company with respect to any such shares not so purchased and issued.

3.9. Option Confers No Rights to Continued Employment. In no event shall the granting of the Option or its acceptance by Optionee, or any provision of this Agreement or the Plan, give or be deemed to give Optionee any right to continued employment with the Company or affect in any manner the right of the Company to terminate the employment of any person at any time.

4. Miscellaneous Provisions.

4.1. Decisions of Board or Committee. The Board or the Committee shall have the right to resolve all questions which may arise in connection with the Option or its exercise. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or this Agreement shall be final, binding and conclusive.

4.2. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon the death of Optionee, acquire any rights hereunder in accordance with this Agreement or the Plan.

4.3. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Company, to Navigant Consulting, Inc., Attn. General Counsel, 30 S. Wacker Dr., Suite 3550, Chicago, Illinois 60606, and if to Optionee, to the last known mailing address of Optionee contained in the records of the Company. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

4.4. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not effect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

4.5. Governing Law. This Agreement, the Option and all determinations made and actions taken pursuant hereto and thereto, to the extent not governed by the Code or the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

4.6. Counterparts. The Award Notice may be executed in two counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

4.7. Agreement Subject to the Plan. This Agreement is subject to the provisions of the Plan, and shall be interpreted in accordance therewith. Optionee hereby acknowledges receipt of a copy of the Plan, and by signing and returning the Award Notice to the Company, at the address stated herein, he or she agrees to be bound by the terms and conditions of this Agreement, the Award Notice and the Plan.

4.8. Cancellation and Forfeiture of Award. Notwithstanding anything contained in this Agreement, if the Optionee engages in any activity which constitutes Cause, breaches any of his or her obligations to the Company or any of its affiliates under a noncompetition, nonsolicitation, confidentiality, intellectual property or other restrictive covenant or engages in any activity which is contrary, inimical or harmful to the Company or any of its affiliates, including but not limited to violations of Company policy to the extent then applicable to the Optionee, the Company may take such action as it shall deem appropriate to cause the Award to be cancelled and to cease to be exercisable as of the date on which the Optionee first engaged in such activity or breached such obligation, and the Company thereafter may require the repayment of any amounts received by the Optionee in connection with the exercise of the Award following the date that the Optionee first engaged in such activity or breached such obligation.

EXHIBIT 10.3

NAVIGANT CONSULTING, INC.
2012 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

Navigant Consulting, Inc., a Delaware corporation (the "Company"), hereby grants to [ ] (the "Holder") as of [ ], 2013 (the "Grant Date"), pursuant to the terms and conditions of the Navigant Consulting, Inc. 2012 Long-Term Incentive Plan (the " Plan"), a restricted stock unit award (the "Award") with respect to [ ] shares of the Company's Common Stock, par value $0.001 per share (" Stock"), upon and subject to the restrictions, terms and conditions set forth in the Plan and this agreement (the " Agreement").

1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless the Holder accepts this Agreement by executing it in the space provided below and returning such original execution copy to the Company.

2. Rights as a Shareholder. The Holder shall not be entitled to any privileges of ownership with respect to the shares of Stock subject to the Award unless and until, and only to the extent, such shares become vested pursuant to Section 3 hereof and the Holder becomes a shareholder of record with respect to such shares.

3. Vesting Conditions.

3.1. Performance-Based Vesting Conditions. Of the Stock subject to this Award: [ ]% of the Stock shall be "Tranche 1 Stock" and [ ]% of the Stock shall be "Tranche 2 Stock." Subject to the remainder of this Section 3, the Tranche 1 Stock and the Tranche 2 Stock shall vest on [ ] (the "Vesting Date") and become payable pursuant to the terms of this Agreement and the Plan based on the achievement of the performance goals set forth below over the [ ] performance period (the "Performance Period"), provided that the Holder remains in continuous employment with the Company through the Vesting Date. Attainment of the performance goals shall be determined and certified by the Committee in writing within [ ] days following the last day of the Performance Period.

(a) Tranche 1 Stock

Subject to the remainder of this Agreement and the terms of the Plan, the Tranche 1 Stock shall vest based on the Company's TSR percentile ranking over the Performance Period compared to the TSR of the companies included in the TSR Comparator Group.

	Company Percentile Rank v. TSR Comparator Group	Percent of Tranche 1 Stock that Shall Vest*
Below Threshold	Below the 25th percentile	[ ]%
Threshold	25th percentile	[ ]%
Target	50th percentile	[ ]%
Maximum	75th percentile and above	[ ]%

* The vesting percentage of the Tranche 1 Stock shall be determined using straight-line interpolation between performance levels

(b) Tranche 2 Stock

Subject to the remainder of this Agreement and the terms of the Plan, the Tranche 2 Stock shall vest based on the Company's [ ] for the Performance Period.

	[ ]	Percent of Tranche 2 Stock that Shall Vest*
Below Threshold	Less than [ ]	[ ]%
Threshold	[ ]	[ ]%
Target	[ ]	[ ]%
Maximum	[ ]	[ ]%

* The vesting percentage of the Tranche 2 Stock shall be determined using straight-line interpolation between performance levels.

(c) Definitions

"Average Stock Price" means the average of the closing transaction prices of a share of common stock of a company, as reported on the principal national stock exchange on which such common stock is traded, for the 30-day period immediately preceding the date for the which the Average Stock Price is being determined hereunder.

"TSR" means a company's cumulative total shareholder return as measured by dividing (A) the sum of the cumulative amount of dividends for the Performance Period, assuming dividend reinvestment, and the difference between the Average Stock Price determined as of the first day of the Performance Period and the Average Stock Price determined as of the last day of the Performance Period, by (B) the Average Stock Price determined as of the first day of the Performance Period.

"TSR Comparator Group" means the Global Industry Classification Standard Commercial and Professional Services Industry Group 2020 companies that are also part of the Russell 3000 Index, determined as of the first day of the Performance Period.

3.2. Termination of Employment.

3.2.1. Termination by Reason of Death, Disability, or by the Company other than for Cause Prior to a Change in Control . If the Holder's employment with the Company or one of its Subsidiaries terminates by reason of death or Disability, or is terminated by the Company or one of its Subsidiaries other than for Cause prior to a Change in Control, the Performance Period shall continue through the last day thereof and the Holder shall be entitled to a prorated Award. Such prorated Award shall be equal to the value of the Award at the end of the Performance Period based on the actual performance during the Performance Period multiplied by a fraction, the numerator of which shall equal the number of days such Holder was employed with the Company during the Performance Period and the denominator of which shall equal the number of days in the Performance Period. Notwithstanding anything herein to the contrary, if a Holder shall be entitled to receive shares of Common Stock pursuant to this Section 3.2.1, the Company shall issue or transfer to the Holder the number of shares of Common Stock underlying the prorated Award as soon as practicable following the end of the Performance Period but no later than the March 15th occurring immediately after the last day of the Performance Period.

As used herein, "Disability" shall have the meaning set forth in the Holder's employment agreement with the Company, and if not defined therein, shall mean a sickness or disability extending for more than three (3) consecutive months as a result of which the Holder is unable to perform his or her duties for the Company or one of its Subsidiaries, as applicable, in the required and customary manner and that will continue for not less than an additional three (3) months, as determined by the Company in its sole discretion. In the event of any dispute regarding the existence of the Holder's Disability hereunder, the matter shall be resolved by the determination of a physician selected by the Committee and reasonably acceptable to the Holder. The Holder shall submit to appropriate medical examinations for purposes of such determination.

As used herein, "Cause" shall have the meaning set forth in the Holder's employment agreement with the Company, and if not defined therein, shall mean (i) the commission of a felony or the commission of any other crime that is injurious to the Company, to a Company employee or to a client of the Company; (ii) willful misconduct, dishonesty, fraud, attempted fraud or other willful action or willful failure to act that is injurious to the Company, to a Company employee or to a client of the Company; (iii) any material breach of fiduciary duty owed to the Company or to a client of the Company; (iv) any material breach of the terms of any agreement with the Company (including without limitation any agreement regarding non-competition, non-solicitation of clients or employees, or confidentiality); (v) any material violation of a restriction on disclosure or use of privileged, proprietary or confidential information (including information belonging to the Company, to a client of the Company or to a third party to whom the Company owes a duty of confidentiality), but only if such violation is committed with actual notice of such restriction on disclosure; or (vi) any other material breach of the Company's Code of Business Conduct and Ethics or its securities trading policies, as amended from time to time. The determination by the Committee of the existence of Cause shall be conclusive and binding.

3.2.2. Termination by Reason of Voluntary Termination by Holder or Termination by the Company for Cause. If the Holder's employment with the Company or one of its Subsidiaries is terminated voluntarily by the Holder for any reason or is terminated by the Company or one of its Subsidiaries for Cause before the Vesting Date, the Holder will forfeit the Award as of the date of termination. The Company and its Subsidiaries will not have any further obligations to the Holder under this Agreement as to any shares of Stock subject to the Award that are forfeited as provided herein; the Holder will not be entitled to any portion of the Award on a pro rata basis (or otherwise) as of the date of termination; and the Company and its Subsidiaries will not be liable to provide any replacement benefit or compensation in lieu of such forfeiture.

3.3. Change in Control.

3.3.1. In the event of a Change in Control pursuant to which the Award is not effectively assumed by the surviving or acquiring corporation in a Change in Control (with appropriate adjustments to the number and kinds of shares, in each case, that preserve the material terms and conditions of the outstanding Award as in effect immediately prior to the Change in Control), the Holder shall be entitled to the value of the Award determined assuming target performance. Notwithstanding anything herein to the contrary, if a Holder shall be entitled to receive shares of Stock pursuant to this Section 3.3.1., the Company shall issue or transfer to the Holder the number of shares of Stock underlying the vested Award as soon as practicable following the Change in Control but no later than the March 15th occurring immediately after the year in which the Change in Control occurs.

3.3.2. In the event a Change in Control occurs during the Performance Period and the Holder's employment is terminated by the Company or one of its Subsidiaries other than for Cause or by the Holder for Good Reason within 24 months following such Change in Control, the Holder shall be entitled to the value of the Award determined assuming target performance. Notwithstanding anything herein to the contrary, if a Holder shall be entitled to receive shares of Common Stock pursuant to this Section 3.3.2., the Company shall issue or transfer to the Holder the number of shares of Common Stock underlying the vested Award as soon as practicable following such termination of employment but no later than the March 15th occurring immediately after the year in which such termination of employment occurs.

3.3.3. "Good Reason" means any of the following actions, events or conditions that occur without the express written consent of the Holder:

(i) removal by the Company of the Holder's position as [ ], or a change such that the Holder no longer reports to the [ ];

(ii) any material changes by the Company in the Holder's title, functions, duties, or responsibilities which changes would cause the Holder's position with the Company to become of significantly less responsibility, importance or scope as compared to the position and attributes that applied to the Holder as of the Grant Date;

(iii) any material failure by the Company to comply with the provisions of the Employment Agreement between the Holder and the Company; or

(iv) the requirement made by the Company that the Holder relocate the Holder's residence;

provided that, the Holder must provide written notice to the Board of the Holder's intent to terminate employment for Good Reason due to the action, event or condition described in (i) through (iv) above within a period not to exceed ninety (90) days of the initial existence of the action, event or condition, and must provide the Company a period of at least thirty (30) days during which it may remedy the action, event or condition.

4. Delivery of Certificates. Subject to Section 6, as soon as practicable after the vesting of the Award (but in any event no later than March 15th of the year following the year in which the award ceases to be subject to a substantial risk of forfeiture), the Company shall deliver or cause to be delivered one or more certificates issued in the Holder's name (or such other name as is acceptable to the Company and designated in writing by the Holder) representing the number of vested shares. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such delivery, except as

otherwise provided in Section 6. Prior to the issuance to the Holder of the shares of Stock subject to the Award, the Holder shall have no direct or secured claim in any specific assets of the Company or in such shares of Stock, and will have the status of a general unsecured creditor of the Company.

5. Transfer Restrictions and Investment Representation.

5.1. Nontransferability of Award. The Award may not be transferred by the Holder other than by will or the laws of descent and distribution or pursuant to the designation of one or more beneficiaries on the form prescribed by the Company. Except to the extent permitted by the foregoing sentence, the Award may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award, the Award and all rights hereunder shall immediately become null and void.

5.2. Investment Representation. The Holder hereby represents and covenants that (a) any share of Stock acquired upon the vesting of the Award will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the " Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state securities laws; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, the Holder shall submit a written statement, in form satisfactory to the Company, to the effect that such representation (x) is true and correct as of the date of vesting of any shares of Stock hereunder or (y) is true and correct as of the date of any sale of any such share, as applicable. As a further condition precedent to the delivery to the Holder of any shares of Stock subject to the Award, the Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance or delivery of the shares and, in connection therewith, shall execute any documents which the Board shall in its sole discretion deem necessary or advisable.

6. Additional Terms and Conditions of Award.

6.1. Withholding Taxes. (a) As a condition precedent to the delivery of the shares of Stock upon the vesting of the Award, the Holder shall, upon request by the Company, pay to the Company such amount as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the " Required Tax Payments") with respect to the Award. If the Holder shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to the Holder.

(b) The Holder may elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (1) a cash payment to the Company, (2) delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole shares of Stock having an aggregate Fair Market Value, determined as of the date on which such withholding obligation arises (the " Tax Date"), equal to the Required Tax Payments, (3) authorizing the Company to withhold whole shares of Stock which would otherwise be delivered to the Holder having an aggregate Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments or (4) any combination of (1), (2) and (3). Shares of Stock to be delivered or withheld may not have a Fair Market Value in excess of the minimum amount of the Required Tax Payments. Any fraction of a share of Stock which would be required to satisfy any such obligation shall be disregarded and the remaining amount due shall be paid in cash by the Holder. No certificate representing a share of Stock shall be delivered until the Required Tax Payments have been satisfied in full.

6.2. Adjustment. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation) that causes the per share value of shares of Stock to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary dividend, the terms of this Award, including the number and class of securities subject hereto, shall be appropriately adjusted by the Committee. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee (or, if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation) to prevent dilution or enlargement of rights of the Holder. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

6.3. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares of Stock subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares hereunder, the shares of Stock subject to the Award shall not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent, approval or other action.

6.4. Award Confers No Rights to Continued Employment. In no event shall the granting of the Award or its acceptance by the Holder, or any provision of the Agreement, give or be deemed to give the Holder any right to continued employment by the Company or prevent or be deemed to prevent the Company from terminating the Holder’s employment at any time, with or without Cause.

6.5. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Holder or by the Company forthwith to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on all parties.

6.6. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon the Holder and his or her heirs, executors, administrators, successors and assigns.

6.7. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Company, to Navigant Consulting, Inc., Attn: General Counsel, 30 S. Wacker Dr., Suite 3550, Chicago, Illinois 60606, and if to the Holder, to the last known mailing address of the Holder contained in the records of the Company. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

6.8. Governing Law. This Agreement, the Award and all determinations made and actions taken pursuant hereto and thereto, to the extent not governed by the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

6.9. Entire Agreement. The Plan is incorporated herein by reference. Capitalized terms not defined herein shall have the meanings specified in the Plan. This Agreement and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Holder with respect to the subject matter hereof, and may not be modified adversely to the Holder's interest except by means of a writing signed by the Company and the Holder.

6.10. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted.

6.11. Amendment and Waiver. The provisions of this Agreement may be amended or waived only by the written agreement of the Company and the Holder, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

6.12. Counterparts. This Agreement may be executed in two counterparts each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

6.13 Compliance With Section 409A of the Code. The Agreement is intended to be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and shall be interpreted and construed consistently with such intent; provided, however, that in no event shall the Company or any of its directors, officers, employees or advisors be responsible for any such additional tax, interest or related tax penalties that may be imposed under Section 409A of the Code.

6.14 Clawback Provision. The Holder acknowledges that the Holder has read the Company's Policy on Recoupment of Incentive Compensation (the "Clawback Policy"). In consideration of the grant of the Award, the Holder agrees to abide by the Clawback Policy and any determinations of the Board pursuant to the Clawback Policy. Without limiting the foregoing, and notwithstanding any provision of this Agreement to the contrary, the Holder agrees that the Company shall have the right to require the Holder to repay the value of any shares of Stock acquired upon vesting of the Award, as may be required by law (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder) or in accordance with the terms of the Clawback Policy. This Section 6.14 shall survive the termination of the Holder's employment with the Company for any reason. The foregoing remedy is in addition to and separate from any other relief available to the Company due to the Holder's misconduct or fraud. Any determination by the Board with respect to the foregoing shall be final, conclusive and binding upon the Holder and all persons claiming through the Holder.

NAVIGANT CONSULTING, INC.

By: ______________________________

Accepted this day of 20 :

____

[ ]

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Julie M. Howard, certify that:

1. I have reviewed this report on Form 10-Q of Navigant Consulting, Inc., the registrant;

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to 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.

/s/ JULIE M. HOWARD

JULIE M. HOWARD
Chief Executive Officer

April 26, 2013

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Lucinda M. Baier, certify that:

1. I have reviewed this report on Form 10-Q of Navigant Consulting, Inc., the registrant;

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to 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.

/s/ LUCINDA M. BAIER

Lucinda M. Baier
Executive Vice President and Chief Financial Officer

April 26, 2013

Exhibit 32.1

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

Each of the undersigned, Julie M. Howard, Chief Executive Officer of Navigant Consulting, Inc. (the "Company"), and Lucinda M. Baier, Executive Vice President and Chief Financial Officer of the Company, in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2013 (the "Report"), hereby certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ JULIE M. HOWARD
Julie M. Howard
Chief Executive Officer

April 26, 2013

/s/ LUCINDA M. BAIER
Lucinda M. Baier
Executive Vice President and Chief Financial Officer

April 26, 2013