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, 2017

OR

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

For the transition period from _________ to _________

Commission File No. 1-12173

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

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

150 North Riverside Plaza, Suite 2100, 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. YES ☐ NO ☐

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 28, 2017, 47,248,740 shares of the registrant’s common stock, par value $.001 per share, were outstanding.

Table of Contents

INDEX

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," "may," "could," "intend," "estimate," "expect," "continue," "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, 2016. 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.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

NAVIGANT CONSULTING, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)

	March 31, 2017 (unaudited)	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,132	$ 8,291
Accounts receivable, net	264,874	261,755
Prepaid expenses and other current assets	30,646	29,762
Total current assets	304,652	299,808
Non-current assets:		
Property and equipment, net	85,935	82,953
Intangible assets, net	26,433	28,727
Goodwill	628,377	625,027
Other assets	19,643	18,282
Total assets	$1,065,040	$ 1,054,797
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 11,208	$ 11,871
Accrued liabilities	13,407	16,144
Accrued compensation-related costs	57,668	106,779
Income tax payable	5,967	1,564
Other current liabilities	37,679	38,616
Total current liabilities	125,929	174,974
Non-current liabilities:		
Deferred income tax liabilities	78,734	77,737
Other non-current liabilities	36,571	32,579
Bank debt non-current	178,336	135,030
Total non-current liabilities	293,641	245,346
Total liabilities	419,570	420,320
Stockholders' equity:		
Common stock	57	57
Additional paid-in capital	648,941	644,519
Treasury stock	(186,322)	(181,361)
Retained earnings	207,139	196,468
Accumulated other comprehensive loss	(24,345)	(25,206)
Total stockholders' equity	645,470	634,477
Total liabilities and stockholders' equity	$1,065,040	$ 1,054,797

See accompanying notes to unaudited consolidated financial statements.

Table of Contents

NAVIGANT CONSULTING, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands, except per share data)

	For the three months ended March 31, 2017	2016
Revenues before reimbursements	$ 236,211	$ 223,475
Reimbursements	21,626	21,812
Total revenues	257,837	245,287
Cost of services before reimbursable expenses	165,052	153,940
Reimbursable expenses	21,626	21,812
Total cost of services	186,678	175,752
General and administrative expenses	41,484	39,831
Depreciation expense	7,473	6,522
Amortization expense	2,319	2,921
Other operating costs (benefit):		
Contingent acquisition liability adjustments, net	1,199	—
Office consolidation, net	(38)	—
Deferred debt issuance costs write off	145	—
Operating income	18,577	20,261
Interest expense	1,069	1,260
Interest income	(31)	(39)
Other income, net	(217)	(340)
Income before income tax expense	17,756	19,380
Income tax expense	6,660	6,738
Net income	$ 11,096	$ 12,642
Basic net income per share	$ 0.24	$ 0.27
Shares used in computing basic per share data	46,932	47,425
Diluted net income per share	$ 0.23	$ 0.26
Shares used in computing diluted per share data	48,969	49,031
Net income	$ 11,096	$ 12,642
Other comprehensive income (loss), net of tax		
Unrealized net gain (loss), foreign currency translation	830	(530)
Unrealized net gain (loss) on interest rate derivatives	11	(162)
Reclassification adjustment on interest rate derivatives included in interest expense and income tax expense	20	52
Other comprehensive income (loss), net of tax	861	(640)
Total comprehensive income, net of tax	$ 11,957	$ 12,002

See accompanying notes to unaudited consolidated financial statements.

Table of Contents

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 Income (Loss)	Retained Earnings	Total Stock-holders' Equity
Balance at December 31, 2016	57,325	(10,339)	$ 57	$644,519	$(181,361)	$ (25,206)	$196,468	$ 634,477
Cumulative-effect adjustment resulting from the adoption of ASU 2016-09 (see Note 2)	—	—	—	719	—	—	(425)	294
Comprehensive income	—	—	—	—	—	861	11,096	11,957
Issuances of common stock	119	—	—	1,914	—	—	—	1,914
Vesting of restricted stock units, net of forfeitures and tax withholdings	83	—	—	(1,233)	—	—	—	(1,233)
Share-based compensation expense	—	—	—	3,022	—	—	—	3,022
Repurchases of common stock	—	(207)	—	—	(4,961)	—	—	(4,961)
Balance at March 31, 2017	57,527	(10,546)	$ 57	$648,941	$(186,322)	$ (24,345)	$207,139	$ 645,470

See accompanying notes to unaudited consolidated financial statements.

NAVIGANT CONSULTING, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the three months ended March 31, 2017	2016
Cash flows from operating activities:		
Net income	$ 11,096	$ 12,642
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation expense	7,473	6,522
Amortization expense	2,319	2,921
Share-based compensation expense	3,022	2,529
Deferred income taxes	1,339	1,033
Allowance for doubtful accounts receivable	4	1,636
Contingent acquisition liability adjustments, net	1,199	—
Other, net	651	357
Changes in assets and liabilities (net of acquisitions):		
Accounts receivable	(4,279)	(15,543)
Prepaid expenses and other assets	(1,197)	(2,174)
Accounts payable	(81)	478
Accrued liabilities	584	267
Accrued compensation-related costs	(49,256)	(39,666)
Income taxes payable	4,353	5,055
Other liabilities	(188)	(2,614)
Net cash used in operating activities	(22,961)	(26,557)
Cash flows from investing activities:		
Purchases of property and equipment	(13,789)	(4,959)
Acquisitions of businesses, net of cash acquired	—	(1,995)
Other acquisition payments	—	(5,500)
Other, net	(116)	(18)
Net cash used in investing activities	(13,905)	(12,472)
Cash flows from financing activities:		
Issuances of common stock	1,914	2,056
Repurchases of common stock	(4,961)	(6,266)
Repayments to banks	(150,800)	(96,392)
Borrowings from banks	193,802	134,757
Payments of debt issuance costs	(1,166)	—
Other, net	(1,327)	(658)
Net cash provided by financing activities	37,462	33,497
Effect of exchange rate changes on cash and cash equivalents	245	43
Net increase (decrease) in cash and cash equivalents	841	(5,489)
Cash and cash equivalents at beginning of the period	8,291	8,895
Cash and cash equivalents at end of the period	$ 9,132	$ 3,406

Supplemental Unaudited Consolidated Cash Flow Information

	For the three months ended March 31, 2017	2016
Interest paid	$ 1,172	$ 869
Income taxes paid, net of refunds	$ 918	$ 158

See accompanying notes to 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. (“Navigant,” “we,” “us,” or “our”) (NYSE: NCI) is a specialized, global professional services firm that helps clients take control of their future. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, Navigant primarily serves clients in the healthcare, energy and financial services industries.

The accompanying unaudited 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 contained 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, 2017 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2017.

These unaudited 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, 2016 included in our Annual Report on Form 10-K filed with the SEC on February 17, 2017 (2016 Form 10-K).

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 the filing of this report.

2. RECENT ACCOUNTING PRONOUNCEMENTS

There have been no material changes to our significant accounting policies and estimates from the information provided in Part II, Item 8, “Financial Statements and Supplementary Data” in our 2016 Form 10-K.

Recently Adopted Accounting Pronouncements

On January 1, 2017, we adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-09, Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. As required by the standard, excess tax benefits and deficiencies recognized on share-based compensation expense are recorded in the consolidated statement of comprehensive income as a component of income tax expense. Previously, these amounts were recorded as a component of additional paid-in capital on the consolidated balance sheet. We elected to apply the change in presentation to the consolidated statement of cash flows prospectively to classify excess tax benefits as an operating activity rather than a financing activity. Upon adoption, we determined that we did not have previously unrecognized excess tax benefits to be recognized on a modified retrospective transition method as an adjustment to retained earnings. We will continue to classify cash paid related to shares withheld to satisfy tax-withholding requirements as a financing activity, as required by the standard. We made a policy election to account for forfeitures as they occur, rather than estimating the expected forfeitures over the course of the vesting period. The cumulative-effect adjustment to retained earnings as of the date of adoption was $0.4 million, with a reduction in the related deferred tax liability of $0.3 million. ASU 2016-09 also requires that excess tax benefits and deficiencies be prospectively excluded from assumed future proceeds in the calculation of diluted weighted average shares when calculating diluted earnings per share utilizing the treasury stock method. We applied this change prospectively, and it did not have a material impact on our unaudited consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles – Goodwill and Other: Simplifying the Test for Goodwill Impairment (Topic 350), which simplifies the goodwill impairment test by eliminating step 2, which is the step requiring companies to perform a hypothetical purchase price allocation to measure goodwill. Instead, under the new standard, impairment will be measured using the difference between the fair value of a reporting unit with its carrying amount. Any impairment charge will be recognized for the amount by which the carrying amount exceeds the reporting unit’s fair value, taking into consideration income tax effects from any deductible goodwill on the carrying amount of the reporting unit. This standard will be effective for public companies for annual and interim periods beginning after December 15, 2019 and will be applied prospectively. Early adoption is permitted on impairment tests performed on testing dates after January 1, 2017. The Company early adopted this standard during the first quarter of 2017; the adoption did not have a material effect on our unaudited consolidated financial statements or related disclosures.

Recent Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This update is intended to improve the financial reporting requirements for revenue from contracts with customers by providing a principle-based approach. The core principle of the standard is that revenue should be recognized when the transfer of promised goods or services is made in an amount that the entity expects to be entitled to in exchange for the transfer of goods and services. The update also requires disclosures enabling users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The FASB has recently issued several amendments to the standard, including clarification on principal versus agent considerations, accounting for licenses of intellectual property and identifying performance obligations. Although early adoption as of the original effective date of January 1, 2017 is permitted, we have elected to adopt the guidance effective January 1, 2018. The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). We currently anticipate that the largest impact to us of adopting the guidance will occur with contracts which include variable consideration, and therefore, anticipate using the cumulative catch-up transition method of adoption. We will continue to evaluate the impact of our pending adoption of this guidance to our consolidated financial statements, but our preliminary assessments of the impact of our adoption of this guidance are subject to change.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This update amends the requirements for assets and liabilities recognized for all leases longer than twelve months. Lessees will be required to recognize a lease liability measured on a discounted basis, which is the lessee's obligation to make lease payments arising from the lease, and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. This standard will be effective for financial statements issued by public companies for the annual and interim periods beginning after December 15, 2018. Early adoption of the standard is permitted. The standard will require a modified retrospective approach for leases existing at or entered into after the beginning of the earliest comparative period presented. We are currently evaluating the potential impact of our adoption of this guidance on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flow (Topic 230). This update is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The update provides new guidance regarding the classification of debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies including bank-owned life insurance policies, distributions received from equity method investments, beneficial interests in securitized transactions, and separately identifiable cash flows and application of the predominance principle. This standard will be effective for financial statements issued by public companies for the annual and interim periods beginning after December 15, 2017. Early adoption of the standard is permitted. The standard will be applied in a retrospective approach for each period presented. We have completed an initial evaluation of the impact of our adoption of this standard and have determined that the manner in which we classify our contingent acquisition liability payments in the consolidated statement of cash flows will change. Based on our initial evaluation, our adoption of this standard may require an immaterial reclassification of a portion of the payments previously reported as financing activities for comparative periods in the statement of cash flows within our consolidated financial statements issued on or after January 1, 2018. Under this guidance, portions of these payments will be reclassified from financing activities to operating activities. We will continue to evaluate the potential impact of our adoption of this guidance on our consolidated financial statements, but our preliminary assessments of the impact of our adoption of this guidance are subject to change.

In January 2017, the FASB issued ASU 2017-01, Business Combinations: Clarifying the Definition of a Business (Topic 805), which provides a new framework for determining whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. This standard will be effective for public companies for annual and interim periods beginning after December 15, 2017. Early adoption is permitted effective for transactions not yet reported in financial statements issued or made available for issuance. We are currently evaluating the potential impact of this guidance on our consolidated financial statements.

3. ACQUISITIONS

2016 Acquisitions

During the year ended December 31, 2016, we acquired three businesses, including Ecofys Investments B.V. (Ecofys), for an aggregate purchase price of $19.1 million, of which $17.6 million was paid in cash at closing. Ecofys was integrated into our Energy segment, and the other two acquired businesses were integrated into our Healthcare segment. None of these acquisitions was material to our consolidated financial position.

See Note 12 – Fair Value for additional information regarding deferred contingent consideration fair value adjustments.

Pro Forma Information

The following supplemental unaudited pro forma financial information was prepared as if the 2016 acquisitions had occurred as of January 1, 2016. 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,	
	2017	2016
Total revenues	$ 257,837	$ 252,013
Net income	$ 11,096	$ 12,257
Basic net income per basic share	$ 0.24	$ 0.26
Shares used in computing net income per basic share	46,932	47,425
Diluted net income per diluted share	$ 0.23	$ 0.25
Shares used in computing net income per diluted share	48,969	49,031

4. SEGMENT INFORMATION

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

- The **Healthcare** segment provides consulting services and business process management services. Clients of this segment include healthcare providers, payers and life sciences companies. We help clients respond to market legislative changes such as the shift to an outcomes and value-based reimbursements model, ongoing industry consolidation and reorganization, Medicaid expansion, and the implementation of a new electronic health records system.
- The **Energy** segment provides advisory services to utilities, governmental agencies, manufacturers and investors. We provide our clients with advisory solutions in business strategy and planning, distributed energy resources and renewables, energy efficiency and demand response, and grid modernization. In addition, we provide a broad array of benchmarking and research services.
- The **Financial Services Advisory and Compliance** segment provides strategic, operational, valuation, risk management, investigative and compliance advisory services to clients primarily in the highly-regulated financial services industry, including major financial and insurance institutions. This segment also provides anti-corruption solutions and anti-money laundering, litigation support and tax compliance and valuation services to clients in a broad variety of industries.
- The **Disputes, Forensics & Legal Technology** segment's professional services include accounting, regulatory, construction and computer forensic expertise, as well as valuation and economic analysis. In addition to these capabilities, our professionals use technological tools to perform eDiscovery services and to deliver custom technology and data analytic solutions. The clients of this segment principally include companies along with their in-house counsel and law firms, as well as accounting firms, corporate boards and government agencies.

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 cost of services excluding long-term compensation expense attributable to client-service employees. Long-term compensation expense attributable to client-service employees 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.

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

	For the three months ended March 31, 2017	2016
Revenues before reimbursements:		
Healthcare	$ 90,546	$ 81,667
Energy	32,498	26,896
Financial Services Advisory and Compliance	32,907	33,650
Disputes, Forensics & Legal Technology	80,260	81,262
Total revenues before reimbursements	$ 236,211	$ 223,475
Total revenues:		
Healthcare	$ 98,689	$ 90,102
Energy	37,722	31,279
Financial Services Advisory and Compliance	36,855	36,907
Disputes, Forensics & Legal Technology	84,571	86,999
Total revenues	$ 257,837	$ 245,287
Segment operating profit:		
Healthcare	$ 27,613	$ 23,768
Energy	8,879	6,714
Financial Services Advisory and Compliance	11,614	13,506
Disputes, Forensics & Legal Technology	26,339	28,710
Total segment operating profit	74,445	72,698
Segment reconciliation to income before income tax expense:		
Reconciling items:		
General and administrative expenses	41,484	39,831
Depreciation expense	7,473	6,522
Amortization expense	2,319	2,921
Other operating costs, net	1,306	—
Long-term compensation expense attributable to client-service employees (including share-based compensation expense)	3,286	3,163
Operating income	18,577	20,261
Interest and other expense, net	821	881
Income before income tax expense	$ 17,756	$ 19,380

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 (in thousands):

	March 31, 2017	December 31, 2016
Healthcare	$ 391,654	$ 391,859
Energy	121,148	120,311
Financial Services Advisory and Compliance	98,973	98,846
Disputes, Forensics & Legal Technology	333,136	330,239
Unallocated assets	120,129	113,542
Total assets	$1,065,040	$ 1,054,797

Table of Contents

5. GOODWILL AND INTANGIBLE ASSETS, NET

Changes made to our goodwill balances during the three months ended March 31, 2017 and the year ended December 31, 2016 were as follows (in thousands):

	Healthcare	Energy	Financial Services Advisory and Compliance	Disputes, Forensics & Legal Technology	Total Company
Gross goodwill at December 31, 2016	$ 272,032	$77,924	$ 53,784	$ 348,757	$ 752,497
Adjustments	(43)	2,749	(9)	(38)	2,659
Foreign currency translation	34	102	93	462	691
Gross goodwill at March 31, 2017	272,023	80,775	53,868	349,181	755,847
Accumulated goodwill impairment	—	—	—	(122,045)	(122,045)
Accumulated amortization	—	—	—	(5,425)	(5,425)
Net goodwill at March 31, 2017	$ 272,023	$80,775	$ 53,868	$ 221,711	$ 628,377

	Healthcare	Energy	Financial Services Advisory and Compliance	Disputes, Forensics & Legal Technology	Total Company
Gross goodwill at December 31, 2015	$ 264,163	$76,566	$ 55,341	$ 354,604	$ 750,674
Acquisitions	8,057	2,122	—	—	10,179
Adjustments	(12)	—	(35)	(153)	(200)
Foreign currency translation	(176)	(764)	(1,522)	(5,694)	(8,156)
Gross goodwill at December 31, 2016	272,032	77,924	53,784	348,757	752,497
Accumulated goodwill impairment	—	—	—	(122,045)	(122,045)
Accumulated amortization	—	—	—	(5,425)	(5,425)
Net goodwill at December 31, 2016	$ 272,032	$77,924	$ 53,784	$ 221,287	$ 625,027

During the three months ended March 31, 2017, we recorded an adjustment to goodwill of $2.7 million related to the Ecofys acquisition in connection with working capital adjustments made during the period.

We performed our annual goodwill impairment test as of May 31, 2016. The key assumptions included: internal projections completed during our second quarter 2016 forecasting process; profit margin improvement generally consistent with our longer-term historical performance; assumptions regarding contingent revenue; revenue growth 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; Company-specific risk considerations; control premium; and cost of capital based on our historical experience.

Based on our assumptions, at that time, the estimated fair value exceeded the net asset carrying value for each of our reporting units as of May 31, 2016. Accordingly, there was no indication of impairment of our goodwill for any of our reporting units. As of May 31, 2016, the estimated fair value of our Healthcare, Energy, Financial Services Advisory and Compliance, and Disputes, Forensics & Legal Technology reporting units exceeded the fair value of invested capital by 22%, 32%, 61%, and 17%, respectively.

We have reviewed our most recent financial projections and considered the impact of changes to our business and market conditions on our goodwill valuation and determined that no events or conditions have occurred or are expected to occur that would trigger a need to perform an interim goodwill impairment test. We will continue to monitor the factors and key assumptions used in determining the fair value of each of our reporting units. There can be no assurance that goodwill or intangible assets will not be impaired in the future. We will perform our next annual goodwill impairment test as of May 31, 2017.

Intangible assets consisted of (in thousands):

	March 31, 2017	December 31, 2016
Intangible assets:		
Customer lists and relationships	$ 106,980	$ 106,536
Non-compete agreements	23,478	23,407
Other	28,207	28,274
Intangible assets, at cost	158,665	158,217
Less: accumulated amortization	(132,232)	(129,490)
Intangible assets, net	$ 26,433	$ 28,727

Our intangible assets have estimated remaining useful lives ranging up to eight 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, 2017, our intangible assets categories were as follows (in thousands, except year data):

Category	Weighted Average Remaining Years	Amount
Customer lists and relationships, net	5.4	$22,254
Non-compete agreements, net	3.4	2,311
Other intangible assets, net	2.8	1,868
Total intangible assets, net	5.0	$26,433

Total amortization expense was $2.3 million and $2.9 million for the three months ended March 31, 2017 and 2016, respectively. The estimated annual aggregate amortization expense to be recorded in the next five years related to intangible assets at March 31, 2017 is as follows (in thousands):

Year Ending December 31,	Amount
2017 (includes January - March)	$8,908
2018	6,313
2019	4,402
2020	3,359
2021	3,554
2022	576

6. NET INCOME PER SHARE (EPS)

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

	For the three months ended March 31,	
	2017	2016
Basic shares	46,932	47,425
Employee stock options	247	100
Restricted stock units	1,677	1,372
Contingently issuable shares	113	134
Diluted shares (1)	48,969	49,031
Antidilutive shares (2)	3	177

(1) In connection with the adoption of Topic 718 (see Note 2 – Recent Accounting Pronouncements), diluted shares included approximately 329,000 shares which otherwise would not have been included but for the adoption of this guidance.

(2) 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.

7. SHARE-BASED COMPENSATION EXPENSE

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

The amounts attributable to each category of share-based compensation expense were as follows (in thousands):

	For the three months ended March 31, 2017	For the three months ended March 31, 2016
Amortization of restricted stock unit awards	$ 2,656	$ 2,251
Amortization of stock option awards	219	167
Discount given on employee stock purchase transactions through our Employee Stock Purchase Plan	147	111
Total share-based compensation expense	$ 3,022	$ 2,529

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

	For the three months ended March 31, 2017	For the three months ended March 31, 2016
Cost of services before reimbursable expenses	$ 1,617	$ 1,495
General and administrative expenses	1,405	1,034
Total share-based compensation expense	$ 3,022	$ 2,529

Share-based compensation expense attributable to client-service employees 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.

At March 31, 2017, we had $13.8 million of total compensation costs related to unvested share-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, 2017, we granted an aggregate of 191,536 share-based awards, consisting of restricted stock units with an aggregate fair value of $4.4 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 (in thousands):

	March 31, 2017	December 31, 2016
Billed amounts	$170,049	$ 183,656
Engagements in process	117,423	100,779
Allowance for uncollectible billed amounts	(13,589)	(14,967)
Allowance for uncollectible engagements in process	(9,009)	(7,713)
Accounts receivable, net	$264,874	$ 261,755

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.

Prepaid Expenses and Other Current Assets

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

	March 31, 2017	December 31, 2016
Notes receivable - current	$ 2,227	$ 2,636
Prepaid recruiting and retention incentives - current	9,444	9,173
Other prepaid expenses and other current assets	18,975	17,953
Prepaid expenses and other current assets	$ 30,646	$ 29,762

Other Assets

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

	March 31, 2017	December 31, 2016
Notes receivable - non-current	$ 3,083	$ 2,943
Capitalized client-facing software	1,523	1,733
Prepaid recruiting and retention incentives - non-current	10,605	11,116
Prepaid expenses and other non-current assets	4,432	2,490
Other assets	$ 19,643	$ 18,282

Notes receivable, current and non-current, represent unsecured employee loans. These loans were issued to recruit or retain certain senior-level client-service employees. During the three months ended March 31, 2017, we issued an unsecured employee loan aggregating to $1.0 million, and during the three months ended March 31, 2016, no such loans were issued. The principal amount and accrued interest on these loans is either paid by the employee or forgiven by us over the term of the loans so long as the employee 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 amortized as compensation expense over the service period, which is consistent with the term of the loans.

Capitalized client-facing software is used by our clients as part of client engagements. These amounts are amortized into cost of services before reimbursable expenses over their estimated remaining useful life.

Prepaid recruiting and retention incentives, current and non-current, include sign-on and retention bonuses that are generally recoverable from an employee if the employee voluntarily terminates employment or if the employee's employment is terminated for "cause" 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 six years. During the three months ended March 31, 2017 and 2016, we granted $2.7 million and $6.5 million, respectively, in sign-on and retention bonuses.

Property and Equipment, Net

The components of property and equipment, net were as follows (in thousands):

	March 31, 2017	December 31, 2016
Furniture, fixtures and equipment	$ 71,842	$ 69,210
Software	85,066	83,766
Leasehold improvements	63,525	57,128
Property and equipment, at cost	220,433	210,104
Less: accumulated depreciation and amortization	(134,498)	(127,151)
Property and equipment, net	$ 85,935	$ 82,953

During the three months ended March 31, 2017, we invested $13.8 million in property and equipment ($3.4 million of which was accrued in prior periods), including $6.4 million in leasehold improvements related primarily to the build-out of our new Chicago corporate headquarters, $2.5 million in technology infrastructure and software, and $1.5 million in furniture.

Other Current Liabilities

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

	March 31, 2017	December 31, 2016
Deferred acquisition liabilities - current	$ 12,180	$ 10,780
Deferred revenue	18,964	21,258
Deferred rent - current	2,933	2,894
Other current liabilities	3,602	3,684
Total other current liabilities	$ 37,679	$ 38,616

Other Non-Current Liabilities

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

	March 31, 2017	December 31, 2016
Deferred acquisition liabilities - non-current	$ 791	$ 943
Deferred rent - non-current	23,598	19,776
Other non-current liabilities	12,182	11,860
Total other non-current liabilities	$ 36,571	$ 32,579

Deferred acquisition liabilities, current and non-current, at March 31, 2017 consisted of cash obligations related to contingent and definitive purchase price considerations recorded at fair value and net present value, respectively. On April 3, 2017, $10.0 million was paid to the selling members of McKinnis Consulting Services LLC (McKinnis), which we acquired in December 2015, to settle a deferred acquisition liability. During the three months ended March 31, 2017, we recorded a fair value adjustment which increased deferred contingent acquisition liabilities by $1.2 million. See Note 12 – Fair Value for additional information regarding deferred contingent consideration fair value adjustments.

The current and non-current portions of deferred rent relates to tenant allowances and incentives on lease arrangements for our office facilities that expire at various dates through 2028.

At March 31, 2017, other non-current liabilities included $3.0 million of performance-based long-term incentive compensation liabilities. As part of our long-term incentive program for select senior-level client service employees and leaders, we grant restricted stock units which vest three years from the grant date. The value of equity granted is based on the achievement of certain performance targets during the year prior to grant.

Deferred revenue represents advance billings to our clients for services that have not yet been performed and earned.

9. ACCUMULATED OTHER COMPREHENSIVE LOSS

The activity in accumulated other comprehensive loss was as follows (in thousands):

	For the three months ended March 31, 2017	2016
Unrealized loss on foreign exchange:		
Balance at beginning of period	$ (25,166)	$ (16,446)
Unrealized gain (loss) on foreign exchange	830	(530)
Balance at end of period	$ (24,336)	$ (16,976)
Unrealized loss on derivatives:		
Balance at beginning of period	$ (40)	$ (114)
Unrealized gain (loss) on derivatives in period, net of reclassification	11	(162)
Reclassified to interest expense	34	87
Income tax expense	(14)	(35)
Balance at end of period	$ (9)	$ (224)

	2017	2016
Accumulated other comprehensive loss at March 31,	$ (24,345)	$ (17,200)

10. DERIVATIVES AND HEDGING ACTIVITY

During the three months ended March 31, 2017, the interest rate derivatives outstanding were as follows (summarized based on month of execution):

Month executed	Number of Contracts	Beginning Date	Maturity Date	Rate	Total Notional Amount (millions)
July 2014	5	July 11, 2014	July 11, 2017	1.10%	$ 30.0
March 2015	1	May 29, 2015	May 31, 2018	1.47%	$ 10.0
June 2015	1	June 30, 2015	June 30, 2018	1.40%	$ 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 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, 2017. During the three months ended March 31, 2017 and 2016, we recorded nil and $0.1 million, respectively, in interest expense associated with differentials received or paid under the interest rate derivatives.

In connection with the refinancing of our credit facility (see Note 11 – Bank Debt), $15 million of our interest rate derivative contracts were terminated prior to maturity and replaced with $15 million in new contracts with a three-year maturity.

11. BANK DEBT

On March 28, 2017, we entered into a new credit agreement with a syndicate of banks, amending and extending the maturity date of the five-year $400 million revolving credit facility provided under our prior credit agreement. As amended and restated, the credit facility matures on March 28, 2022. At our option, subject to the terms and conditions specified in the credit agreement, we may elect to increase commitments under the credit facility up to an aggregate amount of $500 million. Borrowings and repayments under the credit facility may be made in multiple currencies including United States (U.S.) Dollars, Canadian Dollars, United Kingdom (U.K.) Pound Sterling and Euro.

At March 31, 2017, we had aggregate borrowings outstanding of $178.3 million, compared to $135.0 million at December 31, 2016. Based on our financial covenants at March 31, 2017, approximately $217.8 million in additional borrowings were available to us under the credit facility. At March 31, 2017, we had $3.9 million of unused letters of credit under our credit facility, which have been included as a reduction in the available borrowings above. The letters of credit are primarily related to the requirements of certain lease agreements for office space.

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, 2017, the applicable margins on LIBOR and base rate loans were 1.00% and 0.00%, 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 10 — Derivatives and Hedging Activity) was 2.7% and 2.3% for the three months ended March 31, 2017 and 2016, respectively.

Our credit agreement contains certain financial covenants, including covenants that require that we maintain a consolidated leverage ratio of not greater than 3.5:1, with certain exceptions as defined in the agreement and a consolidated interest coverage ratio (the ratio of the sum of adjusted EBIT, as defined in the credit agreement, to cash interest expense) of not less than 2.0:1. At March 31, 2017, under the definitions in the credit agreement, our consolidated leverage ratio was 1.1 and our consolidated interest coverage ratio was 29.4. In addition, the credit agreement contains customary affirmative and negative covenants (subject to exceptions), including covenants that in certain circumstances limit our ability to incur liens or other encumbrances, make investments and acquisitions, incur indebtedness, enter into mergers, consolidations and asset dispositions, pay cash dividends after the occurrence of an event of default, 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 covenants contained in our credit agreement at March 31, 2017; however, there can be no assurances that we will remain in compliance in the future.

12. FAIR VALUE

Fair value is defined as the price that would be received on the sale of 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. As circumstances change, we will reassess the level in which the inputs are included in the fair value hierarchy.

We utilize a third-party to value our interest rate derivatives. The interest rate derivatives are used to hedge the risk of variability from interest payments on our borrowings (see Note 10 – Derivatives and Hedging Activity). A majority of the inputs used in determining the fair value of the derivatives is derived mainly from Level 2 observations which include counterparty quotations in over the counter markets. However, the credit valuation adjustments associated with the derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by ourselves and our counterparties. We determined that these adjustments are not significant to the overall valuation of our derivatives. As a result, our interest rate derivatives are classified in Level 2 in the fair value hierarchy.

In certain instances, our acquisitions provide for deferred contingent acquisition payments. These deferred payments are recorded at fair value at the time of acquisition and are included in other current and/or non-current liabilities on our consolidated balance sheets. We estimate the fair value of our 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 together with our corporate development and finance departments. Any change in the fair value estimate is recorded in the earnings of that period. During the three months ended March 31, 2017, we recorded $1.2 million in other operating costs for a net increase in the liability and during the three months ended March 31, 2016, no such adjustments were made, reflecting changes in the fair value estimate of the deferred contingent acquisition liability for certain acquisitions made in 2016 (see Note 3 – Acquisitions to the consolidated financial statements in our 2016 Form 10-K). The following table summarizes the changes in deferred contingent acquisition liabilities were as follows (in thousands):

	For the three months ended March 31,	
	2017	2016
Beginning Balance	$ 1,723	$ 8,782
Accretion of acquisition-related contingent consideration	49	167
Remeasurement of acquisition-related contingent consideration	1,199	—
Payments	—	(49)
Ending Balance	$ 2,971	$ 8,900

At March 31, 2017, the carrying value of our bank debt approximated fair value as it bears interest at variable rates, and we believe our credit risk is consistent with when the debt originated. 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, 2017 based upon the short-term nature of the assets and liabilities.

Our financial assets and liabilities measured at fair value on a recurring basis at March 31, 2017 and December 31, 2016 were as follows (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, 2017				
Interest rate derivatives, net	$ —	$ 13	$ —	$ 13
Deferred contingent acquisition liabilities	$ —	$ —	$ 2,971	$2,971
At December 31, 2016				
Interest rate derivatives, net	$ —	$ 64	$ —	$ 64
Deferred contingent acquisition liabilities	$ —	$ —	$ 1,723	$1,723

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 unaudited consolidated financial statements included elsewhere in this report. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions, which could cause actual results to differ materially from management's expectations. Please see the sections of this report entitled "Forward-Looking Statements" and Part II, Item 1A, "Risk Factors."

Overview

We are a specialized, global professional services firm that helps clients take control of their future. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, we primarily serve clients in the healthcare, energy and financial services industries.

Revenues and Expenses

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). We may also earn incremental revenues, in addition to hourly or fixed fees, which are contingent on the attainment of certain contractual milestones or outcomes. Variations in our quarterly or yearly revenues and resulting operating profit margins may occur depending on the timing of such contractual outcomes and our ability to consider these revenues earned and realized. Revenue is also earned on a per unit or subscription basis, generally for our technology-based service offerings.

Our most significant expense is client-service employee compensation, which includes salaries, incentive compensation, amortization of sign-on and retention incentive payments, share-based compensation and benefits. Client-service employee 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 client-service employees.

Our most significant overhead expenses included in general and administrative expense are administrative compensation and benefits and office-related expenses. Administrative compensation includes salaries, incentive compensation, share-based compensation and benefits for corporate management and other non-billable employees that indirectly support client engagements. Office-related expenses primarily consist of rent for our offices. General and administrative expense includes bad debt expense and marketing, technology, finance, human capital management and legal expenses. Other non-billable employees who support the segments are recorded in cost of services before reimbursable expenses.

We periodically review and adjust our employees' total compensation (which may include 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 for our service offerings and within the various industries we serve, depending on market conditions.

Hiring and Retention

Because our ability to derive fees is largely reliant on the hiring and retention of employees, the average number of full-time employees and our ability to keep client-service employees utilized are important drivers of the business. We use full time equivalent (FTE) as a measure of our client-service employees. The number of Client-Service FTE is client-service employees 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 Consulting FTE levels in response to changing demand.

Client-Service FTE levels and related compensation in excess of demand drive additional costs that can negatively impact operating profit margin. From time to time, we engage independent contractors and hire project employees to supplement our Client-Service FTE 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 client-service employees. 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, employees and projects.

Technology

We continue to invest in technology infrastructure to support our evolving service offerings, including investment in more sophisticated technology infrastructure to enable our technology-based services as they expand and change over time and to deliver scalable technology solutions to meet the demands of our clients.

Additional information about our operations is included in Part I, Item 1, "Business" of our 2016 Form 10-K.

Acquisitions

For details regarding our acquisitions, see Note 3 – Acquisitions to our unaudited consolidated financial statements. Any material impact our acquisitions may have had on our results from operations or segment results for the periods presented has been included in our discussion below.

Key Operating Metrics

The following key operating metrics provide additional operating information related to our continuing business and reporting segments. These key operating metrics may not be comparable to similarly-titled metrics at other companies. Our Technology, Data & Process businesses are comprised of technology enabled professional services, including business process management services and data analytics, legal technology solutions and data services and insurance claims processing, market research and benchmarking businesses.

- ***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.
- ***Average utilization rate*** is calculated by dividing the number of hours of our Consulting FTE who recorded time to client engagements during a period, by the total available working hours for these consultants during the same period (1,850 hours annually). Hours related to Technology, Data & Process FTE are excluded from average utilization rate.
- ***Billable hours*** are the number of hours our Consulting FTE recorded time to client engagements during the reporting period. Hours related to Technology, Data & Process FTE are excluded from billable hours.
- ***Segment operating profit*** represents total revenues less cost of services excluding long-term compensation expense attributable to Client-Service employees. Long-term compensation expense attributable to Client-Service employees includes share-based compensation expense and compensation expense attributable to retention incentives.

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

Results of Operations

Overview

For the three months ended March 31, 2017 and 2016, we reported $11.1 million and $12.6 million in net income, respectively, a decrease of 12.2% over the prior year period. Key highlights of our results include:

Revenues before reimbursements (RBR) increased 5.7%, of which more than two-thirds represented organic growth mainly in our Healthcare and Energy segments. The remaining increase was mainly due to contributions from the November 2016 acquisition of Ecofys within the Energy segment. See segment results below for further discussion on RBR. Additionally, cost of services before reimbursable expenses increased 7.2%, mainly due to higher compensation and benefit expenses in connection with prior year Client Service FTE hires and acquisitions. General and administrative expenses increased 4.2%, reflecting growth in non-billable FTEs primarily due to acquisition and increased facilities costs, partially offset by lower bad debt expense. Our effective income tax rate for the three months ended March 31, 2017 and 2016 was 37.5% and 34.8%, respectively.

	For the three months ended March 31, 2017	For the three months ended March 31, 2016	2017 over 2016 Increase (Decrease) Percentage
Key operating metrics:			
Average FTE			
-Consulting	1,907	1,706	11.8
-Technology, Data & Process	2,805	2,837	(1.1)
-Non-billable	912	807	13.0
Period end FTE			
-Consulting	1,896	1,711	10.8
-Technology, Data & Process	2,903	2,812	3.2
-Non-billable	922	822	12.2
Average bill rate	$ 285	$ 291	(2.1)
Utilization	73%	77%	(5.2)

Key Operating Metrics

Average FTE – Consulting increased 11.8% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016, mainly due to the acquisition of Ecofys within our Energy segment in November 2016, as well as additional hiring across all segments. Average FTE – Technology, Data & Process decreased 1.1% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 as a result of re-aligning our resources with demand for these types of services. Average Non-billable FTE increased 13.0% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 reflecting the impact of new hires made to support the growth of the business and reassignment of personnel from the segments to corporate functions. Utilization levels were 73% and 77% for the three months ended March 31, 2017 and 2016, respectively, and average bill rate decreased 2.1% to $285 over the same periods.

Results for the three months ended March 31, 2017 compared to the three months ended March 31, 2016

Revenue before Reimbursements. See segment results below for further discussion on RBR.

Cost of Services before Reimbursable Expenses. Cost of services before reimbursable expenses increased 7.2% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016. The increase was primarily due to higher compensation and benefits expenses mainly due to the November 2016 acquisition of Ecofys, additional hiring of Client-Service FTE across all segments, and annual wage increases. Incentive-based compensation also increased due to improved operating performance within certain areas of our Disputes, Forensics & Legal Technology segment and our Healthcare segment. Severance expense relating to Client-Service FTE increased for the three months ended March 31, 2017 compared to the corresponding period in 2016 and was $1.6 million and $0.9 million, respectively.

General and Administrative Expenses. General and administrative expenses increased 4.2% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016. The increase was mainly due to higher compensation and benefits expenses as a result of the November 2016 acquisition of Ecofys, additional hiring of Non-billable FTE to support growth of the business and yearly merit increases. Average Non-billable FTE included in general and administrative expenses for the three months ended March 31, 2017 and 2016 were 820 and 728, respectively, due to the reasons discussed above. Facilities expense increased $0.6 million due to double rent expense related to our corporate headquarters move in Chicago. Computer expense also increased to meet our increasing technology needs. These increases were partially offset by a decrease in bad debt expense to nil for the three months ended March 31, 2017 compared to $1.6 million for the three months ended March 31, 2016 driven primarily by the collection of one large client receivable during the three months ended March 31, 2017.

General and administrative expenses were down slightly at 17.6% of RBR for the three months ended March 31, 2017 as compared to 17.8% for the three months ended March 31, 2016.

Depreciation Expense. The increase in depreciation expense of 14.6% for the three months ended March 31, 2017, compared to the three months ended March 31, 2016 was primarily due to increased technology infrastructure spending, software, and leasehold improvements.

Amortization Expense. Amortization expense decreased 20.6% for the three months ended March 31, 2017, compared to the three months ended March 31, 2016. The decrease was primarily due to reduced amortization relating to certain intangible assets as their useful lives came to term, partially offset by the allocation of purchase price to intangible assets of recent acquisitions.

Other Operating Costs (Benefit):

Contingent Acquisition Liability Adjustments, Net. During the three months ended March 31, 2017, we recorded costs of $1.2 million, relating to fair value adjustments to our estimated deferred contingent acquisition liabilities.

Deferred Debt Issuance Costs Write-off. During the three months ended March 31, 2017, we recorded costs of $0.1 million, relating to the write off of deferred debt issuance costs resulting from refinancing of our credit facility completed in March 2017. See Note 11 – Bank Debt to our unaudited consolidated financial statements for further information.

Interest Expense. Interest expense decreased 15.2% or $0.2 million for the three months ended March 31, 2017 compared to the three months ended March 31, 2016, resulting from lower imputed interest relating to the deferred contingent consideration liabilities and lower average borrowing partially offset by higher borrowing rates. Average borrowing rates were 2.7% and 2.3% for the three months ended March 31, 2017 and 2016, respectively.

Income Tax Expense. Our effective income tax rate fluctuates based on the mix of income earned in various tax jurisdictions, including U.S. state and foreign jurisdictions which have different income tax rates, as well as various book-to-tax permanent differences. The rate is also impacted by discrete items which may not be consistent from year to year.

The effective income tax rate for the three months ended March 31, 2017 and 2016 was 37.5% and 34.8%, respectively. The increase in the effective income tax rate for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 was primarily attributable to the reversals of foreign deferred income tax valuation allowances, which reduced income tax expense during the three months ended March 31, 2016 by approximately $0.9 million.

On January 1, 2017, we adopted FASB ASU 2016-09, Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. As required by the standard, excess tax benefits and deficiencies recognized in share-based compensation expense are recorded in the consolidated statement of comprehensive income as a component of income tax expense. Previously, these amounts were recorded as a component of additional paid-in capital on the consolidated balance sheet. During the three months ended March 31, 2017, excess tax benefits of $0.6 million related to exercised and vested share-based compensation awards reduced income tax expense by 3.3% in the consolidated statement of comprehensive income. See Note 2 – Recent Accounting Pronouncements to our unaudited consolidated financial statements for further information.

Segment Results

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

- Healthcare
- Energy
- Financial Services Advisory and Compliance
- Disputes, Forensics & Legal Technology

The following information includes segment RBR, segment total revenues and segment operating profit all on a continuing basis. 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 our unaudited consolidated financial statements). Segment operating profit represents total revenues less cost of services excluding long-term compensation expense attributable to client-service employees. Long-term compensation expense attributable to client-service employees includes share-based compensation expense and compensation expense related to retention incentives (see Note 8 — Supplemental Consolidated Balance Sheet Information 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.

Healthcare

	For the three months ended March 31, 2017	For the three months ended March 31, 2016	2017 over 2016 Increase (Decrease) Percentage
Revenues before reimbursements (in 000s)	$ 90,546	$ 81,667	10.9
Total revenues (in 000s)	$ 98,689	$ 90,102	9.5
Segment operating profit (in 000s)	$ 27,613	$ 23,768	16.2
Key segment operating metrics:			
Segment operating profit margin	30.5%	29.1%	4.8
Average FTE - Consulting	610	556	9.7
Average FTE - Technology, Data & Process	2,467	2,581	(4.4)
Average utilization rates based on 1,850 hours	77%	77%	—
Average bill rate	$ 269	$ 264	1.9

The Healthcare segment provides consulting services and business process management services. Clients of this segment include healthcare providers, payers and life sciences companies. We help clients respond to market legislative changes such as the shift to an outcomes and value-based reimbursements model, ongoing industry consolidation and reorganization, Medicaid expansion, and the implementation of a new electronic health records system.

Three months ended March 31, 2017 compared to corresponding period in 2016

RBR for this segment increased 10.9% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016. The RBR increase for the three months ended March 31, 2017 was driven by continued strong demand from providers for large strategy-led transformation projects and life sciences companies for commercialization solutions.

Average FTE – Consulting increased 9.7% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 mainly due to additional hiring to meet the higher demand discussed above. Average FTE – Technology, Data & Process decreased 4.4% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 due to a transfer of personnel to the Financial Services Advisory and Compliance segment. Utilization was flat for the three months ended March 31, 2017 compared to the three months ended March 31, 2016. Average bill rate increased slightly to $269 mainly due to a change in project mix and improved pricing.

For the three months ended March 31, 2017 compared to the three months ended March 31, 2016, segment operating profit and segment operating profit margin increased $3.8 million and 1.4 percentage points, respectively. These increases were attributable to the impact of higher RBR partially offset by higher compensation and benefits expense and incentive-based compensation mainly related to increased Client-Service FTE.

Energy

	For the three months ended March 31,		2017 over 2016 Increase (Decrease)
	2017	2016	Percentage
Revenues before reimbursements (in 000s)	$ 32,498	$ 26,896	20.8
Total revenues (in 000s)	$ 37,722	$ 31,279	20.6
Segment operating profit (in 000s)	$ 8,879	$ 6,714	32.2
Key segment operating metrics:			
Segment operating profit margin	27.3%	25.0%	9.2
Average FTE - Consulting	472	370	27.6
Average FTE - Technology, Data & Process	62	62	—
Average utilization rates based on 1,850 hours	67%	72%	(6.9)
Average bill rate	$ 207	$ 203	2.0

The Energy segment provides advisory services to utilities, governmental agencies, manufacturers and investors. We provide our clients with advisory solutions in business strategy and planning, distributed energy resources and renewables, energy efficiency and demand response, and grid modernization. In addition, we provide a broad array of benchmarking and research services.

Three months ended March 31, 2017 compared to corresponding period in 2016

RBR for this segment increased 20.8% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016, and mainly reflected the contributions from the November 2016 acquisition of Ecofys.

Average FTE – Consulting increased 27.6% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 mainly due to the acquisition of Ecofys. Average FTE – Technology, Data & Process was flat for the three months ended March 31, 2017 compared to the three months ended March 31, 2016. Utilization decreased 6.9% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 mainly due to lower utilization levels at Ecofys which we expect to improve over time as we work to align our different business models. Average bill rate increased slightly to $207.

For the three months ended March 31, 2017 compared to the three months ended March 31, 2016, segment operating profit and segment operating profit margin increased $2.2 million and 2.3 percentage points, respectively. These increases were attributable to the impact of higher RBR from the Ecofys acquisition and improved utilization within certain higher-margin practices, partially offset by higher compensation and benefits expense.

Financial Services Advisory and Compliance

	For the three months ended March 31,		2017 over 2016 Increase (Decrease)
	2017	2016	Percentage
Revenues before reimbursements (in 000s)	$ 32,907	$ 33,650	(2.2)
Total revenues (in 000s)	$ 36,855	$ 36,907	(0.1)
Segment operating profit (in 000s)	$ 11,614	$ 13,506	(14.0)
Key segment operating metrics:			
Segment operating profit margin	35.3%	40.1%	(12.0)
Average FTE - Consulting	318	291	9.3
Average FTE - Technology, Data & Process	87	—	100.0
Average utilization rates based on 1,850 hours	75%	81%	(7.4)
Average bill rate	$ 293	$ 288	1.7

The Financial Services Advisory and Compliance segment provides strategic, operational, valuation, risk management, investigative and compliance advisory services to clients primarily in the highly-regulated financial services industry, including major financial and insurance institutions. This segment also provides anti-corruption solutions and anti-money laundering consulting, litigation support and tax compliance and valuation services to clients in a broad variety of industries.

Three months ended March 31, 2017 compared to corresponding period in 2016

RBR for this segment decreased 2.2% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016. The decrease in RBR was primarily due to the conclusion of certain engagements as well as fewer compliance and controls engagements from financial institutions.

Average FTE – Consulting increased 9.3% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 consistent with the overall expansion of the segment during 2016. Average FTE – Technology, Data & Process increased 100% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 due to a transfer of personnel from the Healthcare segment. Utilization decreased 7.4% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016, mainly due to the lower volume of work discussed above. Average bill rate increased slightly to $293 mainly due to a change in project mix.

For the three months ended March 31, 2017 compared to the three months ended March 31, 2016, segment operating profit and segment operating profit margin decreased $1.9 million and 4.8 percentage points, respectively. The decrease was driven by lower RBR, higher compensation and benefits expense due to an increase in FTE — Consulting and annual wage increase and severance, partially offset by lower incentive-based compensation.

Disputes, Forensics & Legal Technology

	For the three months ended March 31, 2017	For the three months ended March 31, 2016	2017 over 2016 Increase (Decrease) Percentage
Revenues before reimbursements (in 000s)	$ 80,260	$ 81,262	(1.2)
Total revenues (in 000s)	$ 84,571	$ 86,999	(2.8)
Segment operating profit (in 000s)	$ 26,339	$ 28,710	(8.3)
Key segment operating metrics:			
Segment operating profit margin	32.8%	35.3%	(7.1)
Average FTE - Consulting	508	489	3.9
Average FTE - Technology, Data & Process	189	193	(2.1)
Average utilization rates based on 1,850 hours	72%	78%	(7.7)
Average bill rate	$ 366	$ 380	(3.7)

The Disputes, Forensics & Legal Technology segment's professional services include accounting, regulatory, construction and computer forensic expertise, as well as valuation and economic analysis. In addition to these capabilities, our professionals use technological tools to perform eDiscovery services and to deliver custom technology and data analytic solutions. The clients of this segment principally include companies along with their in-house counsel and law firms, as well as accounting firms, corporate boards and government agencies.

Three months ended March 31, 2017 compared to corresponding period in 2016

RBR for this segment was relatively flat for the three months ended March 31, 2017 compared to the three months ended March 31, 2016. RBR for the three months ended March 31, 2017 reflected continued demand for our global expertise in complex industrial, infrastructure and commercial project matters, increased volumes for legal technology solutions, and an increase in performance-based fees associated with mass tort claims offset by fewer large general litigation and forensics engagements.

Average FTE – Consulting increased 3.9% for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 due to new hires within targeted growth areas during the year ended December 31, 2016 as well as a reclassification of 10 FTE professionals previously reported within Average FTE – Technology, Data & Process. Average FTE – Technology, Data & Process decreased 2.1% over the same periods mainly due to the reclassification mentioned above. Average bill rate decreased 3.7% to $366 for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 mainly due to changes in project mix. Utilization decreased 7.7% for the same periods mainly due to the lower volume of work discussed above.

For the three months ended March 31, 2017 compared to the three months ended March 31, 2016 segment operating profit and segment operating profit margin decreased $2.4 million and 2.5 percentage points, respectively, primarily due to lower RBR and higher incentive-based compensation and severance.

Liquidity and Capital Resources

Our cash flow activities were as follows (in thousands) for the three months ended March 31, 2017 and 2016:

	2017	2016
Net cash used in operating activities	$(22,961)	$(26,557)
Net cash used in investing activities	$(13,905)	$(12,472)
Net cash provided by financing activities	$ 37,462	$ 33,497

Generally, our primary sources of cash include cash flows from operations and borrowings under our credit facility. First quarter operating cash requirements are generally higher due to payment of our annual incentive bonuses while subsequent quarters' operating cash requirements are generally lower. 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 revenues. Daily revenues are calculated by taking quarterly revenue divided by 90 days, approximately equal to the number of days in a quarter. DSO was 86 days at March 31, 2017, compared to 78 days at March 31, 2016 reflecting higher accounts receivable, net balances mainly within our Healthcare and Energy segments.

Operating Activities

Net cash used in operating activities was $23.0 million and $26.6 million for the three months ended March 31, 2017 and 2016, respectively. The decrease in cash used in operating activities for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 was primarily due to lower working capital requirements, specifically, an increase in cash collections from clients partially offset by an increase in the amount paid for annual performance bonuses during the three months ended March 31, 2017.

Investing Activities

Net cash used in investing activities was $13.9 million and $12.5 million for the three months ended March 31, 2017 and 2016, respectively. Cash used in investing activities was higher in the three months ended March 31, 2017 compared to the three months ended March 31, 2016 primarily due to an increase in capital expenditures related to the build-out of our new corporate headquarters in Chicago and higher technology infrastructure spending, partially offset by lower acquisitions spending. The three months ended March 31, 2016 also included a working capital adjustment payment made to the selling members of McKinnis of $5.5 million.

Financing Activities

Net cash provided by financing activities was $37.5 million and $33.5 million for the three months ended March 31, 2017 and 2016, respectively. The higher level of cash provided by financing activities for the three months ended March 31, 2017 was primarily related to higher bank debt borrowings made during 2017 driven by higher annual incentive bonuses and higher investment in capital expenditures in this period. On March 28, 2017, we entered into a new credit agreement with a syndicate of banks, amending and extending the maturity date of the five-year $400 million revolving credit facility provided under our prior credit agreement. As amended and restated, the credit facility matures on March 28, 2022. Due to a change in the lending syndicate, borrowings from banks and repayments to banks includes $38.8 million related to funds flow in connection with the refinancing of the credit facility. All payments and borrowings related to this transaction were non-cash.

Debt, Commitments and Capital

For further information regarding our debt, see Note 11 – Bank Debt to our unaudited consolidated financial statements.

At March 31, 2017, we had total contractual obligations of $334.3 million. The following table shows the components of our significant commitments at March 31, 2017 by the scheduled years of payments (in thousands):

Contractual Obligations	Total	2017	2018 to 2019	2020 to 2021	Thereafter
Deferred acquisition liabilities (a)	$ 12,971	$12,180	341	$ 450	$ —
Revolving credit facility (b) (c)	178,336	—	—	—	178,336
Lease commitments	142,991	18,885	45,783	34,831	43,492
Total contractual obligations	$334,298	$31,065	$ 46,124	$ 35,281	$221,828

a) At March 31, 2017, we had $13.0 million in liabilities relating to deferred acquisition liability obligations (reflected in the table above). Of this balance, $3.0 million was in the form of contingent acquisition liability obligations which were recorded at estimated fair value and discounted to present value. Settlement of the obligations is contingent upon certain acquisitions meeting performance targets. Assuming each of these acquisitions reaches their maximum target, our maximum deferred contingent acquisition liability would have been $6.9 million at March 31, 2017. On April 3, 2017, $10.0 million was paid to the selling members of McKinnis to settle a deferred acquisition liability.

b) Interest incurred on amounts we borrow under the credit facility varies based on relative borrowing levels, fluctuations in the variable interest rates and the spread we pay over those interest rates. As such, we are unable to quantify our future obligations relating to interest on the credit facility. See Note 11 – Bank Debt to our unaudited consolidated financial statements for further information on our credit facility.

c) At March 31, 2017, we had $3.9 million of unused letters of credit under our credit facility, which have been included as a reduction in the available borrowings. The letters of credit are primarily related to the requirements of certain lease agreements for office space.

Through March 31, 2017, we have repurchased an aggregate of 8,781,258 shares of our common stock for approximately $131.1 million under our share repurchase program. At March 31, 2017, we had approximately $58.0 million remaining for share repurchases under the board authorization effective July 1, 2015. On April 19, 2017, our board of directors authorized an increase in our share repurchase authorization to $100.0 million for the 32-month period ending December 31, 2019. See Part II, Item 2 of this report for additional information on the share repurchases.

Table of Contents

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.

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 Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies” in our 2016 Form 10-K.

Recent Accounting Pronouncements

See Note 2 — Recent Accounting Pronouncements to our unaudited consolidated financial statements for further information on our accounting policies and recent accounting pronouncements.

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.

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, 2017, our interest rate derivatives effectively fixed our LIBOR base rate on $45.0 million of our debt. Based on borrowings under our credit facility at March 31, 2017 and after giving effect to the impact of our interest rate derivatives, our interest rate exposure was limited to $133.3 million of debt, and each quarter point change in market interest rates would have resulted in approximately a $0.3 million change in annual interest expense.

At March 31, 2017, 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 exposes us to market risk associated with foreign currency exchange rate fluctuations. At March 31, 2017, we had net assets of approximately $34.5 million with a functional currency of the U.K. Pound Sterling, $10.3 million with a functional currency of the Canadian Dollar and $8.3 million with a functional currency of the Euro related to our non-U.S. operations. At March 31, 2017, we had net liabilities denominated in non-functional currencies of approximately $3.2 million. As such, a ten percent change in the value of the local currencies would have resulted in a $0.3 million foreign currency gain or loss in our results of operations. Excess cash balances held outside the U.S. are immaterial to our overall financial position, and therefore, we have limited exposure to repatriating funds back to the U.S.

Item 4. ***Controls and Procedures.***

(1) Evaluation of Disclosure 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 (“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.

Except as described below, there has been no change in our internal control over financial reporting during the first quarter of 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

We are in the process of implementing a new Enterprise Resource Planning (ERP) system and reporting platform. Certain phases of the implementation were completed during the year ended December 31, 2016 and included implementing new modules related to our general ledger, project costing, contracts, billing and accounts receivable systems. During the first quarter of 2017 we continued the implementation and migrated an additional portion of our legacy reporting platform to the new ERP system and reporting platform, which resulted in the modification of certain controls, procedures and processes relating to the affected portion. We follow a system implementation life cycle process that requires significant pre-implementation planning, design and testing. We also conduct extensive post-implementation monitoring and testing of the effectiveness of our internal control over financial reporting, and Navigant has not experienced any significant deficiencies or material weaknesses in connection with the implementation or operation of the new ERP system and reporting platform. We plan to continue to migrate our legacy operating and financial information to the new ERP system and reporting platform.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

We are a party to a variety of legal proceedings that arise in the normal course of our business. While the results of these legal proceedings cannot be predicted with certainty, we believe that the final outcome of these proceedings will not have a material adverse effect, individually or in the aggregate, on our results of operations or financial condition.

Item 1A. Risk Factors.

There have been no material changes to the risk factors previously disclosed in Part I, Item 1A, “Risk Factors” in our 2016 Form 10-K.

Table of Contents

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 2017:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs(a)
Jan 1 - 31, 2017	59,552	$ 25.28	59,552	$ 61,497,688
Feb 1 - 28, 2017	61,771	$ 24.11	61,771	$ 60,008,191
Mar 1 - 31, 2017	85,975	$ 22.87	85,975	$ 58,041,920
Total	207,298	$ 23.93	207,298	$ 58,041,920

(a) On May 14, 2015, our board of directors extended until December 31, 2017 its previous authorization to repurchase up to $100 million in shares of our common stock in open market or private transactions. On April 19, 2017, our board of directors increased the share repurchase authorization to $100 million and extended the authorization to December 31, 2019, effective May 1, 2017.

Item 6. Exhibits.

The following exhibits are filed with this report:

Exhibit No.	Description
10.1	Credit Agreement, dated as of March 28, 2017, among Navigant Consulting, Inc., the other Borrowers party thereto, the Guarantors party thereto, the lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on March 30, 2017). (Schedules and exhibits have been omitted pursuant to Item 601 (b)(2) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the SEC upon request.)
10.2	Offer Letter, effective as of March 30, 2017, between Navigant Consulting, Inc. and Monica M. Weed.
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.

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
Chairman and Chief Executive Officer

By: /s/ STEPHEN R. LIEBERMAN
Stephen R. Lieberman
Executive Vice President and Chief Financial Officer

Date: May 4, 2017

EXHIBIT 10.2

NAVIGANT

30 South Wacker Drive
Suite 3550 | Chicago, IL 60606
312.583.5700 main
312.583.5701 fax
navigant.com

PRIVATE & CONFIDENTIAL

March 8, 2017

Ms. Monica M. Weed
2026 West Pensacola Avenue
Chicago, IL 60618

Dear Monica,

As you are aware, the term of your employment agreement ends on March 31, 2017. I am pleased to extend you an offer to continue your employment with Navigant Consulting, Inc. ("Navigant") as its Executive Vice President, General Counsel and Secretary, reporting directly to the Chief Executive Officer of Navigant. This letter (this "Agreement") outlines certain terms of your continued employment should you choose to accept this offer.

- **Base Salary:** An annualized base salary of $450,000 will be payable bi-weekly, based on 26 pay periods per year, or in such other installments consistent with Navigant's standard payroll practices, subject to authorized withholding and other required deductions. Annual compensation reviews are conducted by the Compensation Committee (the "Committee") of Navigant's Board of Directors (the "Committee") in the first quarter of each calendar year, and any salary adjustment resulting from that review is targeted to be effective on March 1 of such calendar year.
- **Annual Cash Incentive Bonus:** You will be eligible to receive an annual cash incentive bonus based upon your and Navigant's achievement of annual performance goals or objectives established and measured by the Committee in its sole discretion. Currently, you have a target annual incentive bonus opportunity equal to 75% of your annual base salary, payable in accordance with the Navigant Consulting, Inc. Annual Incentive Plan, as may be amended from time to time (but in no event shall any actual bonus award be paid later than March 15th of the calendar year immediately following the year for which such compensation is earned). Actual bonus awards may range from zero to a maximum of 200% of your target annual incentive bonus opportunity, based on your and Navigant's achievement of the applicable annual performance goals or objectives.
- **Annual Long-Term Equity Incentive Program:** Navigant shall grant annual long-term equity incentive awards to you for 2017, effective March 15, 2017, pursuant to the Navigant Consulting, Inc. Amended and Restated 2012 Long-Term Incentive Plan (the "LTIP") having an aggregate grant date value of $450,000, with: (a) 65% of the aggregate grant value consisting of performance-based RSUs (vesting three years from the grant date if and only to the extent that specific performance goals are met with respect to relative total

shareholder return and Navigant's adjusted EBITDA during the three-year performance period ending December 31, 2019); and (b) 35% of the aggregate grant date value consisting of time-based RSUs (vesting ratably over a three-year period), subject in each case to your continued employment through the applicable vesting date (except as set forth in the applicable award agreement embodying each such grant) and your compliance with the Business Protection Agreement. The target number of shares underlying the performance-based RSUs and the number of shares underlying the time-based RSUs will be computed based on the average closing price of a share of Navigant common stock for the 30 calendar day period immediately preceding the grant date. These awards, including the vesting thereof, shall be subject in all cases to the terms and conditions of the LTIP and the award agreements embodying such grants, in the standard form previously approved by the Committee, which must be executed as a pre-condition of such grants. In the event of a conflict between the terms of this Agreement and the terms and conditions of the LTIP or such award agreements, the terms of the LTIP and such award agreements will govern.

For 2018 and beyond, the amount and terms of any long-term equity incentive awards will be determined by the Committee in its sole discretion.

- **Stock Ownership Guidelines:** To reinforce the importance of stock ownership and further align our executive's interests with those of our shareholders, Navigant has adopted stock ownership guidelines and holding period requirements that apply to equity incentive awards for its named executive officers. These stock ownership guidelines require you to own shares of Navigant common stock valued at a minimum of three times your annual base salary. Until these stock ownership guidelines are achieved, you must retain at least 50% of the net shares received upon the vesting of equity awards and the exercise of stock options. Apart from meeting the applicable stock ownership guidelines, you will be required to hold at least 50% of the net shares received upon the vesting of equity awards and the exercise of stock options for at least one year following the applicable vesting or exercise date.

- **Severance Benefits:** Following acceptance of this offer, and in consideration of your continued employment with Navigant, you will be eligible to receive the payments set forth in Exhibit A attached hereto and made a part hereof. Navigant reserves the right, in its sole discretion, to amend or modify such severance benefits, subject to the limitations expressly set forth therein.

- **Employee Benefits and Perquisites:** As a member of the Company's senior executive management team, you will be entitled to receive all benefits and perquisites of employment generally available to other senior executive officers upon satisfying any applicable eligibility or participation criteria. Certain participation costs for our employee benefit programs are borne by our employees. Participation in our group insurance programs is subject to the requirements established by the group insurance carriers. Navigant reserves the right to discontinue or amend its employee benefits and perquisites, including group insurance programs, from time to time in its sole discretion.

As a condition to your continued employment with Navigant, and in consideration of the compensation, benefits and equity incentive awards that are included in this offer of continued employment, including the equity grants described above, you will be required to execute and comply with the Business Protection Agreement enclosed with this Agreement.

This offer of continued employment is made with the understanding that you will be based out of our Chicago headquarters office but will be available to travel to other offices or locations as reasonably necessary. This offer of continued employment is further contingent upon your reviewing and signing this Agreement and your willingness thereafter to abide by its terms and conditions, as well as those in the Business Protection Agreement.

It is understood that you are not being offered employment for a definite period of time and that either you or Navigant may terminate the employment relationship at any time and for any or no reason subject only to the following notice provisions: (a) you may terminate your employment for any reason (other than due to a Constructive Termination of Employment (as defined in Exhibit A)) by providing Navigant with a written notice of termination at least 60 calendar days prior to such termination, which shall be effective as of the date specified therein; (b) you may immediately terminate your employment due to a Constructive Termination of Employment (subject to the notice, cure, and terminations provisions set forth in such definition in Exhibit A), effective upon written notice to Navigant; (c) Navigant may terminate your employment for any or no reason (other than Cause or Disability (each as defined in Exhibit A)) upon 30 calendar days' advance written notice to you, which shall be effective as of the date specified therein; and (d) Navigant may immediately terminate your employment for Cause or Disability, in each case effective upon written notice to you. During any notice period given pursuant to the foregoing sentence, Navigant may in its discretion require that you refrain from reporting to Navigant's place(s) of business and from performing your duties during some or all of any such notice period. Any time during any such notice period Navigant may accelerate the effective date of termination of your employment if it pays you in a lump sum the pro-rated base salary that you would have earned during the period by which the notice period was reduced, which will be paid on the first regularly scheduled Navigant payroll date following the effective date of termination of your employment. Any written notice required or permitted in this Agreement shall be provided as set forth in Exhibit A. Nothing in this Agreement should be interpreted as creating anything other than an at-will employment relationship between the parties.

The terms and conditions set forth in this Agreement (including the attached Exhibit A), as well as the fact and contents of any discussions between us regarding your continued employment by Navigant, including any information that we may disclose to you about Navigant, its business, financial results and future prospects, are strictly confidential and should not be disclosed by you to any other party without our prior written consent or until publicly released by Navigant.

This Agreement (including Exhibit A attached hereto) and the Business Protection Agreement constitute the entire agreement between you and Navigant with respect to the subject matter hereof and thereof and supersede any and all prior and/or contemporaneous negotiations or agreements, written or oral (including the employment agreement between you and Navigant dated as of October 1, 2013 which will expire on March 31, 2017), regarding the subject matter thereof between the parties hereto. Except as otherwise provided for in Paragraph 8 or Paragraph 10(e) of Exhibit A, this Agreement shall not be modified or amended, except by a written agreement signed by you and an authorized representative of Navigant. You confirm that, in agreeing to the terms of this Agreement (including Exhibit A attached hereto) and the Business Protection Agreement, you are not relying on any oral or written statement or other representation not contained herein or therein. This Agreement (including Exhibit A attached hereto) is made and entered into and will be governed by and interpreted in accordance with the laws of the State of Illinois.

To accept this offer, please execute this letter in the space provided below and also execute a copy of the Business Protection Agreement and return executed copies of both agreements to Gene Raffone, VP & Chief Human Capital Officer. Countersigned copies will then be provided to you.

I am very pleased with the prospect that you will continue to be part of the Navigant executive team. If you have any questions regarding this offer, please feel free to contact me.

Sincerely,

NAVIGANT CONSULTING, INC.

By: /s/ Julie M. Howard
Julie M. Howard
Chairman and Chief Executive Officer

Enclosure

AGREED AND ACCEPTED this 30th day of March, 2017:

/s/ Monica M. Weed

EXHIBIT A

Severance Benefits

This Exhibit is attached to, and constitutes a part of, that certain offer of employment dated March 8, 2017 (the "Agreement"), between Navigant Consulting, Inc. ("Navigant") and Monica M. Weed ("Executive"). Any terms used but not otherwise defined in this Exhibit shall have the meanings ascribed to them in the Agreement.

1. **Definitions.** The following terms used in this Exhibit shall have the following meanings:

"Base Salary" means Executive's annual rate of base salary in effect immediately prior to the Termination Date (or, in the event of a Constructive Termination of Employment, the annual rate of base salary in effect immediately prior to the event giving rise to the Constructive Termination of Employment if such annual base salary is higher than the annual base salary in effect immediately prior to the Termination Date).

"Board" means the Board of Directors of Navigant.

"Business Protection Agreement" means Executive's Executive Officer Business Protection and Arbitration Agreement with Navigant (and any other similar agreement with Navigant with respect to Executive's confidentiality, non-competition or non-solicitation obligations to Navigant).

"Cause" means Executive's willful misconduct, dishonesty or other willful actions (or willful failures to act) which are materially and demonstrably injurious to the Company, or a material breach by Executive of one or more terms of any agreement between Executive and the Company, which shall include Executive's habitual neglect of the material duties required of Executive under such agreement, in each case as determined by the Board; provided, however, in order to terminate Executive's employment for Cause, Navigant must provide Executive with written notice specifying the conduct alleged to have constituted Cause and, if curable, Executive shall have 30 calendar days after receipt of such notice to cure the matters specified in the notice. For purposes of this definition, no act or failure to act on the part of Executive shall be considered "willful" unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon express authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. In addition, Executive's employment shall be deemed to have terminated for Cause if, within six months after the Termination Date, based on facts and circumstances discovered after Executive's employment has terminated, the Board determines in good faith after appropriate investigation that Executive committed an act prior to the Termination Date that would have justified a termination for Cause.

"Change in Control" shall have the meaning set forth in the Navigant Consulting, Inc. Amended and Restated 2012 Long-Term Incentive Plan, as in effect on the date hereof.

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended from time to time, and the regulations promulgated thereunder.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder.

"Company" means, collectively, Navigant and its subsidiaries.

"Constructive Termination of Employment" means the occurrence of any of the following events or conditions without Executive's express written consent: (a) a material diminution in Executive's Base Salary (excluding a reduction in compensation similarly affecting all or substantially all of the Company's executive officers); (b) a material diminution in Executive's authority, duties or responsibilities; (c) relocation of Executive's base office to an office that is more than 50 miles from Executive's base office prior to such relocation; or (d) the failure of Navigant to obtain the assumption of the terms set forth herein by any successors as contemplated in Paragraph 10(c) below; provided that, Executive must notify Navigant of his or her intention to terminate his or her employment by written notice in accordance with Paragraph 10(a) hereof; provided, further, that (i) such notice shall be provided to the Board within 90 calendar days of the initial existence of such event, (ii) Navigant shall have 30 calendar days to cure such event after receipt of such notice, and (iii) if uncured, Executive shall terminate his or her employment within six months following the initial existence of such event.

"Disability" means the absence of Executive from Executive's duties with the Company for 120 consecutive calendar days, or a total of 180 calendar days in any 12-month period, as a result of incapacity due to mental or physical illness that is determined to be total and permanent by a physician jointly selected by Navigant and Executive or Executive's legal representative, or, if the parties cannot agree on the selection of such physician then each shall choose a physician and the two physicians shall jointly select a physician to make such binding determination.

"Qualifying Termination of Employment" means a termination of Executive's employment by the Company for reasons other than the following: (a) a termination of employment for Cause; (b) Executive's resignation for any reason other than due to a Constructive Termination of Employment; (c) the cessation of Executive's employment with the Company due to death or Disability; or (d) the cessation of Executive's employment with the Company as the result of the sale, spin-off or other divestiture of a division, business unit or subsidiary or a merger or other business combination, which does not constitute a Change in Control, if either (i) Executive becomes employed with the purchaser or successor in interest to Executive's employer with regard to such division, business unit or subsidiary, or (ii) Executive is offered employment by such purchaser or successor in interest on terms and conditions comparable in the aggregate (as determined by the Committee in its sole discretion) to the terms and conditions of Executive's employment with the Company immediately prior to such transaction.

"Severance Benefits" means the benefits payable to Executive pursuant hereto.

"Termination Date" means the date on which Executive's employment with the Company terminates due to a Qualifying Termination of Employment, death or Disability. For all purposes hereof, Executive shall be considered to have terminated employment with the Company when he or she incurs a "separation of service" with the Company within the meaning of Section 409A(a)(2)(A)(i) of the Code and the applicable guidance issued thereunder.

2. **Effect of Termination of Employment on Compensation and Accrued Rights.** Upon termination of Executive's employment with the Company for any reason, all compensation and all benefits to Executive shall terminate, provided that the Company shall pay Executive: (a) the earned but unpaid portion of Executive's Base Salary through the Termination Date; and (b) any unpaid expense or other reimbursements due to Executive (collectively, the "Accrued Rights").

3. **Effect of Qualifying Termination of Employment.** Subject to Paragraphs 6 and 8, upon Executive's Qualifying Termination of Employment and provided that Executive has been and remains in compliance with any and all restrictive covenants and other obligations under any agreement with the Company, including, without limitation, the Business Protection Agreement, then Executive shall be entitled to receive the Severance Benefits described in this Paragraph 3, in addition to the Accrued Rights. To the extent applicable, Executive shall only be entitled to receive payments pursuant to Paragraph 3(a) or Paragraph 3(b) and not both paragraphs.

   (a) Severance Payment upon Non-Change in Control Termination of Employment. Upon a Qualifying Termination of Employment, Executive shall receive a lump sum severance payment equal to one times the sum of (i) Executive's Base Salary and (ii) the average of Executive's annual bonuses for the three most recently completed years (or such shorter period if employed for less than three years) prior to the Termination Date or Executive's target annual bonus amount if the Termination Date occurs prior the date on which Executive is eligible to receive his or her first annual bonus under Navigant's annual bonus program.

   (b) Severance Payment upon Change in Control Termination of Employment. Upon a Qualifying Termination of Employment during the one-year period following a Change in Control or if, during the six-month period preceding a Change in Control, the Company terminates Executive's employment other than for Cause, death or Disability, in anticipation of a Change in Control transaction that the Board is actively considering at the time of such termination of employment and that is ultimately consummated, Executive shall receive a lump sum severance payment equal to two times the sum of (i) Executive's Base Salary and (ii) the average of Executive's annual bonuses for the three most recently completed years (or such shorter period if employed for less than three years) prior to the Change in Control or Executive's target annual bonus amount if the Termination Date occurs prior the date on which Executive is eligible to receive his or her first annual bonus under Navigant's annual bonus program.

   (c) Annual Bonus. Upon a Qualifying Termination of Employment under either Paragraph 3(a) or Paragraph 3(b), the Company shall pay to Executive, (i) to the extent earned but not yet paid, Executive's annual bonus for the year preceding the year in which the Termination Date occurs in an amount determined by the Committee and subject to the terms and conditions of Navigant's annual bonus program as then in effect, and (ii) a prorated annual bonus for the year in which the Termination Date occurs based on actual performance under the terms of Navigant's annual bonus program as then in effect, with the bonus provided for in this subparagraph (c) to be paid at the same time bonuses are paid by Navigant to other participants in such program (but in no event later than the March 15th occurring immediately following the year in which the Termination Date occurs), subject to the terms and conditions of Navigant's annual bonus program as then in effect and prorated to reflect the number of calendar days out of 365 during which Executive was employed by Company during the year of the Qualifying Termination of Employment, including the Termination Date.

(d) Continued Benefits Coverage. Upon a Qualifying Termination of Employment under either Paragraph 3(a) or Paragraph 3(b) and provided that Executive (and/or his or her dependents) timely elects COBRA coverage, the Company shall pay to Executive (or to Executive's family in the event of Executive's death) on a monthly basis an amount equal to the monthly amount of the COBRA continuation coverage premium for such month, at the same level and cost to Executive (or Executive's dependents in the event of his or her death) as immediately preceding the Termination Date, under the Company group medical plan in which Executive participated immediately preceding the Termination Date, less the amount of Executive's portion of such monthly premium as in effect immediately preceding the Termination Date, until the earlier of (i) 12 months after the Termination Date or (ii) the date on which Executive and Executive's dependents have become eligible for substantially similar healthcare coverage or become entitled to Medicare coverage . Any payments under this Paragraph 3(d) shall constitute taxable income to Executive.

(e) Timing of Payment of Severance. Subject to the remaining terms hereof, Severance Benefits under this Paragraph 3 shall be paid to Executive in a lump sum cash payment within 60 calendar days following Executive's Termination Date; provided, however, that if the Company terminates Executive's employment other than for Cause, death or Disability, in anticipation of a Change in Control transaction that the Board is actively considering and that is ultimately consummated, the incremental Severance Benefit provided for under Paragraph 3(b) shall be paid within 60 calendar days following the consummation of the Change in Control; provided, further, that the Severance Benefits payable pursuant to Paragraph 3(c)(ii) and Paragraph 3(d), as applicable, shall be paid to Executive at the times provided in such paragraphs.

4. Effect of Termination due to Executive's death or Disability. Subject to Paragraphs 6 and 8, upon termination of Executive's employment due to death or Disability and provided that Executive has been and remains in compliance with any and all restrictive covenants and other obligations under any agreement with the Company, including, without limitation, the Business Protection Agreement, then Executive shall be entitled to receive the Severance Benefits described in this Paragraph 4, in addition to the Accrued Rights.

(a) Annual Bonus. Upon a termination of employment due to death or Disability, the Company shall pay to Executive (or his or her estate in the event of Executive's death), (i) to the extent earned but not yet paid, his or her annual bonus for the year preceding the year in which the Termination Date occurs in an amount determined by the Committee and subject to the terms and conditions of Navigant's annual bonus program as then in effect, to be paid within 60 calendar days following the Termination Date and (ii) a prorated annual bonus for the year in which the Termination Date occurs based on actual performance under the terms of Navigant's annual bonus program as then in effect, with the bonus provided for in this subparagraph (a) to be paid at the same time bonuses are paid by Navigant to other participants in such program (but in no event later than the March 15th occurring immediately following the year in which the Termination Date occurs), subject to the terms and conditions of Navigant's annual bonus program as then in effect and prorated to reflect the number of calendar days out of 365 during which Executive was employed by Company during the year of the termination of employment under this Paragraph 4, including the Termination Date.

(b) Continued Benefits Coverage. Upon termination of employment due to death or Disability and provided that Executive (and/or his or her dependents) timely elects COBRA coverage, the Company shall pay to Executive (or to Executive's family in the event of his or her death) on a monthly basis an amount equal to the monthly amount of the COBRA continuation coverage premium for such month, at the same level and cost to Executive (or Executive's dependents in the event of his or her death) as immediately preceding the Termination Date, under the Company group medical plan in which Executive participated immediately preceding the Termination Date, less the amount of Executive's portion of such monthly premium as in effect immediately preceding the Termination Date, until the earlier of (i) 12 months after the Termination Date or (ii) the date on which Executive and his or her dependents have become eligible for substantially similar healthcare coverage or become entitled to Medicare coverage. Any payments under this Paragraph 4(b) shall constitute taxable income to Executive.

5. Golden Parachute Provisions. In the event that a payment or benefit received or to be received by Executive following his or her Termination Date (whether pursuant to the terms hereof or any other plan, arrangement or agreement with the Company or any of its affiliates or divisions) (collectively, with the payments provided for herein, the "Post Termination Payments") would be subject to excise tax (in whole or in part) as a result of Section 280G of the Code, and as a result of such excise tax, the net amount of Post Termination Payments retained by Executive (taking into account federal, state income taxes and such excise tax) would be less than the net amount of Post Termination Payments retained by Executive (taking into account federal and state income taxes) if the Post Termination Payments were reduced or eliminated as described in this Paragraph 5, then the Post Termination Payments shall be reduced or eliminated until no portion of the Post Termination Payments is subject to excise tax, or the Post Termination Payments are reduced to zero. For purposes of this limitation, (a) no portion of the Post Termination Payments the receipt or enjoyment of which Executive shall have waived in writing prior to the date of payment following termination of the Post Termination Payments shall be taken into account, (b) no portion of the Post Termination Payments shall be taken into account which does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code, (c) the Post Termination Payments shall be reduced only to the extent necessary so that the Post Termination Payments (other than those referred to in clauses (a) and (b) above) in their entirety constitute reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code or are otherwise not subject to excise tax, and (d) the value of any non-cash benefit and all deferred payments and benefits included in the Post Termination Payments shall be determined by the mutual agreement of the Company and Executive in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. In the event that the Post Termination Payments shall be reduced pursuant to this Paragraph 5, then such reduced payment shall be determined by reducing the Post Termination Payments otherwise payable to Executive in the following order: (i) by reducing the cash severance payment due under Paragraph 3 or Paragraph 4, as applicable; (ii) by eliminating the acceleration of vesting of any stock options (and if there is more than one option award so outstanding, then the acceleration of the vesting of the stock option with the highest exercise price shall be reduced first and so on); and (iii) by reducing the payments of any restricted stock, restricted stock units, performance awards or similar equity-based awards that have been awarded to Executive by the Company (and if there be more than one such award held by Executive, by reducing the awards in the reverse order of the date of their award, with the oldest award reduced first and the most-recently awarded reduced last).

6. Requirement of General Release. Notwithstanding anything herein to the contrary, the payments and benefits under Paragraph 3 or Paragraph 4, as applicable, shall only be payable if Executive executes and delivers to the Company, and does not revoke, a general release and waiver agreement, which includes a release of Navigant, its subsidiaries, affiliates, officers, directors, employees, agents, benefit plans, fiduciaries and their insurers, successors, and assigns, provided that such general release and waiver agreement is returned, and not revoked, by Executive within the time period specified in the agreement (which shall not exceed 60 calendar days after the Termination Date).

7. Offsets; No Mitigation.

(a) Non-duplication of Benefits. The Company may, in its discretion and to the extent permitted under applicable law, offset against Executive's Severance Benefits hereunder or any other severance, termination, or similar benefits payable to Executive by the Company, including, but not limited to any amounts paid under any employment agreement or other individual contractual arrangement, or amounts paid to comply with, or satisfy liability under, the Worker Adjustment and Retraining Notification Act or any other federal, state, or local law requiring payments in connection with an involuntary termination of employment, plant shutdown, or workforce reduction, including, but not limited to, amounts paid in connection with paid leaves of absence, back pay, benefits, and other payments intended to satisfy such liability or alleged liability.

(b) Overpayment. The Company may recover any overpayment of Severance Benefits made to Executive or Executive's estate hereunder or, to the extent permitted by applicable law, offset any overpayment of Severance Benefits or any other amounts due from Executive against any Severance Benefits or other amount the Company owes Executive or Executive's estate.

(c) No Mitigation. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions hereof and such amounts shall not be reduced whether or not Executive obtains other employment.

8. Section 409A of the Code.

(a) The payments provided hereunder are intended to meet the requirements of Section 409A of the Code, and shall be interpreted and construed consistent with that intent. The payments to Executive hereunder are intended to be exempt from Section 409A of the Code to the maximum extent possible, under either the separation pay exemption pursuant to Treasury regulation §1.409A-1(b)(9)(iii) or as short-term deferrals pursuant to Treasury regulation §1.409A-1(b)(4), and each payment hereunder is designated as a separate payment for such purposes. In the event that Navigant determines that any provision hereof does not comply with Section 409A of the Code or any rules, regulations or guidance promulgated thereunder and that as a result Executive may become subject to a Section 409A tax, notwithstanding Paragraph 10(e), Navigant shall have the discretion to amend or modify such provision to avoid the application of such Section 409A tax, and in no event shall Executive's consent be required for such amendment or modification. Notwithstanding any provision hereof to the contrary, Executive shall be solely responsible and liable for the satisfaction of all taxes and penalties that may arise in connection with amounts payable pursuant hereto (including any taxes arising under Section 409A of the Code), and the Company shall have no obligation to indemnify or otherwise hold Executive harmless from any or all of such taxes.

(b) Notwithstanding any other provision hereof, to the extent any payments (including the provision of benefits) hereunder constitute "nonqualified deferred compensation," within the meaning of Section 409(A) of the Code, the payment shall be paid (or provided) in accordance with the following:

(i) If Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code on Executive's Termination Date, then no such payment shall be made during the period beginning on the Termination Date and ending on the date that is six months following the Termination Date or, if earlier, on the date of Executive's death, if the earlier making of such payment would result in tax penalties being imposed on Executive under Section 409A of the Code. The amount of any payment that would otherwise be paid to Executive during this period shall instead be paid, with interest at the short-term applicable federal rate as in effect as of the Termination Date, to Executive on the first business day following the date that is six months following the Termination Date or, if earlier, the date of Executive's death.

(ii) If the period during which Executive may execute the general release and waiver agreement as contemplated by Paragraph 6 commences in one calendar year and ends in a subsequent calendar year, such amounts or benefits shall be paid or provided in the subsequent calendar year in accordance with Section 409A of the Code.

(iii) Notwithstanding the foregoing provisions hereof, if and to the extent that amounts payable hereunder are deemed, for purposes of Section 409A of the Code, to be in substitution of amounts previously payable under another arrangement with respect to Executive, such payments hereunder will be made at the same time(s) and in the same form(s) as such amounts would have been payable under the other arrangement, to the extent required to comply with Section 409A of the Code.

(iv) Payments with respect to reimbursements of all expenses pursuant hereto shall be made promptly, but in any event on or before the last day of the calendar year following the calendar year in which the relevant expense is incurred. The amount of expenses eligible for reimbursement, or in-kind benefit provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefit to be provided, in any other calendar year and Executive's right to such reimbursement or in-kind benefits may not be liquidated or exchanged for any other benefit.

9. **Dispute Resolution.** Navigant and Executive agree that any dispute arising out of or relating to the terms set forth in this Exhibit that cannot be resolved amicably by the parties will be resolved in accordance with the provisions of the Business Protection Agreement.

10. Miscellaneous.

(a) Notices. Notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States registered or certified mail, return receipt requested, postage prepaid addressed as follows:

If to Navigant:	Navigant Consulting, Inc. 30 S. Wacker Drive, Suite 3550 Chicago, IL 60606 Attention: Chief Human Capital Officer (prior to May 1, 2017)
	Navigant Consulting, Inc. 150 N. Riverside Plaza, Suite 3100 Chicago, IL 60606 Attention: Chief Human Capital Officer (on or after May 1, 2017)
If to Executive:	At the most recent address on file with the Company

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications will be effective when actually received by the addressee.

(b) Withholding Taxes and Other Employee Deductions. The Company, its affiliates or any successor company may withhold or deduct from any benefits and payments made pursuant to this Exhibit all federal, state, city and other taxes as may be required pursuant to any statute, regulation, ordinance or order and all other normal employee deductions made with respect to the Company's employees generally.

(c) Successors. The terms set forth in this Exhibit are personal to Executive and without the prior written consent of Navigant are not assignable by Executive other than by will or the laws of descent and distribution. The terms set forth in this Exhibit will inure to the benefit of and be enforceable against Executive's legal representatives and will inure to the benefit of and be binding upon Navigant and its successors and assigns. Navigant will require any successor (whether direct or indirect, by purchase, merger, consolidation, share exchange or otherwise) to all or substantially all of the business and/or assets of Navigant to assume expressly and agree to perform Navigant's obligations under this Exhibit in the same manner and to the same extent that Navigant would be required to perform such obligations if no such succession had taken place. For purposes of this Exhibit, the term "Navigant" means Navigant as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform such obligations under this Exhibit by operation of law, or otherwise.

(d) Waiver. Executive's or Navigant's failure to insist upon strict compliance with any provision of this Exhibit or the failure to assert any right Executive or Navigant may have hereunder, will not be deemed to be a waiver of such provision or right or any other provision or right of this Exhibit.

(e) **Amendment.** Navigant may amend, modify or terminate any of the benefits provided under this Exhibit at any time; provided, however, that (i) expect as specifically provided in Paragraph 8, no amendment, modification or termination that is materially adverse to Executive will be effective without Executive's written consent until the 24 months after its adoption, and (ii) no such amendment, modification or termination shall affect the right to any unpaid Severance Benefits of Executive whose Termination Date has occurred prior to such amendment, modification or termination.

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
Chairman and Chief Executive Officer

May 4, 2017

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Stephen R. Lieberman, 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/ STEPHEN R. LIEBERMAN

Stephen R. Lieberman
Executive Vice President and
Chief Financial Officer

May 4, 2017

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, Chairman and Chief Executive Officer of Navigant Consulting, Inc. (the "Company"), and Stephen R. Lieberman, 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, 2017 (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
Chairman and Chief Executive Officer

May 4, 2017

/s/ STEPHEN R. LIEBERMAN
Stephen R. Lieberman
Executive Vice President and
Chief Financial Officer

May 4, 2017