
**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, 2016

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.)

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

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

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

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

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

| | | | |
|-------------------------|--|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> (Do not check if a smaller reporting company) | Smaller reporting company | <input type="checkbox"/> |

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 22, 2016, 47,636,874, shares of the registrant's common stock, par value \$.001 per share, were outstanding.

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Forward-Looking Statements

Statements included in this report which are not historical in nature are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements may generally be identified by words such as “anticipate,” “believe,” “intend,” “estimate,” “expect,” “plan,” “outlook” and similar expressions. We caution readers that there may be events in the future that we are not able to accurately predict or control and the information contained in the forward-looking statements is inherently uncertain and subject to a number of risks that could cause actual results to differ materially from those contained in or implied by the forward-looking statements, including the factors described in the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015. 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, 2016 | December 31, 2015 |
|---|---------------------------|------------------------------|
| | (unaudited) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 3,406 | \$ 8,895 |
| Accounts receivable, net | 230,177 | 216,660 |
| Prepaid expenses and other current assets | 33,147 | 29,729 |
| Total current assets | 266,730 | 255,284 |
| Non-current assets: | | |
| Property and equipment, net | 75,899 | 76,717 |
| Intangible assets, net | 35,524 | 38,160 |
| Goodwill | 624,022 | 623,204 |
| Other assets | 21,043 | 22,531 |
| Total assets | <u>\$1,023,218</u> | <u>\$ 1,015,896</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 9,975 | \$ 9,497 |
| Accrued liabilities | 11,569 | 10,719 |
| Accrued compensation-related costs | 51,847 | 91,577 |
| Income tax payable | 1,189 | — |
| Other current liabilities | 32,331 | 32,147 |
| Total current liabilities | 106,911 | 143,940 |
| Non-current liabilities: | | |
| Deferred income tax liabilities | 80,511 | 75,719 |
| Other non-current liabilities | 21,071 | 28,956 |
| Bank debt non-current | 211,521 | 173,743 |
| Total non-current liabilities | 313,103 | 278,418 |
| Total liabilities | 420,014 | 422,358 |
| Stockholders' equity: | | |
| Common stock | 57 | 64 |
| Additional paid-in capital | 631,905 | 627,976 |
| Treasury stock | (162,570) | (296,624) |
| Retained earnings | 151,012 | 278,682 |
| Accumulated other comprehensive loss | (17,200) | (16,560) |
| Total stockholders' equity | 603,204 | 593,538 |
| Total liabilities and stockholders' equity | <u>\$1,023,218</u> | <u>\$ 1,015,896</u> |

See accompanying notes to unaudited consolidated financial statements.

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

| | For the three months ended | |
|--|----------------------------|------------|
| | March 31, | |
| | 2016 | 2015 |
| Revenues before reimbursements | \$ 223,475 | \$ 201,156 |
| Reimbursements | 21,812 | 22,015 |
| Total revenues | 245,287 | 223,171 |
| Cost of services before reimbursable expenses | 153,940 | 138,601 |
| Reimbursable expenses | 21,812 | 22,015 |
| Total cost of services | 175,752 | 160,616 |
| General and administrative expenses | 39,831 | 35,665 |
| Depreciation expense | 6,522 | 5,355 |
| Amortization expense | 2,921 | 2,269 |
| Other operating costs (benefit): | | |
| Contingent acquisition liability adjustments, net | — | (14,933) |
| Office consolidation, net | — | 936 |
| Operating income | 20,261 | 33,263 |
| Interest expense | 1,260 | 1,732 |
| Interest (income) | (39) | (55) |
| Other (income), net | (340) | (328) |
| Income before income tax expense | 19,380 | 31,914 |
| Income tax expense | 6,738 | 6,771 |
| Net income | \$ 12,642 | \$ 25,143 |
| Basic net income per share | \$ 0.27 | \$ 0.52 |
| Shares used in computing basic per share data | 47,425 | 48,123 |
| Diluted net income per share | \$ 0.26 | \$ 0.51 |
| Shares used in computing diluted per share data | 49,031 | 49,413 |
| Net income | \$ 12,642 | \$ 25,143 |
| Other comprehensive loss, net of tax | | |
| Unrealized net (loss), foreign currency translation | (530) | (3,078) |
| Unrealized net (loss) on interest rate derivatives | (162) | (218) |
| Reclassification adjustment on interest rate derivatives included in interest expense and income tax expense | 52 | 75 |
| Other comprehensive (loss), net of tax | (640) | (3,221) |
| Total comprehensive income, net of tax | \$ 12,002 | \$ 21,922 |

See accompanying notes to unaudited consolidated financial statements.

NAVIGANT CONSULTING, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

| | Common Stock Shares | Treasury Stock Shares | Common Stock Par Value | Additional Paid-In Capital | Treasury Stock Cost | Accumulated Other Comprehensive (Loss) | Retained Earnings | Total Stock- holders' Equity |
|---|---------------------------|-----------------------------|------------------------------|----------------------------------|------------------------|---|----------------------|------------------------------------|
| Balance at December 31, 2015 | 64,465 | (16,903) | \$ 64 | \$627,976 | \$(296,624) | \$ (16,560) | \$ 278,682 | \$ 593,538 |
| Comprehensive income (loss) | — | — | — | — | — | (640) | 12,642 | 12,002 |
| Other issuances of common stock | 158 | — | 1 | 2,055 | — | — | — | 2,056 |
| Tax benefits on stock options exercised and restricted stock units vested | — | — | — | 190 | — | — | — | 190 |
| Vesting of restricted stock units, net of forfeitures and tax withholdings | 98 | — | — | (845) | — | — | — | (845) |
| Share-based compensation expense | — | — | — | 2,529 | — | — | — | 2,529 |
| Repurchases of common stock | — | (408) | — | — | (6,266) | — | — | (6,266) |
| Treasury stock retirement | (8,000) | 8,000 | (8) | — | 140,320 | — | (140,312) | — |
| Balance at March 31, 2016 | <u>56,721</u> | <u>(9,311)</u> | <u>\$ 57</u> | <u>\$631,905</u> | <u>\$(162,570)</u> | <u>\$ (17,200)</u> | <u>\$ 151,012</u> | <u>\$ 603,204</u> |

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, | |
|---|---|-----------|
| | 2016 | 2015 |
| Cash flows from operating activities: | | |
| Net income | \$ 12,642 | \$ 25,143 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Depreciation expense | 6,522 | 5,355 |
| Amortization expense | 2,921 | 2,269 |
| Share-based compensation expense | 2,529 | 2,104 |
| Accretion of interest expense | 178 | 863 |
| Deferred income taxes | 1,033 | 3,613 |
| Allowance for doubtful accounts receivable | 1,636 | 190 |
| Contingent acquisition liability adjustments, net | — | (14,933) |
| Other, net | 179 | 253 |
| Changes in assets and liabilities (net of acquisitions): | | |
| Accounts receivable | (15,543) | (24,434) |
| Prepaid expenses and other assets | (2,174) | (2,770) |
| Accounts payable | 478 | 1,105 |
| Accrued liabilities | 267 | 3,967 |
| Accrued compensation-related costs | (39,666) | (39,639) |
| Income taxes payable | 5,055 | 836 |
| Other liabilities | (2,614) | 2,124 |
| Net cash used in operating activities | (26,557) | (33,954) |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (4,977) | (12,950) |
| Acquisitions of businesses, net of cash acquired | (1,995) | (21,379) |
| Other acquisition payments | (5,500) | — |
| Net cash used in investing activities | (12,472) | (34,329) |
| Cash flows from financing activities: | | |
| Issuances of common stock | 2,056 | 4,258 |
| Repurchases of common stock | (6,266) | (6,117) |
| Repayments to banks | (96,392) | (71,584) |
| Borrowings from banks | 134,757 | 141,394 |
| Other, net | (658) | (211) |
| Net cash provided by financing activities | 33,497 | 67,740 |
| Effect of exchange rate changes on cash and cash equivalents | 43 | (117) |
| Net decrease in cash and cash equivalents | (5,489) | (660) |
| Cash and cash equivalents at beginning of the period | 8,895 | 2,648 |
| Cash and cash equivalents at end of the period | \$ 3,406 | \$ 1,988 |

Supplemental Unaudited Consolidated Cash Flow Information

| | For the three months ended March 31, | |
|-----------------------------------|---|----------|
| | 2016 | 2015 |
| Interest paid | \$ 869 | \$ 688 |
| Income taxes paid, net of refunds | \$ 158 | \$ 2,033 |

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, 2016 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2016.

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, 2015 included in our Annual Report on Form 10-K filed with the SEC on February 16, 2016 (2015 Form 10-K). During the three months ended March 31, 2016, we renamed two of our business segments. The Disputes, Investigations & Economics segment was renamed “Disputes, Forensics & Legal Technology,” and the Financial, Risk & Compliance segment was renamed “Financial Services Advisory and Compliance.” Other than the changes to the names of these segments, the characteristics of the business segments remain unchanged.

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. ACQUISITIONS

2015 Acquisitions

On December 31, 2015, we acquired McKinnis Consulting Services, LLC (McKinnis) to further expand our healthcare business. McKinnis specializes in providing revenue cycle assessment, strategy and optimization assistance for healthcare providers. The acquisition included approximately 70 professionals and was integrated into our Healthcare segment. We paid \$45.7 million at closing, including \$42.7 million in cash (net of cash acquired) and \$3.0 million (or 176,758 shares) in our common stock. The purchase agreement also provides for a deferred contingent acquisition payment to the selling members of McKinnis in an amount up to \$10.0 million based on the business achieving certain performance targets over the one-year period ending December 31, 2016. We estimated the fair value of the deferred contingent consideration on the closing date to be \$8.3 million which was recorded in other non-current liabilities at net present value using a risk-adjusted discount rate. As part of our preliminary purchase price allocation, we recorded \$13.0 million in identifiable intangible assets, \$45.5 million in goodwill and other net assets of \$1.0 million. Terms of the purchase agreement also include a provision for a working capital adjustment to be calculated within 90 days of the closing, which includes a \$5.5 million payment to the selling members for undistributed cash held in the business as of the closing. The \$5.5 million payment was made during the first quarter 2016. We are still in the process of finalizing our purchase price allocation and the assumptions used to determine the fair value of the intangible assets and deferred contingent consideration. To the extent that adjustments relate to facts and circumstances as of the closing date, the net impact will be recorded to goodwill for a period not exceeding one year.

On February 23, 2015, we acquired RevenueMed, Inc. (RevenueMed) to expand our business process management service capabilities within our healthcare segment. RevenueMed specializes in providing coding, revenue cycle management, and business process management services to healthcare providers. This acquisition included approximately 1,500 professionals primarily located in India and was integrated into the Technology, Data & Process business within our Healthcare segment. We paid \$21.3 million in cash (net of cash acquired) at closing. The purchase agreement provided for a deferred contingent acquisition payment to the selling stockholders of RevenueMed in an amount up to \$4.0 million based on the business achieving certain performance targets over the period beginning January 1, 2015 and ending June 30, 2015. We estimated the fair value of the deferred contingent consideration on the closing date to be \$3.8 million which was recorded in other current liabilities at net present value using a risk-adjusted discount rate. Based on the acquired business’ operating results during the performance period, the maximum earned amount was achieved, and on October 1, 2015, a \$4.0 million cash payment was made to settle the contingent acquisition liability. As part of our purchase price allocation, we recorded \$7.3 million in identifiable intangible assets, \$14.4 million in goodwill, \$1.4 million of internally developed software and other net assets of \$2.6 million. Other net assets included a liability for uncertain tax positions of \$1.3 million, and based on the indemnification terms of the purchase agreement, which entitles us to indemnification if tax is due, an offsetting receivable from RevenueMed was recorded in prepaid expenses and other current assets.

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See Note 11 – 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 our 2016 and 2015 acquisitions had occurred as of January 1, 2015. 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, | |
| | 2016 | 2015 |
| Total revenues | \$ 245,347 | \$ 232,187 |
| Net income | \$ 12,648 | \$ 25,641 |
| Basic net income per basic share | \$ 0.27 | \$ 0.53 |
| Shares used in computing net income per basic share | 47,425 | 48,299 |
| Diluted net income per diluted share | \$ 0.26 | \$ 0.52 |
| Shares used in computing net income per diluted share | 49,031 | 49,589 |

3. SEGMENT INFORMATION

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

- The **Disputes, Forensics & Legal Technology** (formerly Disputes, Investigations & Economics) 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 **Financial Services Advisory and Compliance** (formerly Financial, Risk & 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, valuation and restructuring consulting, litigation support and tax compliance services to clients in a broad variety of industries.
- 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 management advisory services to utility, government and commercial clients. We focus on creating value for our clients by assisting in their implementation of strategy and new business models and creating sustainable excellence in areas such as investment management, integrated resource planning, renewables, distributed energy resources, energy efficiency and demand response, and transmission and distribution operations. In addition, we provide a broad array of benchmarking and research services.

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 6 — Share-Based Compensation Expense and Note 7 — 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.

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

| | For the three months ended March 31, | |
|---|---|-------------------|
| | 2016 | 2015 |
| Revenues before reimbursements: | | |
| Disputes, Forensics & Legal Technology | \$ 81,262 | \$ 76,593 |
| Financial Services Advisory and Compliance | 33,650 | 34,943 |
| Healthcare | 81,667 | 63,994 |
| Energy | 26,896 | 25,626 |
| Total revenues before reimbursements | \$ 223,475 | \$ 201,156 |
| Total revenues: | | |
| Disputes, Forensics & Legal Technology | \$ 86,999 | \$ 81,211 |
| Financial Services Advisory and Compliance | 36,907 | 42,300 |
| Healthcare | 90,102 | 69,329 |
| Energy | 31,279 | 30,331 |
| Total revenues | \$ 245,287 | \$ 223,171 |
| Segment operating profit: | | |
| Disputes, Forensics & Legal Technology | \$ 28,710 | \$ 24,269 |
| Financial Services Advisory and Compliance | 13,506 | 15,070 |
| Healthcare | 23,768 | 18,256 |
| Energy | 6,714 | 7,922 |
| Total segment operating profit | 72,698 | 65,517 |
| Segment reconciliation to income before income tax expense: | | |
| Reconciling items: | | |
| General and administrative expenses | 39,831 | 35,665 |
| Depreciation expense | 6,522 | 5,355 |
| Amortization expense | 2,921 | 2,269 |
| Other operating benefit, net | — | (13,997) |
| Long-term compensation expense attributable to client-service employees (including share-based compensation expense) | 3,163 | 2,962 |
| Operating income | 20,261 | 33,263 |
| Interest and other expense, net | 881 | 1,349 |
| Income before income tax expense | \$ 19,380 | \$ 31,914 |

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, 2016 | December 31, 2015 |
|--|---------------------------|------------------------------|
| Disputes, Forensics & Legal Technology | \$ 344,489 | \$ 332,772 |
| Financial Services Advisory and Compliance | 94,606 | 88,956 |
| Healthcare | 373,269 | 379,032 |
| Energy | 108,370 | 108,630 |
| Unallocated assets | 102,484 | 106,506 |
| Total assets | \$1,023,218 | \$ 1,015,896 |

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4. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill consisted of (in thousands):

| | March 31, 2016 | December 31, 2015 |
|--------------------------------------|---------------------------|------------------------------|
| Goodwill | \$ 751,492 | \$ 750,674 |
| Less—accumulated amortization | (5,425) | (5,425) |
| Less—accumulated goodwill impairment | (122,045) | (122,045) |
| Goodwill, net | <u>\$ 624,022</u> | <u>\$ 623,204</u> |

Changes made to our goodwill balances during the three months ended March 31, 2016 and 2015 were as follows (in thousands):

| | Disputes, Forensics & Legal Technology | Financial Services Advisory and Compliance | Healthcare | Energy | Total Company |
|-------------------------------------|---|---|-------------------|------------------|--------------------------|
| Goodwill, net as of January 1, 2015 | \$ 231,730 | 55,320 | 204,469 | 76,572 | 568,091 |
| Acquisitions | — | — | 14,854 | — | 14,854 |
| Adjustments | (39) | (9) | (3) | — | (51) |
| Foreign currency | (3,422) | 65 | (205) | (1) | (3,563) |
| Goodwill, net as of March 31, 2015 | <u>\$ 228,269</u> | <u>\$ 55,376</u> | <u>\$ 219,115</u> | <u>\$ 76,571</u> | <u>\$ 579,331</u> |
| Goodwill, net as of January 1, 2016 | 227,134 | 55,341 | 264,163 | 76,566 | 623,204 |
| Acquisitions | — | — | 1,706 | — | 1,706 |
| Adjustments | (38) | (9) | (3) | — | (50) |
| Foreign currency | (390) | (233) | (91) | (124) | (838) |
| Goodwill, net as of March 31, 2016 | <u>\$ 226,706</u> | <u>\$ 55,099</u> | <u>\$ 265,775</u> | <u>\$ 76,442</u> | <u>\$ 624,022</u> |

We performed our annual goodwill impairment test as of May 31, 2015 (see Note 2 – Summary of Significant Accounting Policies in our 2015 Form 10-K). The key assumptions included: internal projections completed during our second quarter 2015 forecasting process; profit margin improvement generally consistent with our longer-term historical performance; assumptions regarding contingent revenue; revenue growth rates consistent with our longer-term historical performance also considering our near term investment plans and growth objectives; discount rates that were determined based on comparable discount rates for our peer group; company specific risk considerations and cost of capital based on our historical experience. Each reporting unit's estimated fair value depends on various factors including its expected ability to achieve profitable growth.

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, 2015. Accordingly, there was no indication of impairment of our goodwill for any of our reporting units. As of May 31, 2015, the estimated fair value of our Disputes, Forensics & Legal Technology, Financial Services Advisory and Compliance, Healthcare, and Energy reporting units exceeded their net asset carrying values by 16%, 61%, 25%, and 32%, 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, 2016.

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Intangible assets consisted of (in thousands):

| | <u>March 31, 2016</u> | <u>December 31, 2015</u> |
|----------------------------------|---------------------------|------------------------------|
| Intangible assets: | | |
| Customer lists and relationships | \$ 109,554 | \$ 109,745 |
| Non-compete agreements | 23,943 | 23,808 |
| Other | 27,607 | 27,302 |
| Intangible assets, at cost | 161,104 | 160,855 |
| Less: accumulated amortization | (125,580) | (122,695) |
| Intangible assets, net | <u>\$ 35,524</u> | <u>\$ 38,160</u> |

Our intangible assets have estimated remaining useful lives ranging up to ten 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, 2016, our intangible assets consisted of the following (in thousands, except year data):

| <u>Category</u> | <u>Weighted Average Remaining Years</u> | <u>Amount</u> |
|---------------------------------------|---|-----------------|
| Customer lists and relationships, net | 6.2 | \$29,246 |
| Non-compete agreements, net | 4.2 | 2,964 |
| Other intangible assets, net | 1.6 | 3,314 |
| Total intangible assets, net | 5.6 | <u>\$35,524</u> |

Total amortization expense was \$2.9 million and \$2.3 million for the three months ended March 31, 2016 and 2015, respectively. Below is the estimated annual aggregate amortization expense to be recorded in future periods related to intangible assets at March 31, 2016 (in thousands):

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|---------------|
| 2016 (includes January—March) | \$11,420 |
| 2017 | 8,471 |
| 2018 | 5,995 |
| 2019 | 4,151 |
| 2020 | 3,105 |
| 2021 | 3,327 |

5. NET INCOME PER SHARE (EPS)

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

| | <u>For the three months ended March 31,</u> | |
|------------------------------|---|---------------|
| | <u>2016</u> | <u>2015</u> |
| Basic shares | 47,425 | 48,123 |
| Employee stock options | 100 | 128 |
| Restricted stock units | 1,372 | 1,054 |
| Contingently issuable shares | 134 | 108 |
| Diluted shares | <u>49,031</u> | <u>49,413</u> |
| Antidilutive shares(1) | 177 | 182 |

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

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6. 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 following table shows the amounts attributable to each category (in thousands):

| | For the three months ended | |
|---|----------------------------|-----------------|
| | March 31, | |
| | 2016 | 2015 |
| Amortization of restricted stock unit awards | \$ 2,251 | \$ 1,826 |
| Amortization of stock option awards | 167 | 170 |
| Discount given on employee stock purchase transactions through our Employee Stock Purchase Plan | 111 | 108 |
| Total share-based compensation expense | <u>\$ 2,529</u> | <u>\$ 2,104</u> |

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

| | For the three months ended | |
|---|----------------------------|-----------------|
| | March 31, | |
| | 2016 | 2015 |
| Cost of services before reimbursable expenses | \$ 1,495 | \$ 1,135 |
| General and administrative expenses | 1,034 | 969 |
| Total share-based compensation expense | <u>\$ 2,529</u> | <u>\$ 2,104</u> |

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, 2016, we had \$14.1 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, 2016, we granted an aggregate of 348,744 share-based awards, consisting of restricted stock units and stock options with an aggregate fair value of \$3.6 million at the time of grant. These grants include certain awards that vest based on relative achievement of pre-established performance criteria.

7. SUPPLEMENTAL CONSOLIDATED BALANCE SHEET INFORMATION

Accounts Receivable, net

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

| | March 31, | December 31, |
|--|------------------|-------------------|
| | 2016 | 2015 |
| Billed amounts | \$148,921 | \$ 153,837 |
| Engagements in process | 103,134 | 80,102 |
| Allowance for uncollectible billed amounts | (11,015) | (9,797) |
| Allowance for uncollectible engagements in process | (10,863) | (7,482) |
| Accounts receivable, net | <u>\$230,177</u> | <u>\$ 216,660</u> |

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

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Prepaid Expenses and Other Current Assets

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

| | March 31, 2016 | December 31, 2015 |
|---|-------------------|----------------------|
| Notes receivable—current | \$ 2,829 | \$ 3,342 |
| Prepaid recruiting and retention incentives—current | 11,020 | 9,688 |
| Other prepaid expenses and other current assets | 19,298 | 16,699 |
| Prepaid expenses and other current assets | <u>\$ 33,147</u> | <u>\$ 29,729</u> |

Other Assets

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

| | March 31, 2016 | December 31, 2015 |
|---|-------------------|----------------------|
| Notes receivable—non-current | \$ 2,119 | \$ 4,420 |
| Capitalized client-facing software | 1,406 | 1,567 |
| Prepaid recruiting and retention incentives—non-current | 15,256 | 14,009 |
| Prepaid expenses and other non-current assets | 2,262 | 2,535 |
| Other assets | <u>\$ 21,043</u> | <u>\$ 22,531</u> |

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, 2016 and 2015, 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, 2016 and 2015 we granted \$6.5 million and \$1.6 million, respectively, of sign-on and retention bonuses, which have been included in current and non-current prepaid recruiting and retention incentives.

Property and Equipment, net

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

| | March 31, 2016 | December 31, 2015 |
|-----------------------------------|-------------------|----------------------|
| Furniture, fixtures and equipment | \$ 62,520 | \$ 63,995 |
| Software | 79,935 | 77,910 |
| Leasehold improvements | 43,161 | 40,560 |
| Property and equipment, at cost | 185,616 | 182,465 |
| Less: accumulated depreciation | (109,717) | (105,748) |
| Property and equipment, net | <u>\$ 75,899</u> | <u>\$ 76,717</u> |

During the three months ended March 31, 2016, we recorded \$5.0 million in property and equipment which included \$2.0 million in our technology infrastructure and software and \$1.0 million in furniture. We also recorded \$2.6 million in leasehold improvements (\$0.8 million was non-cash) related to the build-outs of various office spaces. During the three months ended March 31, 2016, we retired \$2.5 million in fully depreciated assets.

[Table of Contents](#)**Other Current Liabilities**

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

| | March 31, 2016 | December 31, 2015 |
|----------------------------------|-------------------|----------------------|
| Deferred acquisition liabilities | \$ 10,072 | \$ 1,665 |
| Deferred revenue | 16,702 | 19,317 |
| Deferred rent—short term | 2,983 | 2,909 |
| Other current liabilities | 2,574 | 8,256 |
| Total other current liabilities | <u>\$ 32,331</u> | <u>\$ 32,147</u> |

Other Non-Current Liabilities

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

| | March 31, 2016 | December 31, 2015 |
|-------------------------------------|-------------------|----------------------|
| Deferred acquisition liabilities | \$ — | \$ 8,300 |
| Deferred rent—long term | 14,453 | 14,358 |
| Other non-current liabilities | 6,618 | 6,298 |
| Total other non-current liabilities | <u>\$ 21,071</u> | <u>\$ 28,956</u> |

Deferred acquisition liabilities, current and non-current, at March 31, 2016 consisted of cash obligations related to definitive and contingent purchase price considerations recorded at net present value and fair value, respectively.

During the three months ended March 31, 2016, we made a payment of \$5.5 million to the selling members of McKinnis for cash held in the business at closing, which reduced other current liabilities.

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, 2016, other non-current liabilities included \$2.4 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 based on the achievement of certain performance targets during the prior year.

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

8. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table summarizes the activity in accumulated other comprehensive loss (in thousands):

| | For the three months ended March 31, | |
|---|---|--------------------|
| | 2016 | 2015 |
| Unrealized loss on foreign exchange: | | |
| Balance at beginning of period | \$ (16,446) | \$ (11,973) |
| Unrealized loss on foreign exchange | (530) | (3,078) |
| Balance at end of period | <u>\$ (16,976)</u> | <u>\$ (15,051)</u> |
| Unrealized loss on derivatives: | | |
| Balance at beginning of period | \$ (114) | \$ (111) |
| Unrealized loss on derivatives in period, net of reclassification | (162) | (218) |
| Reclassified to interest expense | 87 | 125 |
| Income tax expense | (35) | (50) |
| Balance at end of period | <u>\$ (224)</u> | <u>\$ (254)</u> |
| | <u>2016</u> | <u>2015</u> |
| Accumulated other comprehensive loss at March 31, | \$ (17,200) | \$ (15,305) |

9. DERIVATIVES AND HEDGING ACTIVITY

During the three months ended March 31, 2016, the following interest rate derivatives were outstanding (summarized based on month of execution):

| Month executed | Number of Derivative Contracts | Beginning Date | Maturity Date | Rate | Total Notional Amount (millions) |
|----------------|--------------------------------|----------------|---------------|-------|----------------------------------|
| May 2012 | 1 | June 28, 2013 | May 27, 2016 | 1.15% | \$ 5.0 |
| 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, 2016. For each of the three months ended March 31, 2016 and 2015, we recorded \$0.1 million in interest expense associated with differentials received or paid under the interest rate derivatives.

At March 31, 2016, we had \$0.4 million of net liability related to the interest rate derivatives.

10. BANK DEBT

Our credit agreement provides a \$400.0 million revolving credit facility. At our option, subject to the terms and conditions specified in the credit agreement, we may elect to increase commitments under the credit facility up to an aggregate amount of \$500.0 million. The credit facility becomes due and payable in full upon maturity in September 2018. Borrowings and repayments under the credit facility may be made in multiple currencies including United States Dollars, Canadian Dollars, United Kingdom Pound Sterling and Euro.

At March 31, 2016, we had aggregate borrowings outstanding of \$211.5 million, compared to \$173.7 million at December 31, 2015. Based on our financial covenants at March 31, 2016, approximately \$179.0 million in additional borrowings were available to us under the credit facility. At March 31, 2016, we had \$6.6 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, 2016, the applicable margins on LIBOR and base rate loans were 1.00% and zero, respectively. Depending upon our performance and financial condition, our LIBOR loans will have applicable margins varying between 1.00% and 2.00%, and our base rate loans have applicable margins varying between zero and 1.00%. Our average borrowing rate (including the impact of our interest rate derivatives; see Note 9 — Derivatives and Hedging Activity) was 2.3% and 2.4% for the three months ended March 31, 2016 and 2015, respectively.

Our credit agreement contains certain financial covenants, including covenants that require that we maintain a consolidated leverage ratio of not greater than 3.25:1 (except for the first quarter of each calendar year when the covenant requires us to maintain a consolidated leverage ratio of not greater than 3.5:1) and a consolidated interest coverage ratio (the ratio of the sum of adjusted EBITDA (as defined in the credit agreement) and rental expense to the sum of cash interest expense and rental expense) of not less than 2.0:1. At March 31, 2016, under the definitions in the credit agreement, our consolidated leverage ratio was 1.7 and our consolidated interest coverage ratio was 4.9. In addition, the credit agreement contains customary affirmative and negative covenants (subject to customary exceptions), including covenants that limit our ability to incur liens or other encumbrances, make investments, incur indebtedness, enter into mergers, consolidations and asset sales, change the nature of our business and engage in transactions with affiliates, as well as customary provisions with respect to events of default. We were in compliance with the covenants contained in our credit agreement at March 31, 2016; however, there can be no assurances that we will remain in compliance in the future.

11. FAIR VALUE

Fair value is defined as the price that would be received 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:

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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 9 – 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 in conjunction 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, 2016, no such adjustments were made, and during the three months ended March 31, 2015, we recorded \$14.9 million in other operating benefit for a net reduction in the liability reflecting changes in the fair value estimate of the contingent consideration for certain acquisitions made in 2014 and 2013 (see Note 3 to the consolidated financial statements in our 2015 Form 10-K). The following table summarizes the changes in deferred contingent acquisition liabilities (in thousands):

| | For the three months ended | |
|---|----------------------------|------------------|
| | March 31, | |
| | 2016 | 2015 |
| Beginning Balance | \$ 8,782 | \$ 23,272 |
| Acquisitions | — | 3,765 |
| Accretion of acquisition-related contingent consideration | 167 | 825 |
| Remeasurement of acquisition-related contingent consideration | — | (14,933) |
| Payments | (49) | — |
| Ending Balance | <u>\$ 8,900</u> | <u>\$ 12,929</u> |

At March 31, 2016, the carrying value of our bank debt approximated fair value as it bears interest at variable rates. 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, 2016 based upon the short-term nature of the assets and liabilities.

The following table summarizes our financial assets and liabilities measured at fair value on a recurring basis at March 31, 2016 and December 31, 2015 (in thousands):

| | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> | <u>Total</u> |
|---|---|--|--|--------------|
| At March 31, 2016 | | | | |
| Interest rate derivatives, net | \$ — | \$ 370 | \$ — | \$ 370 |
| Deferred contingent acquisition liabilities | \$ — | \$ — | \$ 8,900 | \$8,900 |
| At December 31, 2015 | | | | |
| Interest rate derivatives, net | \$ — | \$ 189 | \$ — | \$ 189 |
| Deferred contingent acquisition liabilities | \$ — | \$ — | \$ 8,782 | \$8,782 |

12. OTHER OPERATING COSTS (BENEFIT)

Contingent Acquisition Liability Adjustment, Net

During the three months ended March 31, 2015, we recorded a benefit of \$14.9 million relating to fair value adjustments to our estimated deferred contingent acquisition liabilities.

Contingent acquisition liabilities are initially estimated based on expected performance at the acquisition date and subsequently reviewed each quarter (see Note 11 – Fair Value).

Office Consolidation, Net

During the three months ended March 31, 2015, we recorded a cost of \$0.9 million related to our new consolidated office space located in New York City which we took possession of on October 22, 2014. The cost included rent expense for duplicate rent as we occupied our old New York City offices until completion of the build-out of the new space.

We have recorded \$2.8 million in current and non-current liabilities for restructured real estate. The activity for the three months ended March 31, 2016 was as follows:

| | Office Space Reductions |
|---|------------------------------------|
| Balance at December 31, 2015 | \$ 3,083 |
| Utilized during the three months ended March 31, 2016 | (326) |
| Balance at March 31, 2016 | <u>\$ 2,757</u> |

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.

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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 (as defined below) 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 (as defined below) 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

As our business has matured, we have also continued 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 2015 Form 10-K.

Acquisitions

For details regarding our recent acquisitions, see Note 2 – 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. Recorded hours related to Technology, Data & Process FTE are excluded from billable hours.

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- **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.
- **Organic revenue** represents revenues before reimbursements adjusted to include the impact of our acquisitions as if we owned them from the beginning of each comparable period (similar to our pro forma information included in Note 2 – Acquisitions to the notes to our unaudited consolidated financial statements) and adjusted to exclude the impact of foreign currency exchange rate fluctuations.

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

Results for the three months ended March 31, 2016 compared to the three months ended March 31, 2015

| | For the three months ended March 31, | | 2016 over 2015 Increase (Decrease) Percentage |
|-----------------------------|---|--------|---|
| | 2016 | 2015 | |
| Key operating metrics: | | | |
| Average FTE | | | |
| -Consulting | 1,706 | 1,571 | 8.6 |
| -Technology, Data & Process | 2,837 | 1,838 | 54.4 |
| -Non-billable | 807 | 646 | 24.9 |
| Period end FTE | | | |
| -Consulting | 1,711 | 1,568 | 9.1 |
| -Technology, Data & Process | 2,812 | 2,700 | 4.1 |
| -Non-billable | 822 | 693 | 18.6 |
| Average bill rate | \$ 291 | \$ 284 | 2.5 |
| Utilization | 77% | 76% | 1.3 |

Overview. During the three months ended March 31, 2016 and 2015, we reported \$12.6 million and \$25.1 million in net income, respectively. Key highlights of our results include:

- Revenues before reimbursements (RBR) increased 11.1%, for the three months ended March 31, 2016 compared to the three months ended March 31, 2015. Over half of the RBR increase was attributable to organic growth. RBR for our Healthcare segment increased 27.6% on a year over year basis, more than half of which was organic. The remaining increase within the Healthcare segment was a result of contributions from acquisitions (RevenueMed in February 2015 and McKinnis in December 2015). In addition, our Disputes, Forensics & Legal Technology and Energy segments contributed 6.1% and 5.0% increases in RBR, respectively, all on an organic basis. While our Financial Services Advisory and Compliance segment RBR decreased 3.6%, the segment did experience sequential RBR growth during the second half of 2015 and into the first three months of 2016.
- The three months ended March 31, 2015 benefitted from a deferred contingent acquisition liability fair value adjustment recorded in other operating benefit of \$14.9 million (see Note 11 – Fair Value to our unaudited consolidated financial statements for further information on such adjustments).
- Cost of services and general and administrative expenses also increased primarily as a result of recent acquisitions and higher average FTE in each category.

Revenues before Reimbursements. For the three months ended March 31, 2016, RBR increased 11.1% compared to the three months ended March 31, 2015. For further discussion of RBR, see segment results below.

Utilization levels were 77% and 76% for the three months ended March 31, 2016 and 2015, respectively, and average bill rate increased 2.5% to \$291 over the same periods. Average FTE – Consulting increased 8.6% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 mainly due to the acquisition of McKinnis on December 31, 2015 within our Healthcare segment as well as hiring within our Energy segment which occurred throughout the year ended December 31, 2015. Average FTE – Technology, Data & Process increased 54.4% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 mainly due to the acquisition of RevenueMed in February 2015, which added 1,500 Client-Service FTE (Average FTE reflects partial period of ownership). Period end FTE – Technology, Data & Process as of March 31, 2016 and 2015 reflected the full impact of 1,500 Client-Service FTE acquired from RevenueMed.

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Cost of Services before Reimbursable Expenses. Cost of services before reimbursable expenses increased 11.1% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015. The increase was mainly due to the acquisitions of RevenueMed and McKinnis. Compensation and benefits expense also increased due to hiring new Client-Service FTE within our Healthcare and Energy segments, partially offset by decreases within our Disputes, Forensics & Legal Technology segment. Recruiting and retention costs also increased for the three months ended March 31, 2016 compared to the three months ended March 31, 2015. Severance expense relating to Client-Service FTE for the three months ended March 31, 2016 and 2015 was \$0.9 million and \$1.5 million, respectively.

General and Administrative Expenses. General and administrative expenses increased 11.7% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015. The increase was mainly due to higher compensation and benefits expense as a result of acquisitions and new hires to support growth of the business. Employee-related costs such as training, recruiting and placement fees were also higher for the three months ended March 31, 2016 compared to the three months ended March 31, 2015. In addition, bad debt expense increased to \$1.6 million for the three months ended March 31, 2016 compared to \$0.2 million for the three months ended March 31, 2015 due to higher aged balances which were reserved at higher estimated rates for the three months ended March 31, 2016.

Average Non-billable FTE related to general and administrative expenses for the three months ended March 31, 2016 and 2015 was 728 and 582, respectively. The increase was mainly due to the acquisitions noted above.

General and administrative expenses was relatively flat at 17.8% of RBR for the three months ended March 31, 2016 compared to 17.7% of RBR for the three months ended March 31, 2015 mainly due to the impact of our acquisitions and the increase in bad debt expense, partially offset by the increased RBR.

Depreciation Expense. The increase in depreciation expense of 21.8% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015, was primarily due to increased technology infrastructure spending, software, leasehold improvements and the impact of property and equipment acquired in recent acquisitions.

Amortization Expense. Amortization expense increased 28.7% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015. The increase was due to the allocation of purchase price to intangible assets of recent acquisitions partially offset by amortization relating to certain intangible assets as their useful lives came to term.

Other Operating Costs (Benefit):

Contingent acquisition liability adjustment, net. During the three months ended March 31, 2015 we recorded benefits of \$14.9 million, relating to fair value adjustments to our estimated deferred contingent acquisition liabilities. See Note 11 – Fair Value to our unaudited consolidated financial statements for further information.

Interest Expense. Interest expense decreased 27.3% or \$0.5 million for the three months ended March 31, 2016, compared to the three months ended March 31, 2015. The decrease was mainly due to lower imputed interest relating to the deferred contingent consideration payable to the Cymetrix selling stockholders and a lower average borrowing rate, partially offset by a higher average debt balance due to the McKinnis acquisition. Average borrowing rates were 2.3% and 2.4% for the three months ended March 31, 2016 and 2015, respectively.

Income Tax Expense. Our effective income tax rate fluctuates based on the mix of income earned in various tax jurisdictions, including United States (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, 2016 and 2015 was approximately 34.8% and 21.2%, respectively. The effective income tax rate for the three months ended March 31, 2015 was favorably impacted by the one-time impact of a non-taxable deferred contingent acquisition liability fair value adjustment that reduced income tax expense by approximately \$6.2 million. The effective income tax rate for the three months ended March 31, 2016 was favorably impacted by the one-time impact of the reversal of \$0.9 million in deferred tax asset valuation allowances at certain of our international subsidiaries.

Segment Results

Based on their size and importance, our operating segments are the same as our reporting segments. During the three months ended March 31, 2016, we renamed two of our business segments. The Disputes, Investigations & Economics segment was renamed “Disputes, Forensics & Legal Technology,” and the Financial, Risk & Compliance segment was renamed “Financial Services Advisory and Compliance.” Other than the changes to the names of these segments, the characteristics of our business segments remain unchanged. Our performance is assessed and resources are allocated based on the following four reporting segments:

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

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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 3 — 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 7 — 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.

| <i>Disputes, Forensics & Legal Technology</i> | | | |
|---|----------------------------|-----------|--------------------------------------|
| | For the three months ended | | 2016 over |
| | March 31, | | 2015 |
| | 2016 | 2015 | Increase (Decrease) Percentage |
| Revenues before reimbursements (in 000s) | \$ 81,262 | \$ 76,593 | 6.1 |
| Total revenues (in 000s) | \$ 86,999 | \$ 81,211 | 7.1 |
| Segment operating profit (in 000s) | \$ 28,710 | \$ 24,269 | 18.3 |
| Key segment operating metrics: | | | |
| Segment operating profit margin | 35.3% | 31.7% | 11.4 |
| Average FTE—Consulting | 489 | 500 | (2.2) |
| Average FTE—Technology, Data & Process | 193 | 210 | (8.1) |
| Average utilization rates based on 1,850 hours | 78% | 74% | 5.4 |
| Average bill rate | \$ 380 | \$ 367 | 3.5 |

The Disputes, Forensics & Legal Technology (formerly Disputes, Investigations & Economics) 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.

RBR for this segment increased 6.1% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015. The increase in RBR was mainly due to increased demand for our disputes resolution services, with strong performance in global construction and infrastructure claims matters, in addition to continued demand aligned with our core industry sectors of healthcare and life sciences, energy and financial services. Also contributing to the increase were performance-based fees associated with mass tort claims work recognized during the three months ended March 31, 2016. These increases were partially offset by a decrease in legal technology solutions revenue within the U.S.

Average FTE – Consulting decreased 2.2% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 due to planned personnel reductions taken during the year ended December 31, 2015 partially offset by new hires within key strategic growth areas. Average FTE – Technology, Data & Process decreased 8.1% over the same periods mainly due to attrition. Average bill rate increased 3.5% to \$380 for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 mainly due to project mix and bill rate increases. Utilization increased 5.4% due to stronger demand reflected in the segment's increased RBR coupled with lower client-service FTE for the three months ended March 31, 2016 compared to the three months ended March 31, 2015.

For the three months ended March 31, 2016 segment operating profit increased \$4.4 million mainly due to the RBR increase discussed above, partially offset by a related increase in cost of services. Segment operating profit margin increased 3.6 percentage points mainly due to higher RBR without a similar increase in compensation and benefits expenses. As mentioned above, performance-based fees were realized during the three months ended March 31, 2016 for which certain cost of services were incurred in prior periods. In addition, during the three months ended March 31, 2016 compared to the three months ended March 31, 2015, the segment benefited from ongoing cost management actions. Severance expense for the three months ended March 31, 2016 and 2015 was \$0.1 million and \$1.2 million, respectively.

Financial Services Advisory and Compliance

| | For the three months ended | | 2016 over 2015 Increase (Decrease) Percentage |
|--|----------------------------|-----------|---|
| | March 31, | | |
| | 2016 | 2015 | |
| Revenues before reimbursements (in 000s) | \$ 33,650 | \$ 34,943 | (3.7) |
| Total revenues (in 000s) | \$ 36,907 | \$ 42,300 | (12.7) |
| Segment operating profit (in 000s) | \$ 13,506 | \$ 15,070 | (10.4) |
| Key segment operating metrics: | | | |
| Segment operating profit margin | 40.1% | 43.1% | (7.0) |
| Average FTE—Consulting | 291 | 302 | (3.6) |
| Average utilization rates based on 1,850 hours | 81% | 84% | (3.6) |
| Average bill rate | \$ 288 | \$ 274 | 5.1 |

The Financial Services Advisory and Compliance (formerly Financial, Risk & 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, valuation and restructuring consulting, litigation support and tax compliance services to clients in a broad variety of industries.

RBR for this segment decreased 3.7% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015. The decrease in RBR was due to a lower volume of on-going compliance work from a large financial institution client and the completion of a large anti-money laundering consulting engagement and a significant regulatory compliance engagement in mid-2015. These decreases were partially offset by new engagements in these areas, but at a lower volume. Despite lower volumes in the prior year period, new engagements throughout the second half of 2015 have driven modest sequential increases throughout the second half of 2015 which continued during the three months ended March 31, 2016.

Average FTE – Consulting decreased 3.6% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 mainly due to attrition. Average bill rate increased 5.1% to \$288 for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 mainly due to a change in consultant and project mix. Utilization decreased 3.6% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015, mainly due to the lower volume of work discussed above.

Segment operating profit and segment operating profit margin decreased \$1.6 million and 3.0 percentage points, respectively, for the three months ended March 31, 2016 compared to the three months ended March 31, 2015. The decrease was mainly due to lower RBR. In addition, segment operating profit margin was negatively impacted by reduced use of flexible resources in the current period.

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Healthcare

| | For the three months ended | | 2016 over |
|--|----------------------------|-----------|--------------------------------------|
| | March 31, | | 2015 |
| | 2016 | 2015 | Increase (Decrease) Percentage |
| Revenues before reimbursements (in 000s) | \$ 81,667 | \$ 63,994 | 27.6 |
| Total revenues (in 000s) | \$ 90,102 | \$ 69,329 | 30.0 |
| Segment operating profit (in 000s) | \$ 23,768 | \$ 18,256 | 30.2 |
| Key segment operating metrics: | | | |
| Segment operating profit margin | 29.1% | 28.5% | 2.1 |
| Average FTE—Consulting | 556 | 439 | 26.7 |
| Average FTE—Technology, Data & Process | 2,581 | 1,562 | 65.2 |
| Average utilization rates based on 1,850 hours | 77% | 74% | 4.1 |
| Average bill rate | \$ 264 | \$ 262 | 0.8 |

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.

RBR for this segment increased 27.6% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015. RBR for the three months ended March 31, 2016 reflected the full quarter benefits of the February 2015 acquisition of RevenueMed and the December 2015 acquisition of McKinnis. Over half of the RBR increase was organic growth, which included increases in provider performance improvement, strategic and analytics solutions, life sciences and regulatory work for governmental agencies. Performance-based fees for the three months ended March 31, 2016 and 2015 were \$1.0 million and zero, respectively. In addition, business process management services contributed to the segment's organic growth in the areas of hospital and physician coding and comprehensive revenue cycle management services.

Average FTE – Consulting increased 26.7% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 mainly due to the 70 professionals acquired from McKinnis and additional hiring to meet the higher demand. Average FTE – Technology, Data & Process for the three months ended March 31, 2015 reflected partial period employment of approximately 1,500 professionals acquired in February 2015 with the RevenueMed acquisition. Utilization increased 4.1% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015, reflecting increased demand. Average bill rate increased 0.8% to \$264 for the three months ended March 31, 2016.

For the three months ended March 31, 2016 compared to the three months ended March 31, 2015, segment operating profit and segment operating profit margin increased \$5.5 million and 0.6 percentage points, respectively. Segment operating profit was positively impacted by higher RBR, partially offset by higher compensation, benefits and incentive compensation expenses as well as retention and training costs mainly related to acquisitions and the increase in Client-Service FTE. In addition, higher performance-based fees and utilization rates contributed to the increase in segment operating profit and segment operating profit margin.

Energy

| | For the three months ended | | 2016 over 2015 Increase (Decrease) Percentage |
|--|----------------------------|-----------|---|
| | March 31, | | |
| | 2016 | 2015 | |
| Revenues before reimbursements (in 000s) | \$ 26,896 | \$ 25,626 | 5.0 |
| Total revenues (in 000s) | \$ 31,279 | \$ 30,331 | 3.1 |
| Segment operating profit (in 000s) | \$ 6,714 | \$ 7,922 | (15.2) |
| Key segment operating metrics: | | | |
| Segment operating profit margin | 25.0% | 30.9% | (19.1) |
| Average FTE—Consulting | 370 | 329 | 12.5 |
| Average FTE—Technology, Data & Process | 62 | 66 | (6.1) |
| Average utilization rates based on 1,850 hours | 72% | 76% | (5.3) |
| Average bill rate | \$ 203 | \$ 197 | 3.0 |

The Energy segment provides management advisory services to utility, government and commercial clients. We focus on creating value for our clients by assisting in their implementation of strategy and new business models and creating sustainable excellence in areas such as investment management, integrated resource planning, renewables, distributed energy resources, energy efficiency and demand response, and transmission and distribution operations. In addition, we provide a broad array of benchmarking and research services.

RBR for this segment increased 5.0% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015. The increase was mainly due to additional demand for strategy and operational improvement services such as risk management, transmission planning and performance excellence. In addition, demand side management services and regulatory government work also increased for the three months ended March 31, 2016 compared to the three months ended March 31, 2015.

Utilization decreased 5.3% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 due to slower than expected sales pipeline conversion. Average bill rate increased 3.0% to \$203 due to bill rate increases and changes in project mix. Average FTE – Consulting increased 12.5% relating to senior hires mainly within strategy and operational improvement and demand side management services, partially offset by planned personnel reductions, attrition and the personnel reassignment mentioned below. Average FTE – Technology, Data & Process decreased 6.1% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 due to the reassignment of five professionals to FTE-Consulting.

For the three months ended March 31, 2016 compared to the three months ended March 31, 2015, segment operating profit and segment operating profit margin decreased \$1.2 million and 5.9 percentage points, respectively, due to higher compensation and benefits expenses associated with recent senior hires, partially offset by higher RBR and lower incentive based compensation. In addition severance expense for the three months ended March 31, 2016 and 2015 was \$0.3 million and \$0.1 million, respectively, as we took actions to better align resources and to improve margins in this segment.

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Liquidity and Capital Resources

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

| | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|
| Net cash used in operating activities | \$(26,557) | \$(33,954) |
| Net cash used in investing activities | \$(12,472) | \$(34,329) |
| Net cash provided by financing activities | \$ 33,497 | \$ 67,740 |

Generally, our net cash provided by operating activities is funded by our day to day operating activities, augmented by borrowings under our credit facility. First quarter operating cash requirements are generally higher due to payment of our annual incentive bonuses while subsequent quarters' 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 78 days at March 31, 2016, compared to 80 days at March 31, 2015.

Operating Activities

Net cash used in operating activities was \$26.6 million and \$34.0 million for the three months ended March 31, 2016 and 2015, respectively. The decrease in cash used in operating activities for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 was primarily due to a decrease in working capital requirements.

Investing Activities

Net cash used in investing activities was \$12.5 million and \$34.3 million for the three months ended March 31, 2016 and 2015, respectively. Cash used in investing activities was lower in the three months ended March 31, 2016 compared to the three months ended March 31, 2015 due primarily to higher payments in the prior year period for acquisition related payments, capital expenditures related to the consolidation of our offices located in New York City and technology infrastructure spending primarily associated with our Technology, Data & Process businesses. The three months ended March 31, 2016 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 \$33.5 million and \$67.7 million for the three months ended March 31, 2016 and 2015, respectively. The higher level of cash provided by financing activities for the three months ended March 31, 2015, was primarily related to borrowings made for the RevenueMed acquisition.

Debt, Commitments and Capital

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

At March 31, 2016, we had total contractual obligations of \$385.9 million. The following table shows the components of our significant commitments at March 31, 2016 by the scheduled years of payments (in thousands):

| <u>Contractual Obligations</u> | <u>Total</u> | <u>2016</u> | <u>2017 to 2018</u> | <u>2019 to 2020</u> | <u>Thereafter</u> |
|--------------------------------------|------------------|-----------------|---------------------|---------------------|-------------------|
| Deferred acquisition liabilities (a) | \$ 10,072 | \$ 1,619 | \$ 8,453 | \$ — | \$ — |
| Revolving credit facility (b) (c) | 211,521 | — | 211,521 | — | — |
| Lease commitments | 164,320 | 19,932 | 47,888 | 39,366 | 57,134 |
| Total contractual obligations | <u>\$385,913</u> | <u>\$21,551</u> | <u>\$ 267,862</u> | <u>\$ 39,366</u> | <u>\$ 57,134</u> |

- a) At March 31, 2016, we had \$10.1 million in liabilities relating to deferred acquisition liability obligations (reflected in the table above). Of this balance, \$8.9 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 liabilities is contingent upon certain acquisitions meeting performance targets. Assuming each of these acquisitions reaches its maximum target, our maximum deferred acquisition liabilities would have been \$28.5 million at March 31, 2016.
- 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 10 – Bank Debt to our unaudited consolidated financial statements for further information on our credit facility.
- c) At March 31, 2016, we had \$6.6 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.

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Through March 31, 2016, we have repurchased an aggregate of 7,545,733 shares of our common stock for approximately \$107.3 million under our share repurchase program. At March 31, 2016, we had approximately \$81.8 million remaining for share repurchases under the board authorization. See Part II, Item 2 of this report for additional information on the share repurchases.

During the three months ended March 31, 2016, we retired 8,000,000 shares of treasury stock. As a result, within the stockholders' equity accounts on our consolidated balance sheets, treasury stock was reduced by the fair value of the shares calculated using the weighted average treasury stock inventory price, common stock was reduced for the aggregate par value of the shares retired, with the difference recorded as a reduction to retained earnings.

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 2015 Form 10-K.

Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360)—Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. This update includes amendments that change the requirements for reporting discontinued operations and require additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations that has (or will have) a major effect on the entity's operations and financial results should be presented as discontinued operations. Examples include a disposal of a major geographic area, a major line of business, a major equity method investment, or other major parts of an entity. Additionally, the revised guidance requires expanded disclosures in the financial statements for discontinued operations as well as for disposals of significant components of an entity that do not qualify for discontinued operations presentation. As permitted, we adopted this standard as of January 1, 2015. The adoption impacts our assessment of discontinued operations presentation.

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. On July 9, 2015, the FASB voted to defer the effective date of this guidance by one year. On March 17, 2016, the FASB issued ASU 2016-08, Revenue from Contracts with Customers (Topic 606), Principal versus Agent Considerations, which clarifies how an entity determines if it is a principal or an agent for each specified good or service promised to the customer, the nature of each specified good or service, and how an entity that is principal obtains control of a good and service provided by another party involved in providing goods or services to a customer. The standard and related amendments will be effective for financial statements issued by public companies for interim and annual reporting periods beginning after December 15, 2017. Early adoption of the standard is permitted, but not before the original date of financial statements issued by public companies for interim and annual reporting periods beginning after December 15, 2016. We currently do not plan to early adopt this guidance and are evaluating the potential impact of this guidance on our consolidated financial statements as well as transition methods.

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In April 2015, the FASB issued ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs. This update includes amendments that change the presentation of debt issuance costs in financial statements. ASU 2015-03 requires an entity to present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs will continue to be reported as interest expense. This standard will be effective for financial statements issued by public companies for annual reporting periods beginning after December 15, 2015. Early adoption is permitted. The new guidance will be applied retrospectively to each prior period presented. Subsequently in August 2015, the FASB issued ASU 2015-15, which clarified the guidance in ASU 2015-03 that for a line-of-credit (revolving credit) arrangement the SEC staff would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term. We adopted this standard as of January 1, 2016; however, since our credit facility is a revolving credit arrangement we will continue to present our current net debt issuance cost balance in other assets. Our net debt issuance cost as of March 31, 2016 was \$1.2 million.

In September 2015, the FASB issued ASU 2015-16, Business Combinations (Topic 805). This update requires the acquirer in a business combination to recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which adjustment amounts are determined. The adjustments are calculated as if the accounting had been completed at the acquisition date. Prior to this update, an acquirer was required to restate prior period financial statements as of the acquisition date for adjustments to provisional amounts. This standard became effective for us as of January 1, 2016. The standard will be applied to future business combinations.

In November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Taxes (Topic 740). This update requires entities with a classified balance sheet to present all deferred tax assets and liabilities as noncurrent. The current requirement that deferred tax liabilities and assets be offset by jurisdiction and presented as a single amount is not affected by this standard update. This standard will be effective for financial statements issued by public companies for annual and interim periods beginning after December 15, 2016. Early adoption of the standard is permitted, and the standard may be applied either retrospectively or prospectively. We adopted this standard prospectively as of October 1, 2015, and reclassified our deferred tax assets and liabilities to the net non-current deferred tax liability in our consolidated balance sheets as of December 31, 2015.

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 be applied in 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 this guidance on our consolidated financial statements.

In March 2016, The FASB issued ASU 2016-09, Compensation-Stock Compensation (Topic 718). This update is intended to reduce the cost and complexity of accounting for share-based payments; however, some changes may also increase volatility in reported earnings. Under the new guidance, all excess tax benefits and deficiencies will be recorded as an income tax benefit or expense in the income statement and excess tax benefits will be recorded as an operating activity in the statement of cash flows. The new guidance also allows withholding up to the maximum individual statutory tax rate without classifying the awards as a liability. The cash paid to satisfy the statutory income tax withholding obligation is classified as a financing activity in the statement of cash flows. Lastly, the update allows forfeitures to be estimated or recognized when they occur. The requirements for the excess tax effects related to share-based payments at settlement must be applied on a prospective basis, and the other requirements under this standard are to be applied on a retrospective basis. This standard will be effective for financial statements issued by public companies for annual and interim periods beginning after December 15, 2016. We are currently evaluating the potential impact of this guidance on our consolidated financial statements.

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, 2016, our interest rate derivatives effectively fixed our LIBOR base rate on \$50.0 million of our debt. Based on borrowings under our credit facility at March 31, 2016 and after giving effect to the impact of our interest rate derivatives, our interest rate exposure was limited to \$161.5 million of debt, and each quarter point change in market interest rates would have resulted in approximately a \$0.4 million change in annual interest expense.

At March 31, 2016, 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.

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We operate in various foreign countries, which exposes us to market risk associated with foreign currency exchange rate fluctuations. At March 31, 2016, we had net assets of approximately \$47.4 million with a functional currency of the United Kingdom Pound Sterling and \$10.8 million with a functional currency of the Canadian Dollar related to our operations in the United Kingdom and Canada, respectively. At March 31, 2016, we had net assets denominated in non-functional currency of approximately \$1.3 million. As such, a ten percent change in the value of the local currency would have resulted in a \$0.1 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 (the “Exchange Act”)) that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time frames specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Any system of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

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

There has been no change in our internal control over financial reporting during the first quarter of 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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 2015 Form 10-K.

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 2016:

| <u>Period</u> | <u>Total Number of Shares Purchased</u> | <u>Average Price Paid per Share</u> | <u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u> | <u>Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs(a)</u> |
|------------------|---|-------------------------------------|---|--|
| Jan 1 - 31, 2016 | 119,520 | \$ 15.87 | 119,520 | \$ 86,162,064 |
| Feb 1 - 29, 2016 | 137,200 | \$ 14.97 | 137,200 | \$ 84,108,629 |
| Mar 1 - 31, 2016 | 151,200 | \$ 15.31 | 151,200 | \$ 81,793,309 |
| Total | <u>407,920</u> | \$ 15.36 | <u>407,920</u> | \$ 81,793,309 |

- (a) On October 25, 2011, our board of directors extended its previous authorization to repurchase up to \$100 million of our common stock in open market or private transactions. On February 11, 2014, our board of directors increased the share repurchase authorization by approximately \$50 million. On May 14, 2015, our board of directors increased the share repurchase authorization to \$100 million and extended the authorization to December 31, 2017, effective July 1, 2015. As increased and extended, as of July 1, 2015, we are authorized to repurchase up to \$100 million in shares of our common stock during the 30 month period ending December 31, 2017.

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Item 6. Exhibits.

The following exhibits are filed with this report:

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 10.1 | Form of Restricted Stock Unit Award Agreement (2012 Long-Term Incentive Plan – revised March 2016). |
| 10.2 | Form of Performance-Based Restricted Stock Unit Award Agreement (2012 Long-Term Incentive Plan – revised March 2016). |
| 10.3 | Form of Stock Option Award Agreement (2012 Long-Term Incentive Plan – revised March 2016). |
| 10.4 | Offer Letter dated February 19, 2016 between Navigant Consulting, Inc. and Stephen Lieberman (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on April 4, 2016). |
| 10.5 | Form of Restricted Stock Unit Award Agreement (Mr. Lieberman Initial Grant) (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on April 4, 2016). |
| 10.6 | Offer Letter dated March 28, 2016 between Navigant Consulting, Inc. and Lee A. Spierer. |
| 31.1 | Certification of Chief Executive Officer required by Rule 13a-14 of the Securities Exchange Act. |
| 31.2 | Certification of Principal Financial Officer required by Rule 13a-14 of the Securities Exchange Act. |
| 32.1 | Certification of Chief Executive Officer and Principal 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/ THOMAS A. NARDI

Thomas A. Nardi
Executive Vice President and
Principal Financial Officer

Date: April 26, 2016

**NAVIGANT CONSULTING, INC.
2012 LONG-TERM INCENTIVE PLAN**

RESTRICTED STOCK UNIT AWARD AGREEMENT

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

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

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

3. Service-Based Vesting Condition. Except as otherwise provided in this Section 3, the Award shall vest [(i) on the first anniversary of the Grant Date with respect to one-third of the number of shares subject thereto on the Grant Date, (ii) on the second anniversary of the Grant Date with respect to an additional one-third of the number of shares subject thereto on the Grant Date and (iii) on the third anniversary of the Grant Date with respect to the remaining one-third of the number of shares subject thereto on the Grant Date], provided the Holder remains continuously employed by the Company or one of its affiliates through such date, and further provided that the Holder has been continuously and remains in compliance with the terms and conditions set forth in (a) the employment agreement or offer letter between the Holder and the Company, as in effect on the Grant Date ("Employment Agreement"), and (b) any Executive Officer Business Protection Agreement with the Company (and any other similar agreement (other than an Employment Agreement) with respect to the Holder's confidentiality, non-competition or non-solicitation obligations to the Company) ("Business Protection Agreement"). The period of time prior to the vesting shall be referred to herein as the "Restriction Period."

3.1. Termination of Employment.

3.1.1. Termination as a Result of Holder's Death or Disability or by the Company other than for Cause Prior to a Change in Control. If the Holder's employment with the Company terminates prior to the end of the Restriction Period by reason of (i) the Holder's death or Disability (as defined in Section 3.1.5) or (ii) the Company's termination of the Holder's employment other than for Cause (as defined in Section 3.1.5 below) prior to a Change in Control, then in any such case, a pro-rata portion of the Award that was not vested immediately prior to such termination of employment shall vest upon such termination of employment and shall be settled in accordance with

Section 5; provided, however, in the event the Holder has satisfied the age and service requirements set forth in Section 3.1.3 for “Retirement,” then the pro-rated Award shall be settled on the next scheduled vesting date in the event of a termination by reason of Disability or by the Company other than for Cause prior to a Change in Control. For purposes of the foregoing sentence, a “pro-rata portion” shall mean the product of (x) the number of shares subject to the Award that would have vested on the next vesting date and (y) a fraction, the numerator of which is the number of days that have elapsed since the vesting date immediately prior to such termination of employment (or, in the case of the Holder’s termination of employment prior to the first vesting date, the Grant Date) through the date of termination of the Holder’s employment, and the denominator of which is 365. The portion of the Award that does not vest in connection with such termination of employment shall be immediately forfeited and cancelled by the Company.

3.1.2. Termination by the Company for Cause or by the Holder (other than by reason of Retirement). If the Holder’s employment with the Company terminates prior to the end of the Restriction Period by reason of (i) the Company’s termination of the Holder’s employment for Cause or (ii) the Holder’s resignation from employment for any reason other than Retirement, then the portion of the Award that was not vested immediately prior to such termination of employment shall be immediately forfeited by the Holder and cancelled by the Company.

3.1.3. Termination by Reason of Retirement. If the Holder’s employment with the Company is terminated by reason of Retirement, and provided that the Holder has been and remains in compliance, throughout the Restriction Period, with the post-employment obligations set forth in (i) the Holder’s Employment Agreement (such terms and conditions thereof being incorporated herein by reference) and (ii) any Business Protection Agreement to which the Holder is a party (such terms and conditions thereof being incorporated herein by reference), the Award shall continue to vest in accordance with the vesting schedule set forth in this Section 3, assuming the Holder had remained employed with the Company on each such vesting date. As used herein, “Retirement” shall mean the Holder’s voluntary resignation of employment from the Company and its Subsidiaries if, on the date of such resignation of employment, the sum of the Holder’s age and continuous years of service with the Company equals at least 65, with a minimum of at least five continuous years of service and a minimum age of 55.

3.1.4. Change in Control.

(a) In the event of a Change in Control pursuant to which the Award is not effectively assumed by the surviving or acquiring corporation in a Change in Control (with appropriate adjustments to the number and kinds of shares, in each case, that preserve the material terms and conditions of the Award as in effect immediately prior to the Change in Control), the portion of the Award that was not vested immediately prior to such Change in Control shall be 100% vested upon such Change in Control and shall be payable within thirty (30) days following the Change in Control to the extent permitted under Section 409A of the Code and, if not permitted, such Award shall be payable in accordance with the vesting schedule otherwise set forth in this Section 3.

(b) In the event a Change in Control occurs during the Restriction Period and the Holder's employment is terminated by the Company other than for Cause or by the Holder for Good Reason (as defined in Section 3.1.5) or due to a Constructive Termination of Employment (as defined in Section 3.1.5), as applicable, within 24 months following such Change in Control, the portion of the Award that was not vested immediately prior to such termination of employment shall be 100% vested upon such termination of employment.

3.1.5. Definitions. For purposes of this Agreement, "Cause," "Constructive Termination of Employment," "Disability" and "Good Reason" (as applicable) shall have the meanings set forth in the Holder's Employment Agreement.

4. Compliance with Other Agreements. The Holder hereby reaffirms the Holder's agreement to comply with the Holder's Employment Agreement and any Business Protection Agreement to which the Holder is a party, in consideration of being eligible to receive this Award and the benefits provided this Agreement. The Holder further acknowledges and agrees that the Holder's obligations under the Holder's Employment Agreement and any Business Protection Agreement to which the Holder is a party will remain in full force and effect in accordance with the terms and conditions thereof without regard to whether the Holder vests in this Award (or any portion thereof) and notwithstanding the Holder fully vesting in the Award, or any expiration, modification, or termination of the Restriction Period, the Award, the Plan or this Agreement.

5. Delivery of Certificates. Subject to Section 7 and provided that the Holder has been continuously and remains in compliance with the terms and conditions of the Holder's Employment Agreement and any Business Protection Agreement to which the Holder is a party, as soon as practicable (but not later than 30 days) after the vesting of the Award, in whole or in part, the Company shall deliver or cause to be delivered one or more certificates issued in the Holder's name (or such other name as is acceptable to the Company and designated in writing by the Holder) representing the number of vested shares; provided, however, in the event of the vesting of the Award pursuant to Section 3.1.4, if the Award constitutes nonqualified deferred compensation (within the meaning of Section 409A of the Code) and such Change in Control is not a "change in control event" (within the meaning of Section 409A of the Code), such Award shall be payable in accordance with the vesting schedule otherwise set forth in Section 3. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such delivery, except as otherwise provided in Section 7. Prior to the issuance to the Holder of the shares of Stock subject to the Award, the Holder shall have no direct or secured claim in any specific assets of the Company or in such shares of Stock, and will have the status of a general unsecured creditor of the Company.

6. Transfer Restrictions and Investment Representation.

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

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

7. Additional Terms and Conditions of Award.

7.1. Withholding Taxes.

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

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

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

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

7.4. Award Confers No Rights to Continued Employment. In no event shall the granting of the Award or its acceptance by the Holder, or any provision of this Agreement or any Business Protection Agreement to which the Holder is a party, give or be deemed to give the Holder any right to continued employment by the Company or prevent or be deemed to prevent the Company from terminating the Holder's employment at any time, with or without Cause.

7.5. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Holder or by the Company forthwith to the Committee for review, provided that nothing in this Section 7.5 shall limit or otherwise affect the Holder's or the Company's ability to seek injunctive or other relief as provided in the Holder's Employment Agreement or any Business Protection Agreement to which the Holder is a party, as the case may be, with respect to a dispute arising thereunder. The resolution by the Committee of a dispute submitted to the Committee shall be final and binding on all parties.

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

7.7. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Company, to Navigant Consulting, Inc., Attn. General Counsel, 30 S. Wacker Dr., Suite 3550, Chicago, Illinois 60606, and if to the Holder, to the last known mailing address of the Holder contained in the records of the Company. All notices,

requests or other communications provided for in this Agreement shall be made in writing either (i) by personal delivery, (ii) by facsimile or electronic mail with confirmation of receipt, (iii) by mailing in the United States mails or (iv) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission, or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

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

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

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

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

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

7.13. Cancellation and Forfeiture of Award. Notwithstanding anything contained in this Agreement, and without limiting or otherwise affecting the Company's rights and remedies as otherwise set forth in this Agreement, the Holder's Employment Agreement or any Business Protection Agreement to which the Holder is a party, or otherwise, if the Holder engages in any activity which constitutes Cause, breaches any of his or her obligations to the Company or any of its affiliates under the Holder's Employment Agreement or any Business Protection Agreement to which the Holder is a party, or any other noncompetition, nonsolicitation, confidentiality, intellectual property or other restrictive covenant or engages in any activity which is contrary, inimical or harmful to the Company or any of its affiliates, including but not limited to violations of Company policy to the extent then applicable to the Holder, the Company may take such action as it shall deem appropriate to cause the Award to be cancelled as of the date on which the Holder first engaged in such activity or breached such obligation, and the Company thereafter may require the repayment of any amounts received by the Holder in connection with the vesting of the Award following the date that the Holder first engaged in such activity or breached such obligation. The determination by the Committee of the existence of Cause shall be conclusive and binding.

7.14. Compliance With Section 409A of the Code. This Award is intended to be exempt from or comply with Section 409A of the Code and shall be interpreted and construed accordingly, and each payment hereunder shall be considered a separate payment. To the extent this Agreement provides for the Award to become vested and be settled upon the Holder's termination of employment, the applicable shares of Stock shall be transferred to the Holder or his or her beneficiary upon the Holder's "separation from service," within the meaning of Section 409A of the Code. Notwithstanding any other provision in this Award, to the extent any payments hereunder constitute nonqualified deferred compensation, within the meaning of Section 409A, then if the Holder is a specified employee (within the meaning of Section 409A of the Code) as of the date of the Holder's separation from service, each such payment that is payable upon the Holder's separation from service and would have been paid prior to the six-month anniversary of the Holder's separation from service, shall be delayed until the earlier to occur of (i) the first day of the seventh month following the Holder's separation from service and (ii) the date of the Holder's death.

NAVIGANT CONSULTING, INC.

By: _____

Accepted this ____ day of _____, 20 ____

**NAVIGANT CONSULTING, INC.
2012 LONG-TERM INCENTIVE PLAN**

RESTRICTED STOCK UNIT AWARD AGREEMENT

Navigant Consulting, Inc., a Delaware corporation (the “Company”), hereby grants to [] (the “Holder”) as of [], 20 (the “Grant Date”), pursuant to the terms and conditions of the Navigant Consulting, Inc. Amended and Restated 2012 Long-Term Incentive Plan (the “Plan”), a restricted stock unit award (the “Award”) with respect to [] shares of the Company’s Common Stock, par value \$0.001 per share (“Stock”), upon and subject to the restrictions, terms and conditions set forth in the Plan and this agreement (the “Agreement”).

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

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

3. Vesting Conditions.

3.1. Performance-Based Vesting Conditions. Of the Stock subject to this Award: []% of the Stock shall be “Tranche 1 Stock” and []% of the Stock shall be “Tranche 2 Stock.” Subject to the remainder of this Section 3, the Tranche 1 Stock and the Tranche 2 Stock shall vest on the [] anniversary of the Grant Date (the “Vesting Date”) and become payable pursuant to the terms of this Agreement and the Plan based on the achievement of the performance goals set forth below over the [] performance period (the “Performance Period”), provided that the Holder remains in continuous employment with the Company through the Vesting Date, and further provided that the Holder has been continuously and remains in compliance with the terms and conditions set forth in (i) the employment agreement or offer letter between the Holder and the Company, as in effect on the Grant Date (“Employment Agreement”), and (ii) any Executive Officer Business Protection Agreement with the Company (and any other similar agreement (other than an Employment Agreement) with respect to the Holder’s confidentiality, non-competition or non-solicitation obligations to the Company) (“Business Protection Agreement”). Attainment of the performance goals shall be determined and certified by the Committee in writing prior to the settlement of the Award pursuant to this Section 3.1 or Section 3.2 hereof.

(a) Tranche 1 Stock

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

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

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

(b) Tranche 2 Stock

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

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

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

(c) Definitions

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

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

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

3.2. Termination of Employment.

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

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

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

3.2.2. Termination by Reason of Voluntary Termination by Holder (other than by reason of Retirement) or Termination by the Company for Cause. If the Holder’s employment with the Company or one of its Subsidiaries is terminated voluntarily by the Holder for any reason other than Retirement or is terminated by the Company or one of its Subsidiaries for Cause before the Vesting Date, the Holder will forfeit the Award as of the date of termination. The Company and its Subsidiaries will

not have any further obligations to the Holder under this Agreement as to any shares of Stock subject to the Award that are forfeited as provided herein; the Holder will not be entitled to any portion of the Award on a pro rata basis (or otherwise) as of the date of termination; and the Company and its Subsidiaries will not be liable to provide any replacement benefit or compensation in lieu of such forfeiture.

3.2.3. Termination by Reason of Retirement. If the Holder's employment with the Company is terminated by reason of Retirement, and provided that the Holder has been and remains in compliance with the post-employment obligations set forth in (i) the Holder's Employment Agreement (such terms and conditions thereof being incorporated herein by reference) and (ii) any Business Protection Agreement to which the Holder is a party (such terms and conditions thereof being incorporated herein by reference) until the date on which the Award is settled pursuant to Section 4 hereof, the Performance Period shall continue through the last day thereof and the Holder shall be entitled to a prorated Award. Such prorated Award shall be equal to the value of the Award at the end of the Performance Period based on the actual performance during the Performance Period multiplied by a fraction, the numerator of which shall equal the number of days such Holder was employed with the Company during the Performance Period and the denominator of which shall equal the number of days in the Performance Period. Notwithstanding anything herein to the contrary, if a Holder shall be entitled to receive shares of Common Stock pursuant to this Section 3.2.3, the Company shall issue or transfer to the Holder the number of shares of Common Stock underlying the prorated Award as soon as practicable following the end of the Performance Period but no later than the March 15th occurring immediately after the last day of the Performance Period.

As used herein, "Retirement" shall mean the Holder's voluntarily resignation of employment from the Company and its Subsidiaries if, on the date of such resignation of employment, the sum of the Holder's age and continuous years of service with the Company equals at least 65, with a minimum of at least five continuous years of service and a minimum age of 55.

3.3. Change in Control.

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

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

As used herein, “Good Reason” and “Constructive Termination of Employment” (as applicable) shall have the meanings set forth in the Holder’s Employment Agreement.

4. Delivery of Certificates. Subject to Section 6 and provided that the Holder has been continuously and remains in compliance with the terms and conditions of the Holder’s Employment Agreement and any Business Protection Agreement to which the Holder is a party, as soon as practicable after the vesting of the Award (but in any event no later than March 15th of the year following the year in which the award ceases to be subject to a substantial risk of forfeiture), the Company shall deliver or cause to be delivered one or more certificates issued in the Holder’s name (or such other name as is acceptable to the Company and designated in writing by the Holder) representing the number of vested shares. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such delivery, except as otherwise provided in Section 6. Prior to the issuance to the Holder of the shares of Stock subject to the Award, the Holder shall have no direct or secured claim in any specific assets of the Company or in such shares of Stock, and will have the status of a general unsecured creditor of the Company.

5. Transfer Restrictions and Investment Representation.

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

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

6. Additional Terms and Conditions of Award.

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

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

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

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

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

6.5. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Holder or by the Company forthwith to the Committee for review, provided that nothing in this Section 6.5 shall limit or otherwise affect the Holder’s or the Company’s ability to seek injunctive or other relief as provided in the Holder’s Employment Agreement or any Business Protection Agreement to which the Holder is a party, as the case may be, with respect to a dispute arising thereunder. The resolution by the Committee of a dispute submitted to the Committee shall be final and binding on all parties.

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

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

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

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

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

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

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

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

6.14 Clawback Provision. The Holder acknowledges that the Holder has read the Company's Policy on Recoupment of Incentive Compensation (the "Clawback Policy"). In consideration of the grant of the Award, the Holder agrees to abide by the Clawback Policy and any determinations of the Board pursuant to the Clawback Policy. Without limiting the foregoing, and notwithstanding any provision of this Agreement to the contrary, the Holder agrees that the Company shall have the right to

require the Holder to repay the value of any shares of Stock acquired upon vesting of the Award, as may be required by law (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder) or in accordance with the terms of the Clawback Policy. This Section 6.14 shall survive the termination of the Holder's employment with the Company for any reason. The foregoing remedy is in addition to and separate from any other relief available to the Company due to the Holder's misconduct or fraud. Any determination by the Board with respect to the foregoing shall be final, conclusive and binding upon the Holder and all persons claiming through the Holder.

NAVIGANT CONSULTING, INC.

By: _____

Accepted this __ day of _____ 20__

[_____]

**NAVIGANT CONSULTING, INC.
2012 LONG-TERM INCENTIVE PLAN**

EXECUTIVE OFFICER OPTION AWARD NOTICE

[Name of Optionee]

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

Option: You have been awarded a Nonqualified Stock Option to purchase from the Company [] shares of its Common Stock, par value \$0.001 per share, subject to adjustment as provided in Section 3.3 of the Agreement.

Option Date: []

Exercise Price: \$[] per share, subject to adjustment as provided in Section 3.3 of the Agreement.

Vesting Schedule: Except as otherwise provided in the Plan, Agreement or any other agreement between the Company and Optionee, the Option shall vest [(i) on the first anniversary of the Option Date with respect to one-third of the number of shares subject thereto on the Option Date, (ii) on the second anniversary of the Option Date with respect to an additional one-third of the number of shares subject thereto on the Option Date and (iii) on the third anniversary of the Option Date with respect to the remaining one-third of the number of shares subject thereto on the Option Date], provided you remain continuously employed by the Company through each such date and further provided that you have been continuously and remain in compliance with the terms and conditions set forth in (a) the employment agreement or offer letter between you and the Company, as in effect on the Grant Date ("Employment Agreement"), and (b) any Executive Officer Business Protection Agreement with the Company (and any other similar agreement (other than an Employment Agreement) with respect to your confidentiality, non-competition or non-solicitation obligations to the Company) ("Business Protection Agreement").

Expiration Date: Except to the extent earlier terminated pursuant to Section 2.2 of the Agreement or earlier exercised pursuant to Section 2.3 of the Agreement, the Option shall terminate at 5:00 p.m., Central time, on the [] anniversary of the Option Date.

NAVIGANT CONSULTING, INC.

By: _____
Name:
Title:

Acknowledgment, Acceptance and Agreement:

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

Optionee

Date

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

NAVIGANT CONSULTING, INC.
2012 LONG-TERM INCENTIVE PLAN

Executive Officer Stock Option Agreement

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

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

2. Time and Manner of Exercise of Option.

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

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

(a) Termination of Employment as a Result of Optionee’s Death or Disability. If Optionee’s employment with the Company terminates by reason of Optionee’s death or Disability, then the Option, to the extent vested on the effective date of such termination of employment, may thereafter be exercised by Optionee or Optionee’s executor, administrator, legal representative, guardian or similar person until and including the earlier to occur of (i) the date which is one year after the date of such termination of employment and (ii) the Expiration Date. For purposes of this Agreement, “Disability” shall have the meaning set forth in the Optionee’s Employment Agreement (as defined in the Award Notice), and if not defined therein, shall mean the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(b) Termination of Employment Other than for “Cause” or as a Result of Optionee’s Death, Disability or Retirement. If Optionee’s employment with the Company ceases for any reason other than for Cause, death, Disability or Retirement, the Option, to the extent vested on the effective date of such termination of employment, may thereafter be exercised by Optionee until and including the earlier to occur of (i) the date which is ninety (90) days after the date of such termination of employment and (ii) the Expiration Date. For purposes of this

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

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

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

(e) Termination of Employment Following Change in Control. In the event the Optionee’s employment with the Company is terminated (i) by the Company without Cause or (ii) by the Optionee for Good Reason or due to a Construction Termination of Employment (as applicable), in each case within 24 months following a Change in Control, the Option, to the extent it is then outstanding, shall become fully vested, be subject to Section 5.8(b) of the Plan and be exercisable for the period specified in Section 2.2(b) of this Agreement. For purposes of this Agreement, “Good Reason” and “Constructive Termination of Employment” (as applicable) shall have the meanings set forth in the Optionee’s Employment Agreement.

(f) Termination by Reason of Retirement. If the Optionee’s employment with the Company is terminated by reason of Retirement and provided that the Optionee has been and remains in compliance, throughout the period specified in the Vesting Schedule, with the post-employment obligations set forth in (i) the Optionee’s Employment Agreement (such terms and conditions thereof being incorporated herein by reference) and (ii) any Business Protection Agreement (as defined in the Award Notice) to which the Optionee is a party (such terms and conditions thereof being incorporated herein by reference), the Option shall continue to vest in accordance with the Vesting Schedule, assuming the Optionee had remained employed with the Company on each vesting date described in the Vesting Schedule. For purposes of this Agreement, “Retirement” shall mean the Optionee’s voluntarily resignation of employment from the Company and its Subsidiaries if, on the date of such resignation of employment, the sum of

the Optionee's age and continuous years of service with the Company equals at least 65, with a minimum of at least five continuous years of service and a minimum age of 55. To the extent the Option becomes exercisable pursuant to this Section 2.2(f), the Option shall remain exercisable until it is terminated pursuant to Section 2.4 or the earlier termination of this Option pursuant to Section 4.8.

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

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

3. Additional Terms and Conditions of Option

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

3.2. Investment Representation. Optionee hereby represents and covenants that (a) any shares of Stock purchased upon exercise of the Option will be purchased for investment and not with a view to the distribution thereof within the meaning of the Securities

Act unless such purchase has been registered under the Securities Act and any applicable state securities laws; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, Optionee shall submit a written statement, in a form satisfactory to the Company, to the effect that such representation (x) is true and correct as of the date of any purchase of any shares hereunder or (y) is true and correct as of the date of any sale of any such shares, as applicable. As a further condition precedent to any exercise of the Option, Optionee shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance or delivery of the shares and, in connection therewith, shall execute any documents which the Board or the Committee shall in its sole discretion deem necessary or advisable.

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

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

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

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

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

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

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

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

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

4. Miscellaneous Provisions.

4.1. Decisions of Board or Committee. The Board or the Committee shall have the right to resolve all questions which may arise in connection with the Option or its exercise, provided that nothing in this Section 4.1 shall limit or otherwise affect the Optionee's or the Company's ability to seek injunctive or other relief as provided in the Optionee's Employment Agreement or any Business Protection Agreement to which the Optionee is a party, as the case may be, with respect to a dispute arising thereunder. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or this Agreement shall be final, binding and conclusive.

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

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

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

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

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

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

4.8. Cancellation and Forfeiture of Award. Notwithstanding anything contained in this Agreement, and without limiting or otherwise affecting the Company's rights and remedies as otherwise set forth in this Agreement, the Optionee's Employment Agreement or any Business protection Agreement to which the Optionee is a party, or otherwise, if the Optionee engages in any activity which constitutes Cause, breaches any of his or her obligations to the Company or any of its affiliates under the Optionee's Employment Agreement or any Business Protection Agreement to which the Optionee is a party, or any other noncompetition, nonsolicitation, confidentiality, intellectual property or other restrictive covenant or engages in any activity which is contrary, inimical or harmful to the Company or any of its affiliates, including but not limited to violations of Company policy to the extent then applicable to the Optionee, the Company may take such action as it shall deem appropriate to cause the Award to be cancelled and to cease to be exercisable as of the date on which the Optionee first engaged in such activity or breached such obligation, and the Company thereafter may require the repayment of any amounts received by the Optionee in connection with the exercise of the Award following the date that the Optionee first engaged in such activity or breached such obligation. The determination by the Board of the Committee of the existence of Cause shall be conclusive and binding.



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PRIVATE & CONFIDENTIAL

March 28, 2016

Mr. Lee A. Spirer
Two East End Avenue, Apt. 4F
New York, NY 10075

Dear Lee,

As you are aware, the term of your employment agreement ends on March 31, 2016. I am pleased to extend you an offer to continue your employment with Navigant Consulting, Inc. ("Navigant") as its Executive Vice President and Global Business Leader, 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 \$650,000 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 100% 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 for 2016, effective March 15, 2016, pursuant to the LTIP having an aggregate grant date value of \$650,000, with (a) 50% 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

Mr. Lee A. Spierer
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period ending December 31, 2018); (b) 25% of the aggregate grant date value consisting of time-based RSUs (vesting ratably over a three-year period); and (c) 25% of the target grant date value consisting of stock options (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 2017 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.

Mr. Lee A. Spirer
March 28, 2016

This offer of continued employment is made with the understanding that you will be based out of our New York, New York 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 23, 2012 which will expire on March 31, 2016), 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.

Mr. Lee A. Spirer
March 28, 2016

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 29th
day of March, 2016:

/s/ Lee A. Spirer

EXHIBIT A

Severance Benefits

This Exhibit is attached to, and constitutes a part of, that certain offer of employment dated March 28, 2016 (the "Agreement"), between Navigant Consulting, Inc. ("Navigant") and Lee A. Spierer ("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.

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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.

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- (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.

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- (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).

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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.

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- (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
- 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) except 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.

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

April 26, 2016

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Thomas A. Nardi, 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/ THOMAS A. NARDI

Thomas A. Nardi
Executive Vice President and
Principal Financial Officer

April 26, 2016

**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 Thomas A. Nardi, Executive Vice President and Principal 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, 2016 (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

April 26, 2016

/s/ THOMAS A. NARDI

Thomas A. Nardi
Executive Vice President and
Principal Financial Officer

April 26, 2016

