

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

NON-GAAP FINANCIAL MEASURES RECONCILIATIONS (2) PAGE 1 OF 2

EBITDA AND ADJUSTED EBITDA	2013	2012	2011	2010
All numbers in \$000s except ratios	Full Year	Full Year	Full Year	Full Year
Operating Income	\$ 103,147	\$ 81,253	\$ 69,481	\$ 51,113
Depreciation expense	16,180	14,986	13,303	14,457
Accelerated depreciation - office consolidation	498	-	-	-
Amortization expense	6,826	6,767	8,658	10,786
Intangible assets impairment	-	-	-	2,646
EBITDA	126,651	103,006	91,442	79,002
Add:				
Severance expense	4,686	4,078	2,891	5,819
Other operating costs (benefit):				
Contingent acquisition liability adjustments, net	(5,399)	1,065	-	-
Office consolidation	(150)	580	-	(900)
Gain on disposition of assets	(1,715)	-	-	-
Adjusted EBITDA	124,073	108,729	94,333	83,921
General and administrative expenses	127,079	141,195	130,430	121,568
Long term compensation expense related to client service personnel (including share-based compensation)	14,825	16,048	14,500	10,965
Severance expense added above	(4,686)	(4,078)	(2,891)	(5,819)
Total Segment Operating Profit	\$ 261,291	\$ 261,894	\$ 236,372	\$ 210,635

FREE CASH FLOW				
Net cash provided by (used in) operating activities	\$ 119,769	\$ 75,962	\$ 111,367	\$ 41,768
Changes in other assets and liabilities	(16,717)	21,134	(20,474)	36,104
Allowance for doubtful accounts receivable	107	(6,329)	(6,910)	(8,211)
Purchases of property and equipment	(14,217)	(20,052)	(10,375)	(11,959)
Payments of acquisition liabilities	(6,866)	(4,856)	(14,967)	(2,750)
Payments of contingent acquisition liabilities	(3,287)	(8,580)	-	-
Intangible assets impairment				(7,307)
Free Cash Flow	\$ 78,789	\$ 57,279	\$ 58,641	\$ 47,645

LEVERAGE RATIO				
Adjusted EBITDA for prior twelve-month period	\$ 124,073	\$ 108,729	\$ 94,333	\$ 83,921
Bank debt	56,673	134,183	131,790	202,951
Leverage ratio	0.46	1.23	1.40	2.42

NON-GAAP FINANCIAL MEASURES RECONCILIATIONS (2) PAGE 2 OF 2

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE	2013	2012	2011	2010
All numbers in \$000s except ratios and per share data	Full Year	Full Year	Full Year	Full Year
Shares used in computing per share data	50,951	51,572	51,371	50,447
Severance expense	\$ 4,686	\$ 4,078	\$ 2,891	\$ 5,819
Income tax benefit (3)	(1,558)	(1,573)	(1,025)	(2,128)
Net income impact of severance expense	\$ 3,128	\$ 2,505	\$ 1,866	\$ 3,691
Diluted earnings per share impact of severance expense	\$ 0.06	\$ 0.05	\$ 0.04	\$ 0.07
Other operating (benefit) costs - contingent acquisition liability adjustment				
Income tax expense (benefit)(3)	\$ (5,399)	\$ 1,065	\$ -	\$ -
Net income impact of other operating (benefit) costs - contingent acquisition liability adjustment	\$ (3,221)	\$ 635	\$ -	\$ -
Diluted earnings per share impact of other operating (benefit) costs - contingent acquisition liability adjustment	\$ (0.06)	\$ 0.01	\$ -	\$ -
Other operating (benefit) costs - office consolidation				
Income tax expense (benefit)(3)	\$ 348	\$ 580	\$ -	\$ (900)
Net income impact of other operating (benefit) costs - office consolidation	\$ 207	\$ 346	\$ -	\$ (655)
Diluted earnings per share impact of other operating (benefit) costs - office consolidation	\$ -	\$ 0.01	\$ -	\$ (0.01)
Other operating benefit - gain on disposition of assets				
Income tax expense(3)	\$ (1,715)	\$ -	\$ -	\$ -
Net income impact of other operating benefit - gain on disposition of assets	\$ (1,023)	\$ -	\$ -	\$ -
Diluted earnings per share impact of other operating benefit - gain on disposition of assets	\$ (0.02)	\$ -	\$ -	\$ -
Other operating cost - intangible assets impairment				
Income tax benefit(3)	\$ -	\$ -	\$ -	\$ 2,646
Net income impact of other operating cost - intangible assets impairment	\$ -	\$ -	\$ -	\$ 1,925
Diluted earnings per share impact of other operating cost - intangible assets impairment	\$ -	\$ -	\$ -	\$ 0.04
Net Income from continuing operations	\$ 55,112	\$ 44,232	\$ 36,145	\$ 24,852
Net income impact of severance expense	3,128	2,505	1,866	3,691
Net income impact of other operating (benefit) costs - contingent acquisition liability adjustment	(3,221)	635	-	-
Net income impact of other operating (benefit) costs - office consolidation	207	346	-	(655)
Net income impact of other operating benefit - gain on disposition of assets	(1,023)	-	-	-
Net income impact of other operating cost - intangible assets impairment	-	-	-	1,925
Non-recurring foreign tax election				(1,751)
Adjusted net income	\$ 54,203	\$ 47,718	\$ 38,011	\$ 28,062
Adjusted earnings per share	\$ 1.06	\$ 0.93	\$ 0.74	\$ 0.56

FOOTNOTES

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

(1) This supplemental information is reported on a continuing operations basis unless otherwise noted. During the quarter ended September 30, 2013, the United Kingdom financial services business was sold. The results of operations of this business are now presented as discontinued operations. Prior period information has been reclassified to reflect this change. Discontinued operations has no impact on the Balance Sheet or Cash Flow information.

(2) Non-GAAP Financial Information

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

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

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

Free Cash Flow

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

Leverage Ratio

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

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