

NAVIGANT CONSULTING INC

Form DEF 14A

March 16, 2011

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. _____)**

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Navigant Consulting, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
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 - (4) Proposed maximum aggregate value of transaction:
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- (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
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Table of Contents

March 16, 2011

Dear Shareholder:

You are cordially invited to attend the 2011 Annual Meeting of Shareholders of Navigant Consulting, Inc., which will be held at The Chicago Club, 81 East Van Buren Street, Chicago, Illinois, 60605 on Monday, April 25, 2011, at 11:00 a.m., Central Time. I look forward to greeting as many of our shareholders as possible.

Details of the business to be conducted at the meeting are given in the attached Notice of Annual Meeting and Proxy Statement.

Whether or not you plan to attend the meeting, it is important that your shares be represented and voted at the meeting. Therefore, I urge you to sign and date the enclosed proxy card and promptly return it in the enclosed envelope so that your shares will be represented at the meeting. You may also vote your shares by telephone or over the Internet. If you so desire, you may withdraw your proxy and vote in person at the meeting.

We look forward to meeting those of you who will be able to attend the meeting.

Sincerely,

William M. Goodyear
Chairman of the Board and
Chief Executive Officer

Table of Contents

**NAVIGANT CONSULTING, INC.
30 S. Wacker Drive, Suite 3550
Chicago, Illinois 60606**

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the Shareholders of Navigant Consulting, Inc.:

We will hold the Annual Meeting of Shareholders of Navigant Consulting, Inc. (the Company) at The Chicago Club, 81 East Van Buren Street, Chicago, Illinois 60605 on Monday, April 25, 2011 at 11:00 a.m., Central Time. The purposes of the meeting are to:

1. Elect the two nominees identified in the Proxy Statement to our Board of Directors to serve for terms of three years;
2. Ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the year 2011;
3. Approve, on an advisory basis, the compensation paid to the Company's named executive officers, as disclosed in the Proxy Statement;
4. Recommend, on an advisory basis, the frequency that the Company will hold a shareholder vote to approve the compensation paid to the Company's named executive officers; and
5. Transact any other business properly brought before the meeting or any adjournments or postponements of the meeting.

If you were a shareholder of record at the close of business on March 1, 2011, you are entitled to notice of, and to vote at, the annual meeting.

IMPORTANT

Whether or not you expect to attend the annual meeting, we urge you to vote your shares as soon as possible. You may sign, date and otherwise complete the enclosed proxy card and return it promptly in the envelope provided. No postage is required if mailed in the United States. You may also vote by telephone or over the Internet by following the instructions on the enclosed proxy card. Sending in your proxy will not prevent you from attending and personally voting your shares at the annual meeting because you have the right to revoke your proxy at any time before it is voted.

We have also enclosed our 2010 Annual Report to Shareholders, which includes our Form 10-K for the year ended December 31, 2010, and the Proxy Statement with this Notice of Annual Meeting.

By Order of the Board of Directors,

Monica M. Weed
Secretary

Chicago, Illinois
March 16, 2011

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR
THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 25, 2011**

The Notice of Annual Meeting and Proxy Statement are available on our website at
www.navigant.com/2011proxy. The 2010 Annual Report to Shareholders is available on our website at
www.navigant.com/2010annualreport.

YOUR VOTE IS IMPORTANT.

**PLEASE VOTE YOUR PROXY BY TELEPHONE (800-690-6903)
OR OVER THE INTERNET BY VISITING www.proxyvote.com
OR
MARK, SIGN, DATE AND RETURN YOUR PROXY CARD BY MAIL
WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING**

**NAVIGANT CONSULTING, INC.
30 S. Wacker Drive, Suite 3550
Chicago, Illinois 60606**

PROXY STATEMENT

This Proxy Statement is being mailed or otherwise furnished to our shareholders on or about March 16, 2011 in connection with the solicitation of proxies by our Board of Directors for the 2011 Annual Meeting of Shareholders of Navigant Consulting, Inc. being held on April 25, 2011.

TABLE OF CONTENTS

	Page
<u>Questions and Answers</u>	1
<u>PROPOSAL 1: Election of Directors</u>	4
<u>Audit Committee Report</u>	8
<u>Corporate Governance</u>	8
<u>Compensation Discussion and Analysis</u>	12
<u>Compensation Committee Report</u>	22
<u>Executive Compensation</u>	23
<u>Director Compensation</u>	29
<u>PROPOSAL 2: Ratification of the Appointment of Independent Registered Public Accounting Firm</u>	31
<u>PROPOSAL 3: Advisory Vote on Executive Compensation</u>	32
<u>PROPOSAL 4: Advisory Vote on the Frequency of Say-on-Pay Votes</u>	33
<u>Stock Ownership of Directors, Executive Officers and Principal Holders</u>	34
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	35
<u>Certain Relationships and Related Party Transactions</u>	35
<u>Compensation Committee Interlocks and Insider Participation</u>	36
<u>Shareholder Proposals for the 2012 Proxy Statement</u>	36
<u>Independent Registered Public Accounting Firm</u>	37
<u>Other Information</u>	37

Table of Contents

QUESTIONS AND ANSWERS

Q: What is a proxy?

A: A proxy is a document, also referred to as a proxy card, on which you authorize someone else to vote for you in the way that you want to vote. You may also choose to abstain from voting. **The proxies for our 2011 Annual Meeting of Shareholders are being solicited by our Board of Directors.**

Q: What is a proxy statement?

A: A proxy statement is a document, such as this one, required by the Securities and Exchange Commission (SEC) that, among other things, explains the items on which you are asked to vote on the proxy card.

Q: What am I voting on at the annual meeting?

A: At the annual meeting, our shareholders are asked to:

elect the two nominees identified in the Proxy Statement to our Board of Directors for terms of three years (see page 4);

ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year 2011 (see page 31);

approve, on an advisory basis, the compensation paid to the Company's named executive officers, as disclosed in the Proxy Statement (see page 32);

recommend, on an advisory basis, the frequency that the Company will hold a shareholder vote to approve the compensation paid to the Company's named executive officers (see page 33); and

transact any other business properly brought before the meeting or any adjournments or postponements of the meeting.

Q: Who is entitled to vote?

A: Only holders of our common stock as of the close of business on the record date, March 1, 2011, are entitled to vote at the annual meeting. Each outstanding share of our common stock has one vote. There were 51,509,375 shares of our common stock outstanding as of the close of business on March 1, 2011.

Q: How do I cast my vote?

A: If you hold your shares directly in your own name, you are a **registered shareholder** and may vote in person at the annual meeting or may complete and submit a proxy by mail or telephone or over the Internet. If your shares are registered in the name of a broker or other nominee, you are a **street-name shareholder** and will receive instructions from your broker or other nominee describing how to vote your shares.

Q: How do I vote by telephone or through the Internet?

A: If you are a registered shareholder, you may vote by telephone or over the Internet by following the instructions on your proxy card. If you are a street-name shareholder, your broker or other nominee will provide a voting instruction card for you to use in directing your broker or other nominee how to vote your shares.

Q: Who will count the votes?

A: A representative of Broadridge Financial Solutions, Inc., an independent tabulator, will count the votes and act as the inspector of election for the annual meeting.

Q: Can I change my vote after I have voted?

A: A subsequent vote by any means will change your prior vote. For example, if you voted by telephone, a subsequent Internet vote will change your vote. If you wish to change your vote by mail, you may do so by requesting, in writing, a new proxy card from our corporate secretary at Navigant Consulting, Inc., 30 S. Wacker Drive, Suite 3550, Chicago, Illinois 60606, Attention: Corporate Secretary. The last vote received prior to the annual meeting will be the one counted. If you are a registered shareholder, you may also change your vote by

Table of Contents

voting in person at the annual meeting. Street-name shareholders wishing to change their votes after returning voting instructions to their broker or other nominee should contact their broker or other nominee directly.

Q: Can I revoke a proxy?

A: Yes, registered shareholders may revoke a properly executed proxy at any time before the polls close for the annual meeting by submitting a letter addressed to and received by the corporate secretary at the address listed in the answer to the previous question. Street-name shareholders cannot revoke their proxies in person at the annual meeting if the actual registered shareholders, the brokers or other nominees, are not present.

Q: What does it mean if I get more than one proxy card?

A: It indicates that your shares are registered differently and are in more than one account. Sign and return all proxy cards, or vote each account by telephone or through the Internet, to ensure that all your shares are voted. We encourage you to register all your accounts in the same name and address. Registered shareholders may contact our transfer agent, BNY Mellon, 480 Washington Boulevard, Jersey City, New Jersey 07310. Street-name shareholders holding their shares through a broker or other nominee should contact their broker or other nominee and request consolidation of their accounts.

Q: What shares are included on my proxy card?

A: Your proxy card represents all shares of our common stock registered in the same social security number and address, including any full and fractional shares you own under the Navigant Consulting, Inc. 401(k) Savings Plan. We refer to this plan as the 401(k) Plan. If you hold shares of our common stock through the 401(k) Plan, your proxy card will instruct the 401(k) Plan trustee how to vote the shares held in your 401(k) Plan account.

Q: What happens if I submit a proxy card without giving specific voting instructions?

A: If you are a registered shareholder and you submit your proxy card with an unclear voting designation or with no voting designation at all, the proxies will vote your shares in accordance with the Board of Directors recommendations. If you hold shares of our common stock through the 401(k) Plan and do not vote those shares by 11:59 p.m., Eastern Time, on the night before the annual meeting (or you submit your proxy card with an unclear voting designation or with no voting designation at all), then the 401(k) Plan trustee will not vote the shares held in your 401(k) Plan account.

Q: What makes a quorum?

A: A majority of the outstanding shares entitled to vote, present in person or represented by proxy at the meeting, constitutes a quorum. A quorum is necessary to conduct the annual meeting. Abstentions from voting on a particular matter, and shares held in street name by brokers or other nominees that are not voted (so-called broker non-votes), including because the broker or other nominee does not have discretionary authority to vote those shares as to a particular matter, are counted for purposes of determining whether a quorum is present but will not otherwise be included in vote totals.

Q: How does the voting work?

A: For each proposal, voting works as follows:

Proposal 1: A nominee for director will be elected if the total votes cast for the nominee's election exceeds the total votes cast against the nominee's election.

Proposal 2: The appointment of our independent registered public accounting firm for 2011 will be ratified if a majority of the shares present in person or represented by proxy at the annual meeting vote for the proposal.

Proposal 3: The compensation paid to our named executive officers, as disclosed in the Proxy Statement, will be approved by our shareholders, on an advisory basis, if a majority of the shares present in person or represented by proxy at the annual meeting vote for the proposal.

Table of Contents

Proposal 4: The frequency (every one, two or three years) receiving the greatest number of votes will be considered our shareholders' recommendation as to the frequency of the future advisory shareholder votes to approve the compensation paid to our named executive officers.

Abstentions and broker non-votes will not be counted as votes either for or against a matter, and will also not be counted as votes cast or shares voting on that matter. Accordingly, abstentions and broker non-votes will have no effect on the election of directors or the shareholders' recommendation for Proposal 4. As for Proposals 2 and 3, abstentions and broker non-votes will have the effect of a vote against the respective proposal.

If you are a street-name shareholder and you do not instruct your broker or other nominee how to vote your shares, your broker or other nominee may, in its discretion, leave your shares unvoted or vote your shares on routine matters. The proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm for 2011 is the only routine matter being voted on at the annual meeting and, therefore, may be voted by your broker or other nominee in its discretion.

Q: Who may attend the annual meeting?

A: Any shareholder as of the close of business on March 1, 2011 may attend. Seating and parking are limited and admission is on a first-come basis. Each shareholder may be asked to present valid picture identification (for example, a driver's license or passport). Street-name shareholders will need to bring a copy of a brokerage statement, proxy or letter from their broker or other nominee confirming ownership of our common stock as of the close of business on March 1, 2011.

Q: Who bears the expense of this Proxy Statement?

A: We will bear all expenses of the solicitation of proxies, including expenses of preparing and mailing or otherwise furnishing this Proxy Statement. We have retained D.F. King & Co., Inc. to act as a proxy solicitor in connection with the annual meeting and have agreed to pay that firm \$10,000, plus expenses. In addition, our officers, directors and employees may solicit proxies in person or by telephone, facsimile or other means of communication. They will not receive any additional compensation for, but they may be reimbursed for out-of-pocket expenses incurred in connection with, that solicitation. We will furnish copies of our proxy materials to brokerage firms, nominees, fiduciaries and custodians to forward to our street-name shareholders and will reimburse those brokerage firms and other nominees for their reasonable expenses in forwarding our solicitation materials to our street-name shareholders.

YOUR VOTE IS IMPORTANT. PLEASE RETURN YOUR MARKED, SIGNED AND DATED PROXY CARD PROMPTLY BY MAIL, OR VOTE BY TELEPHONE OR THROUGH THE INTERNET, SO YOUR SHARES ARE REPRESENTED AT THE ANNUAL MEETING, EVEN IF YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON.

Table of Contents

PROPOSAL 1:

ELECTION OF DIRECTORS

Our Board of Directors (the Board) is divided into three classes, with a class of directors elected each year for a three-year term. William M. Goodyear and Stephan A. James have been nominated for election to the Board at the annual meeting. If elected at the annual meeting, they will serve for terms of three years and until their successors are elected and qualified. Their terms will expire at our annual meeting of shareholders to be held in 2014.

We have no reason to believe that any of the nominees for director would be unable or unwilling to serve if elected. However, if any nominee becomes unable or unwilling to serve, proxies will be voted for the election of another person designated by the Board.

The Board recommends that shareholders vote **FOR** the election of each of Mr. Goodyear and Mr. James. The persons named as proxies will vote for each of Mr. Goodyear and Mr. James for election to the Board unless your proxy card is marked otherwise.

Our by-laws require each director to be elected to the Board by the vote of the majority of the votes cast with respect to such director's election (the number of votes cast for a director's election must exceed the number of votes cast against that director's election, with abstentions and broker non-votes not counted as a vote either for or against director's election) in uncontested elections, where the number of nominees for director does not exceed the number of directors to be elected. Under our by-laws, if an incumbent director is not elected, the director is required to promptly tender his or her resignation to the Board. The nominating and governance committee (or another committee designated by the Board) will then make a recommendation to the Board as to whether to accept or reject the resignation of the director, or whether other action should be taken. The Board will act on the resignation and publicly disclose (in the manner provided in our by-laws) its decision regarding the tendered resignation and the rationale behind the decision within 90 days following certification of the election results. The Board may extend that 90-day period by an additional period of up to 90 days if it determines that the extension is in the best interests of the company and our shareholders. The director who has tendered his or her resignation may not participate in the recommendation of the nominating and governance committee or the decision of the Board with respect to his or her resignation. If the incumbent director's resignation is not accepted by the Board, the director will continue to serve until his or her successor is elected and qualified.

Certain information relating to our nominees for director and our other directors is set forth below.

Nominees for Election at This Annual Meeting for a Term Expiring at the 2014 Annual Meeting of Shareholders

William M. Goodyear, 62, has served as our chairman of the Board and chief executive officer since May 2000. He has served as a member of the Board since December 1999. Prior to December 1999, he served as Chairman and Chief Executive Officer of Bank of America Illinois and was President of Bank of America's Global Private Bank. From 1972 to 1999, Mr. Goodyear held a variety of assignments with Continental Bank, subsequently Bank of America, including corporate finance, corporate lending, trading and distribution. During this 28-year period, Mr. Goodyear was stationed in London for five years (1986 to 1991) to manage Continental Bank's European and Asian Operations. He was Vice Chairman and a member of the Board of Directors of Continental Bank prior to the 1994 merger between Continental Bank and BankAmerica Corporation. Mr. Goodyear is a trustee and member of the Executive Committee of the Board of Trustees for the Museum of Science and Industry and a member of the Board of Trustees of the University of Notre Dame and serves on the Rush University Medical Center Board, where he is Vice Chairman and a member of the Executive Committee and Chair of the Finance Committee. During the last five years, Mr. Goodyear

was a trustee of Equity Office Properties Trust, where he chaired the Audit Committee, prior to the sale of the company in 2007. Mr. Goodyear received a Master's degree in Business Administration, with Honors, from the Amos Tuck School of Business at Dartmouth College, and a Bachelor's degree in Business Administration, with Honors, from the University of Notre Dame.

Stephan A. James, 64, has served as a member of the Board since January 2009. Mr. James is the former Chief Operating Officer of Accenture Ltd., and served as Vice Chairman and a member of the Board of Directors of

Table of Contents

Accenture Ltd. from 2001 to 2004. He also served in the advisory position of International Chairman of Accenture, from August 2004 until August 2006. He is currently a member of the board of directors of BMC Software Inc. and Fidelity National Information Services, Inc. and serves as a member of the University of Texas McCombs School of Business Advisory Board. During the past five years Mr. James also served as a director at CDW Corporation and Metavante Technologies, Inc.

Directors Whose Terms Continue Until the 2012 Annual Meeting of Shareholders

Thomas A. Gildehaus, 70, has served as a member of the Board since October 2000. Most recently, Mr. Gildehaus has served as Chairman and Chief Executive Officer of Northwestern Steel and Wire Company of Sterling, Illinois, and President and Chief Executive Officer of UNR Industries, Inc. of Chicago, Illinois. Prior to 1992, Mr. Gildehaus served ten years as Executive Vice President of Deere & Company in Moline, Illinois. In the 1970s, Mr. Gildehaus was Vice President of Temple, Barker & Sloane, a consulting firm in Lexington, Massachusetts. He is a director of Genesis Health Systems Inc. and a trustee of the Figge Art Museum. Mr. Gildehaus is a graduate of Yale University and received a Master's degree in Business Administration, with Distinction, from Harvard University.

Peter B. Pond, 66, has served as a member of the Board since November 1996. Mr. Pond is the founder and General Partner of Alta Equity Partners, a venture capital firm. He formerly served as the Midwest Head of Investment Banking for Donaldson, Lufkin & Jenrette Securities Corporation from June 1991 to March 2000. Mr. Pond is the Chairman of the Board of Maximus, Inc., a provider of program management and consulting services to state, county and local government health and human services agencies. He holds a Bachelor's of Science degree in Economics from Williams College and a Master's degree in Business Administration in Finance from the University of Chicago.

Cynthia A. Glassman, Ph.D., 63, has served as a member of the Board since October 2009. Dr. Glassman was appointed by President Bush as Under Secretary for Economic Affairs at the U.S. Department of Commerce from 2006 to 2009 and as Commissioner of the U.S. Securities and Exchange Commission from 2002 to 2006. Dr. Glassman has spent over 35 years in the public and private sectors focusing on financial services regulatory and public policy issues, including 12 years at the Federal Reserve where she worked at the Federal Reserve Bank of Philadelphia and subsequently at the Board of Governors. Dr. Glassman is a director of Discover Financial Services, a trustee of the SEC Historical Society, a Senior Research Scholar at the Institute for Corporate Responsibility at the George Washington University Business School and an Honorary Fellow of Lucy Cavendish College, University of Cambridge, England.

Directors Whose Terms Continue Until the 2013 Annual Meeting of Shareholders

Governor James R. Thompson, 74, has served as a member of the Board since August 1998. Governor Thompson served as Chairman of the Chicago law firm of Winston & Strawn from January 1993 to September 2006. He now serves as Senior Chairman. He joined the firm in January 1991 as Chairman of the Executive Committee after serving four terms as Governor of the State of Illinois from 1977 until 1991. Prior to his terms as Governor, he served as U.S. Attorney for the Northern District of Illinois from 1971 to 1975. Governor Thompson served as the Chief of the Department of Law Enforcement and Public Protection in the Office of the Attorney General of Illinois, as an Associate Professor at Northwestern University School of Law, and as an Assistant State's Attorney of Cook County. He is a former Chairman of the President's Intelligence Oversight Board and was a member of the National Commission on Terrorist Attacks upon the United States. Governor Thompson is currently a member of the boards of directors of Maximus, Inc. and John Bean Tech Corp. He also serves as Chairman for the Public Review Board UNITE HERE and as Chairman for the Illinois Sports Facilities Authority. During the past five years, Governor Thompson also served as a director at FMC Technologies, Inc. and at FMC Corporation.

Samuel K. Skinner, 72, has served as a member of the Board since December 1999. Mr. Skinner is currently Of Counsel to the law firm of Greenberg & Traurig, LLP. From 2000 to 2003, Mr. Skinner was Chairman, President and Chief Executive Officer of U.S. Freightways Corporation. He formerly served as Co-Chairman of Hopkins & Sutter, a Chicago law firm, and as President of Commonwealth Edison Company and its holding company, Unicom Corporation (now Exelon Corporation). Prior to joining Commonwealth Edison, he served as Chief of Staff to

Table of Contents

former President George H.W. Bush. Prior to his White House service, Mr. Skinner served in the President's cabinet for nearly three years as U.S. Secretary of Transportation. From 1977 to 1989, Mr. Skinner practiced law as a senior partner in the Chicago law firm of Sidley & Austin (now Sidley Austin LLP). From 1984 to 1988, while practicing law full time, he was appointed by President Reagan as Vice Chairman of the President's Commission on Organized Crime. From 1968 to 1975, Mr. Skinner served in the office of the United States Attorney for the Northern District of Illinois and in 1977, President Ford appointed him United States Attorney, one of the few career prosecutors ever to hold such position. He is currently a member of the boards of directors of APAC Customer Services, Inc., CBOE Holdings, Inc., Echo Global Logistics, Inc., Express Scripts, Inc. and MedAssets, Inc. During the past five years, Mr. Skinner also served as a director at Diamond Management & Technology Consultants, Inc. and Dade Behring Inc.

Michael L. Tipsord, 51, has served as a director since July 2009. Mr. Tipsord is Vice Chairman and Chief Operating Officer of the State Farm Insurance Companies. Mr. Tipsord has served in various capacities with State Farm since 1988, and has been an officer or trustee of various affiliates since 2001. Prior to assuming his current position in 2011, Mr. Tipsord served as Vice Chairman and Chief Financial Officer of State Farm from 2005 to 2010. Mr. Tipsord also currently serves as a trustee of the State Farm Associates Funds Trust, the State Farm Mutual Fund Trust and the State Farm Variable Product Trust.

Committees of the Board of Directors

The following table sets forth the current members of each of the committees of the Board.

	Audit Committee	Compensation Committee	Executive Committee	Nominating and Governance Committee
Thomas A. Gildehaus*	Chair	X		
William M. Goodyear			X	
Hon. Cynthia A. Glassman*		X		X
Stephan A. James*	X	Chair		
Peter B. Pond*	X			Chair
Samuel K. Skinner*			X	
Governor James R. Thompson*			Chair	X
Michael L. Tipsord*	X	X		

* Independent director (see the section entitled "Corporate Governance - Independence Determinations" below)

Lead Director (see the section entitled "Board Leadership Structure and Risk Oversight" below)

Charters for the audit committee, compensation committee and nominating and governance committee are available on our website at www.navigant.com/about_nci/corporate_governance.

Audit Committee. The audit committee monitors the integrity of our financial statements, financial reporting process and systems of internal controls regarding finance and accounting; monitors our compliance with legal and regulatory requirements; monitors the qualifications, independence and performance of our independent public accountants; monitors the performance of our internal audit function; provides an avenue of communication among the independent public accountants, internal audit function, management and the Board; and monitors significant litigation and

financial risk exposure. Each of the members of the audit committee is independent as defined by the listing standards of the New York Stock Exchange (NYSE) and applicable SEC rules. The Board has determined that each of the members of the audit committee meets the financial literacy requirements of the NYSE and that each of Mr. Gildehaus and Mr. Tipsord qualifies as an audit committee financial expert as defined by applicable SEC rules. None of the members of the audit committee serves on more than three public company audit committees. The audit committee met five times during 2010.

Compensation Committee. The compensation committee reviews and monitors matters related to management development and succession; reviews and approves executive compensation policies and pay for performance criteria, including corporate goals and objectives relevant to the compensation of our chief executive officer;

Table of Contents

reviews and approves base salary, annual incentive bonus and long-term incentive awards for all of our executive officers; administers and exercises all powers of the Board under our stock incentive and executive compensation plans (other than the power to amend those plans); reviews and approves such other matters concerning our employee compensation and benefit plans as the committee deems appropriate; makes recommendations to the Board regarding new or revised incentive compensation and equity-based plans; reviews and assesses the risks arising from our compensation policies and practices; evaluates and recommends to the Board the form and amount of director compensation; and otherwise carries out the responsibilities that have been delegated to the compensation committee under the company's various compensation and benefit plans. The compensation committee also reviews and discusses with management the compensation discussion and analysis and prepares the compensation committee report included in our annual proxy statement. Each of the members of the compensation committee is independent as defined by the listing standards of the NYSE, a non-employee director as defined by applicable SEC rules and an outside director for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). The compensation committee met six times during 2010.

Nominating and Governance Committee. The nominating and governance committee identifies and evaluates individuals qualified to become Board members and recommends that the Board appoint those individuals as directors or nominate them for election at our next annual meeting of shareholders. The nominating and governance committee also develops and make recommendations to the Board regarding our corporate governance guidelines, and reviews and approves our Code of Business Standards and Ethics (each of which is posted on our website at www.navigant.com/about_nci/corporate_governance). Each of the members of the nominating and governance committee is independent as defined by the listing standards of the NYSE. The nominating and governance committee met five times during 2010.

Executive Committee. The executive committee can act in lieu of the Board when necessary between meetings. The executive committee met once during 2010.

Board Meetings; Annual Meetings of Shareholders

The Board met seven times during 2010, with each director in attendance at each meeting. Each director also attended all of the meetings of the committees on which he or she served. Our non-management directors meet in regularly scheduled executive sessions and have selected Governor Thompson to serve as Lead Director. While we have no formal policy regarding attendance by our directors at annual meetings of shareholders, we encourage all of our directors to attend. All of our directors attended our 2010 annual meeting of shareholders.

Board Leadership Structure and Risk Oversight

Mr. Goodyear has been our chairman and chief executive officer since 2000. The Board believes this combined role has been, and continues to be, an effective and appropriate leadership structure for the company. Mr. Goodyear's breadth of experience and business acumen enables him to provide day-to-day management, leadership and guidance to the company. As chief executive officer he is accountable for the performance of the company. He is deeply involved in strategic decisions and is able to continually monitor controls and procedures and risks that face the company.

The Board is responsible for overseeing our risk management process. The Board receives reports from our chairman and chief executive officer regarding strategic and operating risks facing the company. In addition, the company has an enterprise risk management committee (which reports directly to the audit committee) to evaluate risks affecting our business. The company's internal audit function conducts an annual risk assessment and also reports directly to the audit committee.

Our corporate governance guidelines require that the Board appoint an independent lead or presiding director. Governor Thompson serves as our Lead Director. Management, as well as the internal audit function and the enterprise risk management committee, have unfettered access to his counsel. Our corporate governance guidelines also provide that the Board meet in regularly scheduled executive sessions without management, and in the performance of his role as Lead Director, Governor Thompson leads all executive sessions of the Board. He also serves as the chairman of the executive committee. Further, he offers an independent view of the company and

Table of Contents

serves as the conduit for our non-management directors to relay any issues or concerns or agenda items for upcoming meetings of the Board.

AUDIT COMMITTEE REPORT

The audit committee has reviewed and discussed with management the audited financial statements of the company as of and for the year ended December 31, 2010 (the Audited Financial Statements). In addition, the audit committee has discussed with KPMG LLP, the independent registered public accounting firm for the company, the matters required to be discussed by Statement on Auditing Standards No. 61, *Communications with Audit Committees*, as amended (AICPA *Professional Standards*, Vol. 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The audit committee also has received the written disclosures and the letter from KPMG LLP required by the applicable requirements of the Public Company Accounting Oversight Board regarding its communications with the audit committee concerning independence, and we have discussed with KPMG LLP its independence from the company and management. The audit committee also has discussed with management, the company's internal audit function and KPMG LLP such other matters, and has received such assurances from them, as we deemed appropriate. Based on the foregoing review and discussions and relying thereon, the audit committee has recommended to the Board (and the Board has approved) the inclusion of the Audited Financial Statements in the company's Annual Report on Form 10-K for the year ended December 31, 2010.

AUDIT COMMITTEE

Thomas A. Gildehaus, Chairman
Stephan A. James
Peter B. Pond
Michael L. Tipsord

CORPORATE GOVERNANCE

The nominating and governance committee monitors and reviews new SEC rules and NYSE corporate governance standards as they are proposed, adopted and revised. The nominating and governance committee has developed corporate governance guidelines that are intended to ensure compliance with the SEC rules and NYSE listing standards.

In December 2010, in connection with the corporate governance review conducted by the nominating and governance committee in 2010 and discussions with two of the company's shareholders, and based upon the recommendation of the nominating and governance committee, the Board adopted amendments to our by-laws to implement a majority voting standard in an uncontested election of directors to the Board. Under our by-laws, as amended, if an incumbent director is not elected by a majority of the votes cast with respect to such director's election, the director is required to promptly tender his or her resignation to the Board. The nominating and governance committee (or another committee designated by the Board) will then make a recommendation to the Board as to whether to accept or reject the resignation of the director, or whether other action should be taken. The Board will act on the resignation and publicly disclose (in the manner provided in our by-laws) its decision regarding the tendered resignation and the rationale behind the decision within 90 days following certification of the election results. The Board may extend that 90-day period by an additional period of up to 90 days if it determines that the extension is in the best interests of the company and our shareholders. The director who has tendered his or her resignation may not participate in the recommendation of the nominating and governance committee or the decision of the Board with respect to his or her resignation. If the incumbent director's resignation is not accepted by the Board, the director will continue to serve until his or her successor is elected and qualified.

Table of Contents

Independence Determinations

On an annual basis, the nominating and governance committee reviews and makes recommendations to the Board as to whether individual directors are independent for purposes of the applicable SEC corporate governance rules and NYSE listing standards. The nominating and governance committee's review is based on all relevant facts and circumstances, as well as criteria set forth in the applicable SEC rules and NYSE listing standards. In addition, the nominating and governance committee considers certain categorical standards approved by the Board to assist it in making independence recommendations. These categorical standards describe certain relationships that are considered immaterial and do not preclude a finding of independence.

Under our Standards for Independence, the following relationships are considered immaterial and do not preclude a finding of independence:

1. The director is affiliated with or employed by a company, partnership or other entity that receives payments from us for services in an amount which, in the current fiscal year, does not exceed the greater of (a) \$1 million or (b) two percent of such other company's consolidated gross revenues, provided, however, that solely for purposes of determining audit committee independence, a director may not accept, directly or indirectly, a consulting, advisory or other compensatory fee from us in any amount (other than director and committee fees).
2. The director is an employee, officer or director of a foundation, university or other non-profit organization to which we give directly, or indirectly through the provision of services, less than \$250,000 during the year in question.
3. In addition, in any cases where payments are made by us indirectly to an immediate family member, as for example fees paid to a law firm in which such immediate family member is a partner, if such immediate family member disclaims and does not accept any share of payments, the Board of Directors will not consider that such payments preclude the director from being considered independent for all purposes, including service on the audit committee.

A copy of these categorical standards is posted on our website at www.navigant.com/about_nci/corporate_governance.

Based on the review and recommendation of the nominating and governance committee, the Board affirmed that all of our current directors, except for Mr. Goodyear, are independent within the meaning of the NYSE listing standards, and that all of the members of the audit committee meet the SEC's more stringent standards for audit committee independence.

In addition, the Board has adopted a policy requiring a director to submit a letter of resignation upon a substantial change in a director's occupation or business association and also a policy stating that we will submit the adoption or extension of any shareholder rights plan to a shareholder vote, unless the Board, in an exercise of its fiduciary responsibilities, believes that it is in the best interests of the company and our shareholders to adopt or extend (for one year) a shareholder rights plan without the delay that would come from the time required to seek a shareholder vote. A copy of our shareholder rights plan policy is posted on our website at www.navigant.com/about_nci/corporate_governance.

Director Nomination Procedures

The nominating and governance committee recommended to the Board that Messrs. Goodyear and James be nominated for election to the Board, each to serve a term of three years. The nominating and corporate governance committee works with the Board to determine the appropriate characteristics, skills, and experiences for individual directors and for the Board as a whole with the objective of having a board of directors with diverse backgrounds and

experience. In considering the qualifications of incumbent directors as well as future candidates for election to the Board, the nominating and governance committee considers all relevant factors, including judgment, character, reputation, education and experience, in relation to the qualifications of any alternate candidates and the particular needs of the Board, its committees and the company as they exist at the time of the candidate's consideration. Characteristics expected of all our directors include independence, integrity, high personal and professional ethics,

Table of Contents

sound business judgment and the ability and willingness to commit sufficient time to the Board. The nominating and governance committee evaluates each candidate in the context of the Board as a whole, with the objective of recommending a candidate to the Board that can best perpetuate the success of our business and represent our shareholders' interests through the exercise of sound judgment using the Board's diversity of experience, as well as diversity of gender, ethnicity and race. The nominating and governance committee evaluates each incumbent director to determine whether he or she should be nominated to stand for reelection, based on the types of criteria outlined above as well as the director's contributions to the Board during their current term. The nominating and governance committee also considers each candidate's relationships, if any, with the company and its directors, officers, employees and shareholders, as well as any applicable criteria set forth in SEC rules, NYSE listing standards and Delaware law.

Director Qualifications

As part of the aforementioned review, the nominating and governance committee evaluated the experience, qualifications, attributes and skills of each continuing director and nominee for director, as set forth below.

William M. Goodyear, who has been nominated for election to the Board at the annual meeting and has served on the Board since 1999, is our chairman and chief executive officer. Mr. Goodyear has 30 years of commercial banking experience, both domestic and international. Within the context of that experience, he also has had significant exposure to litigation and regulatory matters. Mr. Goodyear brings significant experience in management and financial controls to the company along with business acumen related to multiple industries of importance to the company. He provides a deep understanding of the strategies necessary to run and grow our business.

Thomas A. Gildehaus, who has served on the Board since 2000, has built and sold consulting companies and has served in leadership positions in several industrial companies. He has significant accounting expertise and knowledge relevant to the evolving dynamics of the consulting industry. Mr. Gildehaus provides substantial input into the growth and acquisition strategies which are an inherent part of our business model.

Hon. Cynthia A. Glassman, who joined the Board in 2009, holds a Ph.D. in economics and served as the Under Secretary for Economic Affairs at the U.S. Department of Commerce. Dr. Glassman provides insights that are specifically beneficial to our economics business segment. In addition, she served as a Commissioner at the U.S. Securities and Exchange Commission and brings a thorough and unique perspective to regulatory issues. She has also served as a consultant practitioner with particular focus on financial services issues and risk management and brings a keen understanding of the company's business model and retention strategies. In addition, she has deep experience in strategy issues and possesses the ability to identify market trends and opportunities of importance to us.

Stephan A. James, who has been nominated for election to the Board at the annual meeting and has served on the Board since 2009, has had multiple leadership roles related to global business and technology consulting and was Chief Operating Officer of Accenture Ltd. Mr. James provides key insights into managing professional services workforces, both domestic and international. He has a deep understanding of corporate governance needs, and understands successful strategies for running global consulting firms.

Peter B. Pond, who has served on the Board since 1996, is an investment banker with significant experience in finance and strategy. He brings a deep understanding of the consulting model of business as well as significant experience in and perspectives with respect to the capital markets. Mr. Pond has a strong financial acumen and is a successful business leader on a national level. Mr. Pond provides thought leadership in our strategic positioning efforts.

Samuel K. Skinner, who has served on the Board since 1999, has served in key leadership positions in industry and in government. Mr. Skinner was President of Commonwealth Edison Company and served as Chief of Staff to former President George H.W. Bush, as well as U.S. Secretary of Transportation. Mr. Skinner also has significant experience in the law-firm channel and is a former prosecutor. Mr. Skinner brings a deep understanding of the legal and regulatory environment in which the company provides services. Further, Mr. Skinner has served on the boards of several companies over the last 20 years and brings

Table of Contents

a wealth of experience regarding board processes and the need for independent assessment of the company and of management.

Governor James R. Thompson, who has served on the Board since 1998, has over 50 years of legal, political and management experience. Governor Thompson served as Governor of the State of Illinois for 14 years and has practiced law in various capacities, from the U.S. Attorney's office to leading a major law firm. Governor Thompson has significant experience navigating the complex regulatory and legal landscape that exists today and provides critical business and strategic advice to the company.

Michael L. Tipsord, who joined the Board in 2009, is the Chief Operating Officer (and formerly, the Chief Financial Officer) of State Farm, a major insurance company, and brings deep financial and regulatory expertise as well as a critical understanding of the financial services industry, one of our key practice areas. He also provides management and the Board with real time capital markets perspectives. In addition, Mr. Tipsord has broad experience in accounting and financial risk controls and management.

The nominating and governance committee will consider nominees for director recommended by shareholders on the same basis as candidates identified by the nominating and governance committee, provided that the shareholder nominations are received by our corporate secretary within the time frame established by our by-laws (see the section entitled "Shareholder Proposals for the 2012 Proxy Statement" below).

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

This section provides information regarding the compensation program in place for our named executive officers, or NEOs. For 2010, our NEOs included our chief executive officer, our chief financial officer and our two other most highly-compensated executive officers (our president and chief operating officer and our vice president and general counsel). At the end of 2010, excluding our chief executive officer and our chief financial officer, the company had only two other executive officers as defined by applicable SEC rules.

Executive Summary

Executive Compensation Philosophy and Objectives The guiding principle of our executive compensation philosophy is to pay for performance. This pay for performance philosophy forms the basis for our executive compensation program design as well as individual NEO compensation target setting and the compensation committee's (referred to in this section as the committee or we) determination of compensation levels for each of our NEOs. The committee believes that the most effective executive compensation program is one that is designed to reward the achievement of annual and long-term company performance goals and aligns our NEOs interests with those of our shareholders, with the ultimate objective of increasing long-term shareholder value.

Competitive Market Assessment and Peer Group When making executive compensation decisions, the committee reviews competitive market compensation practices, including the compensation practices of companies comprising our peer group. The committee is assisted in this effort by its outside compensation consultant, Towers Watson & Co. (Towers Watson). Towers Watson also assists the committee in identifying and selecting the peer group. For 2010, the committee used a peer group of companies that it had approved in February 2010 (a list of the companies comprising our peer group is set forth on page 15 of this Proxy Statement).

2010 Executive Compensation Program For 2010, the primary components of our executive compensation program were:

Base salary;

Annual performance-based cash bonus; and

Long-term equity-based incentive compensation.

For 2010, total direct compensation (base salary, annual performance-based cash bonus and long-term equity-based incentive compensation) for our NEOs was generally targeted between the 50th and 75th percentiles of our peer group, based on benchmarks and guidance provided by Towers Watson. We believe this target is appropriate in order to attract and retain top caliber executive talent in our competitive industry.

For 2010, our mix of compensation at targeted levels for our chairman and chief executive officer was approximately 35% base salary, 35% annual performance-based cash bonus and 30% long-term equity-based incentive compensation, and for the other three NEOs was approximately 40% base salary, 30% annual performance-based cash bonus and 30% long-term equity-based incentive compensation. The committee believes this combination of fixed base salary, short-term cash incentives and long-term equity-based incentives properly motivates our NEOs to achieve company performance objectives without taking unreasonable risks.

The company's financial and strategic performance during 2010 was the primary factor used by the committee in determining the cash bonuses earned by our NEOs for 2010. The company's overall performance for 2010 was also a significant factor in determining the value of the equity-based incentive awards granted to our NEOs in March 2011.

2010 Company Performance and Compensation Decisions 2010 was a year of transition as the company shifted its focus to aggressively position itself in the markets where it has a competitive advantage, unique market facing opportunities and favorable demand drivers. During 2010, the company wound down and exited non-strategic markets and redeployed talent accordingly. The net results of these movements,

Table of Contents

combined with attrition in 2009 and 2010, led to disappointing financial results in 2010. However, the company believes that the strategic actions taken and capital invested in 2010 materially strengthened the company and will contribute to improved financial results and shareholder value in the future.

As discussed in further detail under the section entitled "2010 Executive Compensation Program - Annual Performance-Based Cash Bonus" below, the committee concluded that, in the aggregate, the company's financial, strategic and stock price performance during 2010 warranted cash bonus payouts significantly below target and equity-based incentive awards at lower levels than the prior year. Specifically, cash bonuses for our NEOs, in the aggregate, were awarded at 37% of target for 2010, and the aggregate value of the equity-based incentive awards granted to our NEOs on March 15, 2011 was well below the 50th percentile of our peer group and represented more than a 50% decrease from the value of the prior year's equity grants.

These decisions generally resulted in total direct compensation to our NEOs for 2010 in the bottom decile of our peer group (based on information derived from the most recently filed proxy statement of each peer group company as of June 2010). A summary of the total direct compensation to our NEOs for 2010, as compared to 2009 and the 50th and 75th percentiles of our peer group, is illustrated below.

2011 Compensation Decisions Based on our peer group benchmarks, as well as individual and company performance assessments for 2010, the committee made no changes to our NEOs' base salaries for 2011. As a result, NEO base salaries have remained unchanged for the last three years.

Going forward into 2011 and reflecting on the executive compensation decisions made for the 2010 performance year, we believe that our executive compensation program remains appropriately aligned with the competitive market, and as a result, we plan to continue to target total direct compensation for our NEOs

Table of Contents

to be, on average, between the 50th and 75th percentiles of our peer group. The company's financial and strategic performance during 2011 is expected to be the primary factor in determining 2011 annual cash bonuses and setting the value of any equity-based incentive awards that would be granted in early 2012. We will continue to monitor the competitive marketplace to determine if any adjustments or changes to our executive compensation program are warranted.

Other Key Features of our Executive Compensation Program Other key features of our executive compensation program include:

We have established stock ownership guidelines for our NEOs to more closely link their interests with those of our shareholders;

We do not offer significant perquisites to our NEOs, with parking benefits being the main perquisites our NEOs receive. No other special benefits, defined benefit pension plans or supplemental executive retirement plans are offered to our NEOs;

The agreements governing grants of equity-based incentive awards to our NEOs contain provisions that provide for the forfeiture or cancellation of any awards (or resulting gain) if, and to the extent, the recipient of the award engages in any activity which constitutes cause under our long-term incentive plan, breaches any confidentiality obligations or restrictive covenants or otherwise engages in any activity which is contrary, inimical or harmful to the company;

All annual long-term equity award decisions are made on a fixed date every year when material information regarding the company's performance for the preceding year has been publicly disclosed and thoroughly reviewed. We do not otherwise have any program, plan or practice to grant equity-based awards to our NEOs in coordination with the release of material, non-public information;

The exercise price for any stock options granted to our NEOs is based on the fair market value of our common stock on the grant date. We do not have any program, plan or practice of granting stock options and setting the exercise price based on the price of our common stock on a date other than the grant date. Further, we do not have a practice of determining the exercise price of stock option grants by using average prices (or lowest prices) of our common stock in a period preceding, surrounding or following the grant date; and

Our NEOs are prohibited under our insider trading policy from selling short our common stock or engaging in hedging or offsetting transactions regarding our common stock.

Executive Compensation Philosophy and Objectives

The guiding principle of our executive compensation philosophy is to pay for performance, meaning that the most significant percentage of our NEOs' targeted total direct compensation is performance-based compensation—short-term (in the form of an annual cash bonus) and long-term (in the form of equity-based incentive awards), both of which are determined primarily based on the company's financial and strategic performance.

The committee believes that our executive compensation program plays a key role in attracting and retaining highly qualified individuals in our competitive industry. We also believe that an effective executive compensation program is one that seeks to align our NEOs' interests with those of our shareholders, with the ultimate objective of increasing long-term shareholder value. Our executive compensation program has been designed to ensure that the compensation earned by our NEOs remains both competitive relative to the compensation paid to similarly situated executives in our peer group as well as commensurate with the overall performance of the company and each NEO's individual

performance objectives. As a result, our executive compensation program includes both a fixed-cash component (i.e., base salary) and both short- and long-term performance-based opportunities that motivate and reward the achievement of annual and long-term company performance goals. We believe this combination of fixed base salary, annual cash bonuses tied to performance and long-term equity-based incentives (with multi-year vesting periods) is balanced and serves to motivate our NEOs to achieve company performance objectives without taking unreasonable risks.

Table of Contents

We design all of our compensation programs (including those applicable to our non-executive employees) to motivate and reward our employees to achieve company performance objectives without taking unreasonable risks. Accordingly, we have concluded that the risks arising from our compensation policies and practices are not reasonably likely to have a material adverse effect on the company. Our annual bonus opportunity for all eligible employees, similar to that for our NEOs, is not guaranteed and is primarily a function of the company's or the applicable practice group's performance.

Executive Compensation Process

In making executive compensation decisions, the committee reviews competitive market compensation practices, including the compensation practices of companies in our peer group and published survey data. To assist with this, the committee has retained Towers Watson as its external compensation consultant. Towers Watson provides the committee with information regarding the compensation practices of our peer group (as discussed in further detail below) and also advises and updates the committee on market trends and best practices. Annually, Towers Watson conducts an in-depth review of our executive compensation program to determine if the individual components of our program are competitive with our peers and consistent with our executive compensation philosophy and objectives, as articulated above. Towers Watson also provides the committee with assistance in reviewing our long-term incentive plan and the appropriate usage of shares under that plan, as well as relevant market data and alternatives to consider with respect to director compensation. In performing these duties for the committee, Towers Watson is directed to assess compensation relative to our peer group as well as the specific business needs of our company. Although Towers Watson has been retained directly by the committee, from time to time, as necessary, management provides information and discusses alternatives directly with Towers Watson, at the direction of the committee.

For competitive benchmarking purposes, the committee compares each executive compensation program component against a peer group of companies, which is comprised of strategic analysis and consulting companies against which we compete for talent and shareholder investment (collectively, our peer group). For 2010, the committee used the peer group that it had approved in February 2010, based on the advice of Towers Watson. This peer group consists of the following companies:

The Advisory Board Company
Corporate Executive Board
CRA International Inc.
Duff & Phelps Corporation
Exponent, Inc.
FTI Consulting, Inc
Gartner Group, Inc.
Huron Consulting Group Inc.
ICF International, Inc.
LECG Corporation
MAXIMUS, INC.
Resources Connection, Inc.
Tetra Tech, Inc.

The peer group information reviewed by the committee and referenced in this Proxy Statement was provided by Towers Watson and derived from the most recently filed proxy statement of each peer group company as of June 2010.

Annually in the first quarter, the committee conducts a compensation review for each NEO, including our chairman and chief executive officer, based on company and individual performance for the preceding year. Individual

performance for our NEOs is assessed based upon each NEO's specific role within the company and each NEO's contributions toward achieving the company's financial and strategic performance goals. We do not assign specific weighting factors when considering company and individual performance; rather, we perform a qualitative assessment of each NEO's individual leadership role and each NEO's effectiveness and contributions to the company's overall performance. Specifically, each NEO is evaluated based on (i) his or her overall individual

Table of Contents

performance in the area of the company over which he or she has direct responsibility and (ii) his or her individual contributions to the company's financial and strategic performance for the year in question. See the section entitled "2010 Executive Compensation Review" for a discussion of the compensation review conducted for each of our NEOs for the 2010 performance year.

2010 Executive Compensation Program

Our 2010 executive compensation program generally consisted of three primary components:

Base salary;

Annual performance-based cash bonus; and

Long-term equity-based incentive compensation.

For 2010, total direct compensation (base salary, annual performance-based cash bonus and long-term equity-based incentive compensation) for our NEOs was generally targeted between the 50th and 75th percentiles of our peer group. We believe this compensation target is appropriate in order to attract and retain top caliber executive talent in our competitive industry. Further, this target recognizes the committee's expectation that, over the long-term, the company will generate shareholder returns in excess of the average of our peer group. Nevertheless, actual total direct compensation could deviate from target after we consider factors such as the relative experience level and individual performance of the NEO.

Consistent with our pay for performance philosophy, the most significant percentage of our NEOs' targeted total direct compensation is incentive-based compensation. While the allocation between cash and equity-based compensation is governed, in part, by our employment agreements with each of our NEOs (specifically, as it relates to base salary and target annual cash bonus), we have no pre-established policy or formula for the allocation between cash and equity-based incentive compensation. We review the mix of cash and equity-based incentives periodically to ensure that we are properly motivating our NEOs to achieve both short- and long-term performance goals and aligning their interests with those of our shareholders.

Base Salary

We believe that some portion of our NEOs' total compensation should be provided in a form that is fixed and predictable. Initial base salaries are set pursuant to the terms of each NEO's employment agreement. Consistent with its overall goal of remaining competitive, the committee initially targets base salaries for our NEOs between the 50th and 75th percentiles of our peer group. Thereafter, annual base salaries are reviewed by the committee in connection with its annual compensation review.

Our NEOs received no salary increase in 2010. Based on our peer group benchmarks, as well as individual and company performance assessments for 2010, the committee made no changes to our chairman and chief executive officer's base salary for 2011. Further, the committee, in concurrence with management's recommendation, did not change any of the other NEOs' base salaries for 2011. As a result, NEO base salaries have remained unchanged for the last three years.

Annual Performance-Based Cash Bonus

Annual cash bonuses paid to our NEOs are primarily based upon the company's financial and strategic performance during the year. The committee does not apply a strict formula in determining annual bonus funding or bonus payouts.

Instead, the committee assesses the company's overall performance for the fiscal year relative to budgeted amounts and, based upon that assessment and other considerations, including individual performance, determines the level of bonus payouts, if any.

For 2010, the committee considered financial measures relating to revenue growth, EBITDA, net income and earnings per share. The company's qualitative strategic goals for 2010 included successful completion of the following: organizational realignment; strategic investment in core growth practice areas; senior level recruitment;

Table of Contents

and management's timely and effective response to changes in the competitive landscape. Although these goals were ambitious, the committee believes they were achievable at the time they were established.

Based on the company's actual financial results for 2010, the committee determined that the company's performance with respect to revenue growth and EBITDA partially met the Board's expectations; however, the company's performance with respect to net income and earnings per share did not meet expectations. The committee further determined that the company largely achieved its strategic goals for 2010. Consideration was also given to the fact that the company's stock price performance was below the average for its peer group during 2010. In aggregate, the committee concluded that the company's financial, strategic and stock price performance warranted cash bonus payouts at levels significantly below target.

In the aggregate, cash bonuses for our NEOs were awarded at 37% of target for 2010.

The cash bonuses earned by each of our NEOs for 2010 are set forth in the table below.

Name	2010 Cash	2010 Cash	2010 Cash	2010
	Target	Bonus	Bonus	Cash Bonus
	Bonus (\$)	Award (\$)	Award as %	Award as %
			of	of Base
			Target	Salary
William M. Goodyear	850,000	275,000	32.4%	32.4%
Thomas A. Nardi	292,500	150,000	51.3%	33.3%
Julie M. Howard	600,000	200,000	33.3%	33.3%
Monica M. Weed	200,000	100,000	50.0%	25.0%

Long-Term Equity-Based Incentive Compensation

The committee believes that long-term equity-based incentive compensation is an important component of our executive compensation program as it promotes long-term retention of our key employees and aligns our NEOs interests with those of our shareholders on a long-term basis. The committee believes that equity-based incentive compensation also gives us an advantage in attracting and retaining key employees in an increasingly competitive environment.

In reviewing the size of equity-based incentive awards, the committee focuses on our financial and strategic performance for the year preceding the date of grant, the contributions of each NEO to the company's overall performance and individual performance. Accordingly, the committee grants long-term equity-based incentive awards to our NEOs with the dual intention of rewarding performance for the prior year as well as motivating our NEOs to achieve long-term company performance goals and increase long-term shareholder value.

The amount of equity-based incentive compensation granted to each NEO is impacted by company and individual performance for the prior performance year, as well as the NEO's total target direct compensation, as compared to peer group benchmarks.

Table of Contents

The company's overall performance during 2010, as described above, was a significant factor in determining the value of the equity-based incentive awards granted to our NEOs for the 2010 performance year. These awards were granted at lower levels than the prior year, reflecting the fact that the company's financial performance during 2010 only partially met the Board's expectations and also considering the fact that the company's stock price performance was below the average for its peer group during 2010. The value of these grants was well below the 50th percentile of our peer group and represented more than a 50% decrease from the value of the prior year's grants.

The aggregate value of the equity-based incentive awards granted to our NEOs on March 15, 2011 for the 2010 performance year is set forth in the table below.

Name	Peer Group 50th Percentile Equity Award Value (\$)	Peer Group 75th Percentile Equity Award Value (\$)	2009 Equity Award Value (\$)(1)	2010 Equity Award Value (\$)(2)	2010 Decrease From 2009
William M. Goodyear	960,000	1,000,000	750,000	300,000	60%
Thomas A. Nardi	300,000	500,000	300,000	135,000	55%
Julie M. Howard	525,000	850,000	500,000	225,000	55%
Monica M. Weed	301,000	444,000	250,000	115,000	54%

(1) Represents the aggregate value of equity-based incentive awards granted on March 15, 2010 for the 2009 performance year.

(2) Represents the aggregate value of equity-based incentive awards granted on March 15, 2011 for the 2010 performance year.

The equity-based incentive awards granted to our NEOs on March 15, 2011 consist of 67% restricted stock and 33% stock options, based on the overall value of the award. The restricted stock and stock options vest annually over a three-year period beginning on first anniversary of the grant date. The stock options have an exercise price equal to the closing price of our common stock on the grant date and expire six years from the grant date.

All Other Compensation

Parking benefits are the main perquisites that our NEOs receive. None of our named executive officers receives benefits under a defined benefit pension plan or supplemental executive retirement plan.

2010 Executive Compensation Review

As noted above, we conduct an annual compensation review for each NEO, including our chairman and chief executive officer, in the first quarter of the year based on company and individual performance for the preceding year. A discussion of the compensation reviews, and resulting individual compensation decisions, is set forth below.

Chairman and Chief Executive Officer

The committee reviewed Mr. Goodyear's total compensation for 2010, pursuant to the terms of his employment agreement and taking into consideration his individual performance during 2010, as well as benchmarking information and recommendations provided by Towers Watson. Mr. Goodyear's 2010 annual performance review was based upon

an assessment of the overall performance of the company for 2010 and the degree to which the company progressed on its longer-term strategic objectives. The committee's decision to award Mr. Goodyear a cash bonus for 2010 below target and an equity grant for the 2010 performance year with a value significantly below the prior year's grant was based on the fact that the company's financial performance during 2010 only partially met the Board's expectations with respect to revenue growth and EBITDA (and did not meet its expectations with respect to net income and earnings per share), despite the company largely achieving its strategic goals for 2010. Consideration was also given by the committee to the fact that the company's stock price performance was below the average for its peer group during 2010.

Table of Contents

The following table sets forth Mr. Goodyear's total direct compensation, by component, for 2010.

Name	2010 Base Salary (\$)	2010 Cash Bonus Award (\$)	2010 Equity Award Value (\$)(1)	2010 Total Direct Comp. (\$)(2)	2009 Total Direct Comp. (\$)(2)	2010 Decrease From 2009
William M. Goodyear	850,000	275,000	300,000	1,425,000	1,600,000	11%

(1) Represents the aggregate value of equity-based incentive awards granted on March 15, 2011 for the 2010 performance year.

(2) Includes equity-based incentive awards granted in 2011 and 2010, respectively, for the prior year performance period. The treatment of these grants as prior year compensation for purposes of this table is different than the treatment required in the Summary Compensation Table that appears on page 23 of this Proxy Statement. The Summary Compensation Table reports the grant date fair value of equity-based incentive awards in the year of grant, regardless of whether the awards were granted based on prior year performance.

The following chart illustrates Mr. Goodyear's actual total direct compensation for 2010, as compared to 2009 and the 50th and 75th percentiles of our peer group.

As described above, the committee determined in March 2011 to maintain Mr. Goodyear's annual base salary for 2011 at \$850,000, which is the same level it has been since 2008.

Other NEO Compensation

Similar to the process undertaken for Mr. Goodyear, the committee reviewed the compensation of our other three current NEOs, pursuant to the terms of their respective employment agreements and taking into consideration each NEO's individual performance during 2010, as well as benchmarking information and recommendations provided by Towers Watson. This review was based on the committee's consideration of recommendations from our chairman and chief executive officer and his assessment of the officer's individual performance in light of the

Table of Contents

company's overall performance and, more specifically, each officer's individual contributions to the company's financial and strategic performance during 2010.

For Mr. Nardi, our executive vice president and chief financial officer, individual performance for 2010 was based upon an assessment of his contributions and the impact the finance, accounting and information technology functions made to the company's financial and strategic performance, as well as the effective management of the finance, accounting, risk management, investor relations and information technology functions. In addition, Mr. Nardi's individual goals for 2010 included achieving operational improvements and efficiencies within the finance, accounting and information technology functions.

For Ms. Howard, our president and chief operating officer, individual performance for 2010 was based upon an assessment of her contributions to the company's financial and strategic performance as well as effective management, specifically as it related to business unit and operational leadership. In addition, Ms. Howard's 2010 individual goals included reducing general and administrative costs and achieving operational improvements and efficiencies.

For Ms. Weed, our vice president and general counsel, individual performance for 2010 was based upon an assessment of her contributions and the impact the legal function made to the company's financial and strategic performance, specifically in managing the legal risk profile of the company as well as the effective management of the legal function at the company. In addition, Ms. Weed's individual goals for 2010 included achieving operational improvements and efficiencies in the legal function; making improvements to the company's risk management and regulatory compliance programs; enhancing legal support activities to critical company functions; and managing and supporting the company's acquisition initiatives.

The following table sets forth the total direct compensation, by component, for each NEO, other than Mr. Goodyear, for 2010:

Name	2010 Base Salary (\$)	2010 Cash Bonus Award (\$)	2010 Equity Award Value (\$)(1)	2010 Total Direct Comp. (\$)(2)	2009 Total Direct Comp. (\$)(2)	2010 Decrease From 2009
Thomas A. Nardi	450,000	150,000	135,000	735,000	900,000	18%
Julie M. Howard	600,000	200,000	225,000	1,025,000	1,100,000	7%
Monica M. Weed	400,000	100,000	115,000	615,000	775,000	21%

- (1) Represents the aggregate value of equity-based incentive awards granted on March 15, 2011 for the 2010 performance year.
- (2) Includes equity-based incentive awards granted in 2011 and 2010, respectively, for the prior year performance period. The treatment of these grants as prior year compensation for purposes of this table is different than the treatment required in the Summary Compensation Table that appears on page 23 of this Proxy Statement. The Summary Compensation Table reports the grant date fair value of equity-based incentive awards in the year of grant, regardless of whether the awards were granted based on prior year performance.

Table of Contents

The following chart illustrates the three NEOs' actual total direct compensation for 2010, in the aggregate, as compared to 2009 and the 50th and 75th percentiles of our peer group.

Salary reviews for these three NEOs resulted in no changes to their annual base salaries for 2011. The committee believes that the current salary levels in place for these NEOs are appropriately competitive and allow for the proper balance of fixed versus variable compensation.

Practices Regarding the Grant of Equity-Based Awards

The committee believes that it is appropriate that decisions with respect to annual equity-based awards be made at a time when material information regarding our performance for the preceding year has been disclosed publicly and thoroughly reviewed. Accordingly, the committee has adopted a policy providing that annual equity grants to our NEOs, if any, be made on March 15th (or the next business day, if March 15th is not a business day). We do not otherwise have any program, plan or practice to grant equity-based awards to our NEOs in coordination with the release of material non-public information.

For the portion of any equity grant denominated in restricted shares, the value of that portion of the grant is converted into a number of restricted shares by dividing the total value awarded by the average daily closing price of our stock for the 30-day calendar period leading up to, but not including, the grant date. For the portion of any equity grant denominated in stock options, the value of that portion of the grant is converted into a number of stock options by dividing the total value awarded by the Black Scholes value as the grant date.

All equity-based awards made to our NEOs, or any of our other employees or directors, are made pursuant to our 2005 long-term incentive plan. All stock options under our 2005 long-term incentive plan are granted with an exercise price equal to the fair market value of our common stock on the grant date. We do not have any program, plan or practice of awarding options and setting the exercise price based on the stock's price on a date other than the grant date. We do not have a practice of determining the exercise price of option grants by using average prices (or lowest prices) of our common stock in a period preceding, surrounding or following the grant date.

Table of Contents

Post-Termination Compensation

We have entered into employment agreements with each of our NEOs. These agreements, among other things, provide for certain severance payments and benefits in the event a NEO's employment is terminated under certain circumstances or following a qualifying event, such as being terminated without cause, resigning for good reason or following a change of control, as these terms are defined in the employment agreements. These employment agreements are described in further detail in the section entitled "Executive Compensation - Employment Agreements" below.

The committee believes that these severance arrangements are an important part of our overall executive compensation program. The committee believes that these agreements will help to secure the continued employment and dedication of our NEOs, notwithstanding any concern that they might have at any given time regarding their continued employment, prior to or following a change of control. The committee also believes that these agreements are an important recruiting and retention device, as all or nearly all of the companies with which we compete for executive talent have similar agreements in place for their executives.

Stock Ownership Guidelines

The committee has established stock ownership guidelines for our NEOs. These guidelines are designed to more closely link our NEOs' interests with those of our shareholders. These stock ownership guidelines provide that within five years of becoming a NEO, the NEO must own (not including unvested, unexercised stock options) shares of our common stock or vested stock units with a value of three times his or her annual base salary. Mr. Goodyear, as chief executive officer, is required to own four times his annual base salary. As of the end of 2010, each of our current NEOs was in compliance with our stock ownership guidelines.

Our insider trading policy prohibits all of our employees, including our NEOs, from engaging in selling short our common stock or engaging in hedging or offsetting transactions regarding our common stock.

COMPENSATION COMMITTEE REPORT

The compensation committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on this review and discussion, we recommend to the board of directors that the Compensation Discussion and Analysis be included in this Proxy Statement, the company's Annual Report on Form 10-K for the year ending December 31, 2010 and such other filings with the SEC as may be appropriate.

COMPENSATION COMMITTEE

Stephan A. James, Chairman
Thomas A. Gildehaus
Hon. Cynthia A. Glassman
Michael L. Tipsord

Table of Contents**EXECUTIVE COMPENSATION****2010 Summary Compensation Table**

The table below summarizes the total compensation paid to or earned by each of our named executive officers for the last three fiscal years.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	All Other Compensation (\$)(2)	Total (\$)
William M. Goodyear Chairman and Chief Executive Officer	2010	850,000	275,000	489,092	247,503	21,698	1,883,293
	2009	850,000		771,399	395,920	23,160	2,040,479
	2008	850,000	900,000			23,169	1,773,169
Thomas A. Nardi(3) Executive Vice President and Chief Financial Officer	2010	450,000	150,000	195,644	99,002	13,373	908,020
	2009	450,000	150,000	48,219	24,746	12,123	685,088
	2008	60,577	100,000	500,010		414	661,001
Julie M. Howard President and Chief Operating Officer	2010	600,000	200,000	326,061	165,000	10,084	1,301,145
	2009	600,000		546,416	280,442	10,970	1,437,828
	2008	600,000	650,000			31,522	1,281,522
Monica M. Weed(3) Vice President, General Counsel and Secretary	2010	400,000	100,000	163,031	82,503	10,341	755,875
	2009	400,000	125,000	48,219	24,746	9,063	607,028
	2008	61,538	250,000	500,001		572	812,111

(1) The amounts reported in this column represent the aggregate grant date fair value of restricted stock or stock option awards granted to our named executive officers during 2010, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation – Stock Compensation (FASB ASC Topic 718). Assumptions used in calculating the aggregate grant date fair value of these awards are described in Note 8 to the Consolidated Financial Statements in our Annual Report on Form 10-K filed with the SEC on February 18, 2011 (2010 Form 10-K).

(2) The amounts reported in this column include company matching contributions under the 401(k) Plan and the value attributable to life insurance benefits and parking benefits provided to each named executive officer. For Mr. Goodyear, \$13,526 in value was attributable to life insurance benefits for 2010. No other items reported in this column for Mr. Goodyear or the other named executive officers had a value in excess of \$10,000 for 2010.

(3) Mr. Nardi and Ms. Weed joined us in November 2008.

2010 Grants of Plan-Based Awards

All Other Stock Awards: Number	All Other Option
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of Shares of Awards: Nu