

Navigant Consulting 2006 Annual Report

Innovative Solutions to Dispute, Financial and Operational Challenges

Navigant Consulting

Navigant Consulting is a global consulting firm providing dispute, investigative, operational, risk management and financial advisory solutions to legal counsel, government agencies and companies experiencing regulatory or structural change.

Financial Highlights

Results of Operations	2006	2005	2004
Total revenues (in thousands)	\$ 681,745	\$ 575,492	\$ 482,119
Full Time Equivalent (FTE) consultants at year-end	1,871	1,705	1,523
Average FTE consultants during the year	1,759	1,608	1,319
Annual gross revenues per FTE consultant	\$387,700	\$357,900	\$365,500

Select Case Studies



Stay the Course

A private equity firm sought to align old business practices with the new realities of SEC compliance. They turned to Navigant Consulting for guidance.

Our tasks? Review existing business activities, operations/IT infrastructure, compliance policies and identify potential risk areas. Pinpoint the areas requiring change. Implement the changes focusing on the firm's technology infrastructure and records retention procedures. And then, with these changes in place, provide ongoing compliance monitoring support, including how to in-source technology support and monitor compliance risk.

Define your path to success. Turn to us for direction[s].



All Together Now

When a \$2 billion public company got the news the SEC was launching an investigation into its accounting practices, counsel immediately turned to Navigant Consulting to assemble an integrated, multi-disciplinary team.

By tapping an integrated team of subject matter experts, a multitude of issues were addressed quickly and accurately. Our forensic accountants analyzed accounting data. Our Discovery Services group sifted through terabytes of electronic data. Our construction specialists valued the company's equipment. And our corporate finance team assessed the company's intangible assets, including the customer service relationships it had gained through its many acquisitions.

Get the right team of specialists working in tandem. Turn to us for direction[s].

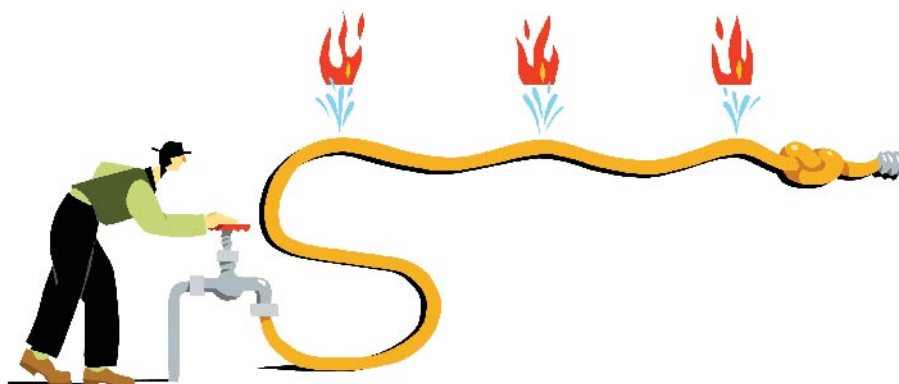


Power To Improve

Facing tremendous scrutiny during an earnings restatement, a mortgage finance company recognized a need for extensive reengineering of its finance and accounting operations. The company required a team of multidisciplinary experts who understood critical areas of the finance function. Pairing our industry expertise with our deep finance and accounting skills, Navigant Consulting mobilized a team and began transforming the company's accounting processes and systems in order to implement timely, accurate and sustainable solutions.

These new solutions have enabled the company to provide critical financial information in a cost effective and efficient manner. In addition, the team was able to leverage their expertise to expand and improve the quality of the company's internal management reporting processes.

Propel your company to improved performance. Turn to us for direction[s].



A Letter from the

Chairman and Chief Executive Officer

The mission of Navigant Consulting is simple: to provide advice, information and solutions that make a positive difference for our clients. Our ability to successfully deliver on our mission has resulted in sustainable growth for our Company. Over the last five years, we have generated a 24 percent compounded annual revenue growth rate. Our headcount has nearly doubled. And the number of engagements generating in excess of \$1 million in fees has increased threefold.

Our results in 2006 reflect a continuation of these trends and our strong market position. Year over year revenues increased by 18 percent, ending the year at \$682 million, and we maintained attractive profit margins. Our headcount expanded to more than 1,800 consulting professionals, including doubling the size of our team in London. Our strong cash flow throughout the year - nearly \$90 million - allowed us to invest in our people, and expand our service offerings, while maintaining a strong balance sheet with minimal leverage.

Core Business Segment Growth

Our performance in 2006 benefited from steady market demand in both of our core business segments.

The Dispute, Investigative & Regulatory Advisory segment experienced strong client

demand across multiple service lines, driven in part by an ongoing, activist regulatory environment. Our experience in large complex litigation matters, coupled with our extensive forensic accounting capabilities, resulted in Navigant professionals being retained on more than 50 employee stock option backdating matters. Our infrastructure disputes team was actively engaged in multiple large scale global construction matters, and we extended our involvement assisting clients with addressing international arbitration and Foreign Corrupt Practices Act (FCPA) matters.

Our Business, Financial & Operations Advisory segment benefited from several cross-practice collaboration opportunities, which allowed us to bring insightful solutions to our clients. Our professionals provided operating and technology support for merger integration efforts, including defining target operating models and serving in an advisory role through all aspects of integrations. We provided accounting policy advisory services, including compliance assessments, restatement reviews and initiatives to better enhance accounting and financial reporting processes across a variety of industries. We also gained increased traction in our actuarial services practice, combined with higher demand for our insurance and reinsurance industry expertise.

The mission of Navigant Consulting is to provide advice, information and solutions that make a positive difference for our clients.

To maintain momentum, we will be responsive to client needs, protect and enrich our intellectual capital, and enhance our increasingly recognizable brand position.

Global Expansion

Both business segments contributed to, and benefited from, our commitment to ongoing global expansion. Acquisition investments and strategic hires in London led to new dispute, financial and operations service offerings in the European market. We developed a leadership position supporting clients with financial and project advisory services on Public Private Partnership initiatives, which are becoming a global "hot topic." We also leveraged our deep industry expertise to assist clients with addressing global regulatory changes as well as in complying with evolving financial reporting standards. Our team, with offices in Toronto, London and Hong Kong, consists of more than 150 professionals. Our work, driven by strong client demand for an integrated solutions provider, expands beyond these core offices, with our professionals conducting engagements in more than 34 countries in 2006.

Supporting Continued Growth

Our continued growth will be supported by several macro economic trends, including:

- Globalization and standardization
- Activist global regulatory environment
- Increased focus on risk management systems
- Ongoing industry consolidations

During the next three years, the two segments around which our Company is organized represent a \$35+ billion "business consulting spend" opportunity, with anticipated annual growth in excess of 10 percent. To maintain momentum, and capture an increasing portion of this growing market, we will be responsive to client needs, protect and enrich our intellectual capital, and enhance our increasingly recognizable brand position.

Looking ahead to the next several years, our growth will be driven by five distinctive strategies:

- Attracting, retaining and developing the best talent
- Deepening our core/complementary service offerings
- Extending our global platform
- Completing accretive complementary acquisitions
- Driving brand preference in our primary target markets

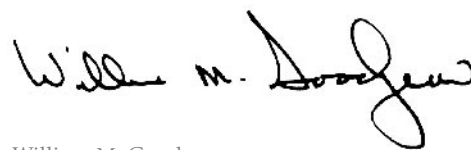
To support these priorities, we will deploy our capital subject to continuing attractive returns, and we will make the necessary investments in our people and systems to support the consistent organic growth rates the Company has enjoyed.

Balancing Stakeholder Interests

Our longer term success is contingent on our ability to balance the interests of our three primary stakeholder groups - our people, our clients and our shareholders. The interests of these three groups are at the forefront of every decision we make.

In the latter part of 2006, we focused intensely on engaging our professionals relative to their key concerns. Their thoughts and insights provided a guide for our management team in continuing to meet their personal and professional growth and development needs. In 2007, we will make additional investments in our people, while also seeking to create even stronger relationships with our clients. By continually engaging our professionals and our clients in a way that allows us to understand their perspectives, we can align our long-term growth strategies with their needs, which will support providing long-term value creation for our shareholders.

Over the past five years, we have taken measured steps to secure our place as a leading dispute, financial and operational advisory firm. Our success is a result of the hard work and dedication of our people, our established client relationships, and the confidence the investment community has placed in us. As we look to the future, we are optimistic about our opportunities for continued success. We have a solid platform. We remain positioned in front of strong demand drivers. And we are confident we have the right professionals to capitalize on these opportunities.



William M. Goodyear

Chairman and Chief Executive Officer

Strategic Objective

Our strategic objective is to be the premier professional services provider in our areas of expertise. We want to be the first organization our clients call and the one they turn to when they face their greatest challenges.

Corporate Information

Board of Directors

William M. Goodyear
Chairman and Chief Executive Officer

Thomas A. Gildehaus
Retired Executive Vice President, Deere & Co.

Valerie B. Jarrett
*President and Chief Executive Officer,
The Habitat Company*

Peter B. Pond
General Partner, Alta Equity Partners

Samuel K. Skinner
*Retired Chairman, President and Chief Executive
Officer, U.S. Freightways Corporation*

Gov. James R. Thompson
Senior Chairman, Winston & Strawn

Executive Management Group

William M. Goodyear
Chairman and Chief Executive Officer

Julie M. Howard
President and Chief Operating Officer

Ben W. Perks
*Executive Vice President and
Chief Financial Officer*

Richard X. Fischer
*Vice President, General Counsel and
Corporate Secretary*

David E. Wartner
Vice President and Controller

Jeffrey H. Stoecklein
Vice President, Corporate Development

Executive Committee

J. Donald Fancher
*Vice President and Business Segment Leader:
Dispute, Investigative & Regulatory Advisory*

Sharon Siegel Voelzke
*Vice President and Business Segment Leader:
Business, Financial & Operations Advisory*

Jeffrey B. Green
*Vice President, Strategy and
Organizational Development*

Avram S. Tucker
Senior Advisor - Strategic Market Opportunities

Investor Information

Corporate Headquarters

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Chicago, Illinois 60611
312.573.5600

www.navigantconsulting.com

Annual Meeting of Shareholders

9:00 a.m. CDT, Friday, April 27, 2007
The Chicago Club
81 East Van Buren Street
Chicago, Illinois 60605

Investor Relations

Mary E. Rosinski, Senior Manager
312.573.5614
Fax 312.573.5675

Stock Market Information

Common stock is traded on the New York
Stock Exchange under the symbol NCI.

Transfer Agent and Registrar

LaSalle Bank N.A.
135 South LaSalle Street
Chicago, Illinois 60603

Independent Accountants

KPMG LLP
303 East Wacker Drive
Chicago, Illinois 60601

Legal Counsel

Sidley Austin LLP
1 South Dearborn Street
Chicago, Illinois 60603

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