NAVIGANT CONSULTING INC
Form DEF 14A
April 09, 2019
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# 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 under §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)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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April 9, 2019

Dear Shareholder:

You are cordially invited to attend the Navigant Consulting, Inc. (the Company ) 2019 Annual Meeting of Shareholders of (the annual meeting ), which will be conducted via live audio webcast on Tuesday, May 14, 2019, at 10:00 a.m., Central time. This year s annual meeting with be a completely virtual meeting of shareholders. You will be able to attend the virtual annual meeting, vote your shares and submit questions during the meeting via live audio webcast by visiting www.virtualshareholdermeeting.com/NCI2019. We are excited to embrace virtual annual meeting technology, which we believe provides expanded access, improved communications and cost and time savings for our shareholders and the Company. Hosting a virtual annual meeting enables increased stockholder attendance and participation from locations around the world.

During the virtual meeting, you may ask questions and vote electronically. To participate, you will need the 16-digit control number included in your proxy materials or on your proxy card. We encourage you to allow ample time for online check-in, which will begin at 9:45 a.m., Central time. Please note that there is no in-person meeting for you to attend.

Details about how to attend the meeting online, submit questions during the meeting, and the business to be conducted at the annual meeting are provided in the attached Notice of Annual Meeting and Proxy Statement. Please read the enclosed information and our 2018 Annual Report, which includes our Form 10-K for the year ended December 31, 2018, carefully before voting your proxy.

Your vote is important and we encourage you to vote your shares as soon as possible to ensure your shares are represented at the meeting. Even if you plan to attend the annual meeting via the live webcast, please authorize your proxy or direct your vote by following the instructions related to each of your voting options described in the Proxy Statement. You may vote your shares by Internet, telephone or mail pursuant to the instructions included on the enclosed proxy card or voting instruction card. We encourage you to use the first option and vote by Internet. Even if you submit a vote prior to the annual meeting, you will have an opportunity to change your earlier vote and vote again during the annual meeting.

We look forward to your attendance and participation in this year s annual meeting.

Sincerely,

Julie M. Howard

Chairman and Chief Executive Officer

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**NAVIGANT CONSULTING, INC.**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

| | |
|---|---|
| **Time and Date:** | 10:00 a.m., Central time, on May 14, 2019 |
| **Place:** | Live audio virtual annual meeting webcast at www.virtualshareholdermeeting.com/NCI2019 |
| **Agenda:** | The purposes of the meeting are to: |

1. Elect the nine nominees identified in the Proxy Statement to the Company s Board of Directors to serve for one-year terms;

2. Approve, on an advisory basis, the compensation paid to the Company s named executive officers, as disclosed in the Proxy Statement;

3. Ratify the appointment of KPMG LLP as the Company s independent registered public accounting firm for fiscal year 2019; and

4. Transact any other business properly brought before the meeting, or any adjournments or postponements of the meeting.

**Record Date:** If you were a shareholder of record at the close of business on March 29, 2019, you are entitled to notice of, and to vote at, the annual meeting.

Whether or not you plan to attend the annual meeting via the live webcast, we urge you to ***vote your shares as promptly as possible*****.** Please return your proxy card or voting instruction form promptly in the mail or vote via the Internet or phone using the instructions on the proxy card. If you receive more than one proxy card because your shares are registered in different names or addresses, each proxy card should be signed and returned if you are voting by mail, or voted separately if you are voting via the Internet or phone, to assure that all of your shares are represented at the annual meeting. If you mail the proxy card or voting instruction card in the envelope provided, no postage is required if mailed from within the United States. Even if you submit a vote prior to the annual meeting, you will have an opportunity to vote again during the annual meeting and automatically revoke your earlier proxy as further described in the enclosed Proxy Statement.

We have also enclosed the Proxy Statement and 2018 Annual Report to Shareholders, which includes our Form 10-K for the year ended December 31, 2018, with this Notice of Annual Meeting.

By Order of the Board of Directors,

Monica M. Weed

Secretary

Chicago, Illinois

April 9, 2019

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You can find detailed information regarding voting in the section entitled Questions and Answers in the enclosed Proxy Statement.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR**

**THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 14, 2019**

The Notice of Annual Meeting and Proxy Statement are available on our website at

*www.navigant.com/2019proxy.* The 2018 Annual Report to Shareholders, which

includes our Form 10-K for the year ended December 31, 2018, is available on our website at

*www.navigant.com/2018annualreport*.

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**YOUR VOTE IS IMPORTANT.**

**PLEASE VOTE YOUR PROXY OVER THE INTERNET**

**BY VISITING WWW.PROXYVOTE.COM**

**OR BY TELEPHONE (800) 690-6903**

**OR**

**MARK, SIGN, DATE AND RETURN YOUR PROXY CARD BY MAIL**

**WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING.**

**NAVIGANT CONSULTING, INC.**

**PROXY STATEMENT FOR 2019 ANNUAL MEETING OF SHAREHOLDERS**

This Proxy Statement and the accompanying proxy card are being mailed or otherwise furnished to our shareholders on or about April 9, 2019 in connection with the solicitation of proxies by our Board of Directors (the Board ) for the 2019 Annual Meeting of Shareholders of Navigant Consulting, Inc. which will be held on May 14, 2019 at 10:00 a.m., Central time, via live webcast accessible at www.virtualshareholdermeeting.com/NCI2019.

The words we, us, our and the Company used throughout this Proxy Statement refer to Navigant Consulting, Inc.

Our principal executive offices are currently located at 150 North Riverside Plaza, Suite 2100, Chicago, Illinois 60606. Our telephone number is (312) 573-5600.

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## QUESTIONS AND ANSWERS

**Q: What is a proxy and proxy statement?**

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 at the 2019 annual meeting of shareholders of the Company, which we refer to as the annual meeting, to be held on May 14, 2019, at 10:00 a.m., Central time via live audio webcast, accessible at www.virtualshareholdermeeting.com/NCI2019.

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. **This Proxy Statement and the accompanying proxy card for our 2019 Annual Meeting of Shareholders are being solicited by our Board.**

**Q: Who is entitled to vote?**

A: Only holders of our common stock as of the close of business on the record date, March 29, 2019, are entitled to vote at the annual meeting. Each outstanding share of our common stock is entitled to one vote. There were 39,059,802 shares of our common stock outstanding as of the close of business on March 29, 2019.

**Q: What am I being asked to vote on at the annual meeting?**

A: At the annual meeting, our shareholders will be asked to:

- elect the nine nominees identified in this Proxy Statement to our Board for one-year terms (see page 5);
- approve, on an advisory basis, the compensation paid to the Company s named executive officers, as disclosed in this Proxy Statement (see page 61);
- ratify the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2019 (see page 62); and
- transact any other business properly brought before the meeting or any adjournments or postponements of the meeting.

**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 your shares at the annual meeting or complete and submit a proxy by mail, telephone or the Internet prior to the meeting. 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 attend the annual meeting?**

A: This year s annual meeting will be a completely virtual meeting of shareholders, which will be conducted via live webcast. You are entitled to participate in the annual meeting only if you were a Company shareholder as of the close of business on March 29, 2019 or if you hold a valid proxy to vote at the annual meeting.

You will be able to attend the annual meeting online and submit your questions during the meeting by visiting www.virtualshareholdermeeting.com/NCI2019. You will also be able to vote your shares electronically at the annual meeting. To participate, you will need your 16-digit control number included in your proxy materials, on your proxy card, or on the instructions that accompanied your proxy materials.

The meeting will begin promptly at 10:00 a.m., Central time. We encourage you to access the meeting prior to the start time. Online access will open at 9:45 a.m., Central time, and you should allow ample time to log in to the meeting webcast and test your computer audio system.

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We recommend that you carefully review the procedures needed to gain admission in advance. If you do not comply with the procedures described here for attending the annual meeting online, you will not be able to participate online.

**Q: What will I need to attend the virtual annual meeting?**

A: If you were a shareholder of record as of the close of business on March 29, 2019, or you hold a valid proxy for the annual meeting, you may attend the Annual Meeting, vote, and submit a question during the Annual Meeting by visiting www.virtualshareholdermeeting.com/NCI2019 and using your 16-digit control number to enter the meeting. If you are not a shareholder of record but hold shares as a beneficial owner in street name, you may be required to provide proof of beneficial ownership, such as your most recent account statement as of the Record Date, a copy of the voting instruction form provided by your broker, bank, trustee, or nominee, or other similar evidence of ownership. If you do not comply with the procedures outlined above, you will not be admitted to the virtual Annual Meeting.

**Q: Why a virtual annual meeting?**

A: We are excited to embrace virtual annual meeting technology, which we believe provides expanded access, improved communications and cost and time savings for our shareholders and the Company. As we learned when we previously hosted a virtual annual meeting of stockholders in 2017, hosting a virtual annual meeting enables increased stockholder attendance and participation from locations around the world. We believe the cost and time savings afforded by a virtual meeting encourages more shareholders to attend the meeting.

You will be able to attend the annual meeting online and submit your questions during the meeting by visiting www.virtualshareholdermeeting.com/NCI2019. You will also be able to vote your shares electronically at the annual meeting. We encourage you to vote your shares prior to the annual meeting to ensure they are represented. Even if you submit a vote prior to the annual meeting, you will have an opportunity to vote again during the annual meeting and automatically revoke your earlier vote.

**Q: What if during the check-in period or during the meeting I have technical difficulties or trouble accessing the virtual meeting website?**

A: We will have technicians ready to assist you with any technical difficulties you may have accessing the virtual meeting. If you encounter any difficulties accessing the virtual meeting during check-in or during the meeting, please call the technical support number that will be posted on the virtual shareholder meeting login page (www.virtualshareholdermeeting.com/NCI2019):

**Q: How do I submit questions for the annual meeting?**

A: Shareholders who wish to submit questions may do so during the live webcast of the meeting at www.virtualshareholdermeeting.com/NCI2019.

**Q: How do I vote by mail, telephone or the Internet?**

A: If you are a registered shareholder, you may vote by telephone or 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 form for you to use in directing your broker or other nominee how to vote your shares.

If you vote by mail, your proxy card must be received by the close of business on May 13, 2019.

If you vote by telephone, you must do so by 11:59 p.m. on May 13, 2019.

If you vote via the Internet, you must do so by 11:59 p.m. on May 13, 2019.

**Q: Can I change my vote (revoke my proxy) after I have voted?**

A: A subsequent vote by any means will override your prior vote by revoking your previously submitted proxy. For example, if you voted by telephone, a subsequent Internet vote will change your vote. If you wish to change your vote by mail, registered shareholders may revoke a properly executed proxy by submitting a

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letter addressed to and received by our corporate secretary at our principal executive office address by the close of business on May 13, 2019, or by voting live during the meeting. 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 voting your shares 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: What does it mean if I receive more than one proxy card?**

A: The receipt of more than one proxy card indicates that your shares are held in more than one account. Sign and return all proxy cards, or vote each account by telephone or the Internet, to ensure that all your shares are voted at the annual meeting. We encourage you to register all your accounts in the same name and address. To do so, registered shareholders may contact our transfer agent, Computershare, by mail at P.O. Box 50500, Louisville, Kentucky 40233 or by telephone at 800-522-6645. 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 is householding?**

A: SEC rules allow us to deliver a single set of proxy materials and annual report to one physical address shared by two or more of our shareholders. This delivery method is referred to as householding and can result in significant cost savings. To take advantage of this opportunity, we have delivered only one set of proxy materials and annual report to multiple shareholders who share an address, unless we have received different instructions from the impacted shareholders prior to the mailing date. We agree to deliver promptly, upon written or oral request, a separate set of proxy materials and annual report, as requested, to any shareholder at the shared address to which a single copy of those documents was delivered. If you prefer to receive separate copies of the annual meeting materials, contact Broadridge by telephone at (866) 540-7095 or in writing at Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York 11717.

If you are currently a shareholder sharing an address with another shareholder and are receiving multiple copies of our proxy materials and wish to receive only one copy of future proxy statements and annual reports for your household, please contact Broadridge at the above telephone number or address.

**Q: What are broker non-votes ?**

A: A broker non-vote occurs when a broker, bank or other nominee lacks discretionary authority to vote on a proposal and the beneficial owner of the shares has not provided an instruction as to how to vote those shares. If you are a street-name shareholder and you do not instruct your broker, bank or other nominee how to vote your shares, under the rules of the New York Stock Exchange ( NYSE ), your broker, bank or other nominee may vote your shares on routine matters only. The proposal to ratify the appointment of our independent registered public accounting firm (Proposal 3) is the only routine matter being presented at the annual meeting and, therefore, may be voted upon by your broker, bank or other nominee in its discretion. If brokers exercise this discretionary voting authority on Proposal 3, such shares will be considered present at the annual meeting for quorum purposes and broker non-votes will occur as to each of the other proposals presented at the annual meeting (Proposals 1 and 2), which are considered non-routine. Broker non-votes will have no effect on these proposals.

If you hold your shares in street name, you are strongly encouraged to cast your vote by instructing your broker, bank, or other nominee on how to vote if you want your vote to be counted at the annual meeting.

**Q: What makes a quorum?**

A: A majority of the outstanding shares entitled to vote, present or represented by proxy at the annual meeting, constitutes a quorum. A quorum is necessary to conduct business at the annual meeting. Abstentions are counted as shares present and entitled to vote for purposes of determining whether a quorum is present. As explained below under What are broker non-votes?, shares held in street name by brokers or other

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nominees for which voting instructions are not received will not be counted as shares present for purposes of determining whether a quorum is present if such brokers or other nominees exercise their discretionary voting authority on Proposal 3.

**Q: What vote is required to elect the nominees for director and approve the other proposals?**

A: For each proposal, the vote required for approval is set forth below:

**Proposal 1:** Each nominee for director will be elected if the total votes cast FOR the nominee s election exceed the total votes cast AGAINST the nominee s election.

**Proposal 2:** The compensation paid to our named executive officers, as disclosed in this Proxy Statement, will be approved, on an advisory basis, by our shareholders if a majority of the outstanding shares entitled to vote, present or represented by proxy at the annual meeting, vote FOR the proposal.

**Proposal 3:** The appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2019 will be ratified by our shareholders if a majority of the outstanding shares entitled to vote, present or represented by proxy at the annual meeting, vote FOR the proposal.

Abstentions will have no effect on the election of directors. Abstentions will have the same effect as a vote against the remaining proposals. Broker non-votes will have no effect on the proposals.

**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 proxy holders will vote your shares on the proposals set forth in this Proxy Statement in accordance with the Board s recommendations. With respect to any other matter that is properly brought before the annual meeting, the proxy holders will vote the proxies held by them in their discretion.

**Q: Who may attend the annual meeting?**

A: Any shareholder as of the close of business on March 29, 2019, the record date, may attend the annual meeting. You may log into the live webcast by visiting www.virtualshareholdermeeting.com/NCI2019 and entering the 16-digit control number included on your proxy card or in the instructions that accompanied your proxy materials.

**Q: Who bears the expense of this Proxy Statement and the solicitation of proxies?**

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 MacKenzie Partners, Inc. ( MacKenzie ) to act as a proxy solicitor in connection with the annual meeting. The Company has agreed to pay MacKenzie customary compensation for its services plus reimbursement for reasonable out-of-pocket expenses incurred during the solicitation. MacKenzie has advised us that its total fees are estimated to be $17,500 in connection with the solicitation. The Company has also arranged to indemnify MacKenzie against certain liabilities arising from or in connection with the engagement.

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 THE INTERNET, TO ENSURE THAT YOUR SHARES ARE REPRESENTED AT THE ANNUAL MEETING, EVEN IF YOU PLAN TO ATTEND THE ANNUAL MEETING VIA THE LIVE WEBCAST.**

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**PROPOSAL 1**

**ELECTION OF DIRECTORS**

Pursuant to our Restated Certificate of Incorporation, all of our directors are subject to annual election. The size of our Board is currently fixed at nine directors. Kevin M. Blakely, Cynthia A. Glassman, Julie M. Howard, Stephan A. James, Rudina Seseri, Michael L. Tipsord, Kathleen E. Walsh, Jeffrey W. Yingling and Randy H. Zwirn have been nominated for election to the Board at the 2019 annual meeting of our shareholders. If elected at the annual meeting, they will serve for one-year terms and until their successors are elected and qualified. Their terms will expire at the 2020 annual meeting of our shareholders

**The Board unanimously recommends that our shareholders vote FOR the election of each of the nominees.**

Shares represented by executed proxy cards will be voted **FOR** the election of the nine nominees unless your proxy card is marked otherwise (if you are a registered shareholder) or you have provided a different instruction to your broker (if you are a street-name shareholder). We have no reason to believe that any of the nominees would be unable or unwilling to serve if elected. However, if any nominee becomes unable or unwilling to serve, proxies may be voted for the election of another person nominated as a substitute by the Board.

Under our By-Laws, in uncontested elections, each director nominee will be elected by vote of a majority of the votes cast with respect to such nominee s election (in other words, the number of shares voted FOR a director nominee exceeds the number of shares voted AGAINST that director nominee, with abstentions and broker non-votes not counted as a vote cast either FOR or AGAINST that nominee s election).

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 of the director 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 biographical information for each of the nominees is set forth in the following section. Also set forth therein is a description of the specific experience, qualifications, attributes and skills of each nominee for director that were considered by the Board, in light of the Company s current business needs and long-term operating strategy, in concluding that these individuals should serve on the Board.

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**Nominees for Election at the 2019 Annual Meeting for One-Year Terms Expiring at the 2020 Annual Meeting**

Consistent with the Company s ongoing effort to maintain a highly qualified, independent board with relevant expertise to guide the Company going forward, the nominating and governance committee and the Board believe a broad range of characteristics, including skills and experience, as well as diversity and demographic factors are important considerations in selecting director nominees. As part of that effort, the Company has added five new Board members over the last five years. The nominees, whose information appears below, reflect those efforts.

| | |
|---|---|
| *Kevin M. Blakely*<br><br>Age 67<br><br>Director since May 2016 | Mr. Blakely currently serves as President and Chief Executive Officer of KMB Financial, LLC, a consulting and advisory service firm which provides services to financial institutions and firms serving the financial industry. Mr. Blakely founded the firm in 2012. Previously, he served as Senior Advisor to Oliver Wyman Group, a global management consulting firm, and as a member of its Advisory Board of Directors, from April 2015 to May 2016. From April 2012 to April 2015, Mr. Blakely held the position of Senior Advisor to Deloitte & Touche LLP, a major international accounting and consulting firm, and from June 2009 to January 2012, held the office of Senior Executive Vice President and Chief Risk Officer for Huntington Bancshares. Prior to that, Mr. Blakely held several senior positions including at KeyCorp, and also served as Chief Executive Officer of the Risk Management Association. Mr. Blakely is currently a member of the board of directors of HSBC North American Holdings, Inc., having joined that board in 2013, where he serves as chair of the compliance committee and a member of the risk committee. Mr. Blakely holds a Bachelor s degree in Finance from Southern Illinois University and a Master s degree in Business Administration from Case Western Reserve University.<br><br>*Key experience, qualifications, attributes and skills:*<br><br>Mr. Blakely brings more than 40 years of financial services experience to the Board and provides us strategic insights and valuable relationships within the financial services sector, an area of key strategic focus for the Company. As one of the country s leading financial risk management experts, he provides valuable perspectives as it relates to risk oversight and our risk management programs. |

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*Cynthia A. Glassman*

Age 71

Director since October 2009

Dr. Glassman was appointed by President George W. Bush as Under Secretary for Economic Affairs at the U.S. Department of Commerce from 2006 to 2009 and as Commissioner of the SEC from 2002 to 2006 including Acting Chairman during the summer of 2005. Dr. Glassman has spent over 40 years in the public and private sectors focusing on financial services regulatory and public policy issues, including 12 years at the Federal Reserve and over 15 years in financial services consulting. Dr. Glassman joined the board of Discover Financial Services in 2009 and currently serves as a director and the chairman of its audit committee. In February 2019, Dr. Glassman was appointed to the Dow Jones Special Committee, which was established as part of the acquisition of Dow Jones & Co by News Corp. In addition, she is 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. Dr. Glassman received a Bachelor of Arts degree in Economics from Wellesley College and a Master of Arts degree and a Ph.D. in Economics from the University of Pennsylvania.

*Key experience, qualifications, attributes and skills:*

Dr. Glassman holds a Ph.D. in Economics and served as the Under Secretary for Economic Affairs at the U.S. Department of Commerce which enable her to provide us with key insights on the state of the economy and its potential effects on our business. In addition, Dr. Glassman served as a Commissioner at the SEC and brings a thorough and unique perspective to regulatory and corporate governance issues. She also spent 12 years at the Federal Reserve and served as a consultant practitioner for over 15 years, with particular focus on issues facing the financial services industry (which is one of the key industries to which we provide our services) and risk management, and brings a keen understanding of the Company s business model and retention strategies. In addition, she has deep experience in strategic issues and possesses the ability to identify market trends and specific business development opportunities and contacts of importance to us.

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*Julie M. Howard*

Age 56

Director since March 2012

Chairman since May 2014

Ms. Howard has served as our Chief Executive Officer and a member of the Board since March 2012 and as Chairman of the Board since May 2014. She served as our President from 2006 to March 2012 and Chief Operating Officer from 2003 to March 2012. From 2001 to 2003, Ms. Howard was the Company s Vice President and Human Capital Officer. Prior to 2001, Ms. Howard held a variety of consulting and operational positions, including with the Company. Ms. Howard is currently a member of the board of directors of InnerWorkings Inc., which she joined in 2012, and ManpowerGroup Inc., which she joined in 2016. Ms. Howard also serves on the Medical Center Board for Ann & Robert H. Lurie Children s Hospital of Chicago and is a founding member of the Women s Leadership and Mentoring Alliance (WLMA). Ms. Howard is a past member of the board of directors of Kemper Corporation, where she served from 2012 to 2015, and the Association of Management Consulting Firms, the Dean s Advisory Board of the Business School of the University of Wisconsin-Madison and the Board of Governors for the Metropolitan Planning Council in Chicago. Ms. Howard is a graduate of the University of Wisconsin, with a Bachelor of Science degree in Finance. She has also completed several post-graduate courses within the Harvard Business School Executive Education program, focusing in finance and management.

*Key experience, qualifications, attributes and skills:*

Ms. Howard has nearly 30 years of professional services experience and has held a broad array of senior management roles overseeing the Company s consulting businesses and key administrative functions. She has also been a critical architect of the Company s business strategy. As Chairman and Chief Executive Officer, Ms. Howard is responsible for the development and implementation of the Company s long-term strategy and the effective prioritization of resource allocation to realize long-term shareholder value. Ms. Howard brings significant experience and insights to the Board in the areas of strategic market analysis and planning, targeted business and client development, operating model and profitability enhancements, consultant compensation and retention, client channel alignment and integrated brand management. In her current roles, she maintains regular interactions with clients, employees, investors and other key stakeholders. Additionally, Ms. Howard brings outside management and governance perspectives based on her business and civic board memberships.

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*Stephan A. James*

Age 72

Director since January 2009

Mr. James is the former Chief Operating Officer of Accenture Ltd. (now Accenture plc), a global professional services company, and served as Vice Chairman and a member of the board of directors of Accenture Ltd. from 2001 to 2004. He also served in the advisory position of International Chairman of Accenture from August 2004 until August 2006. During his more than 35 years at Accenture, Mr. James held several senior management roles, including Managing Partner for the Central U.S., Managing Partner for the North American Financial Services Practice and Managing Partner for the Global Financial Services Operating Group. He is currently a member of the board of directors of Fidelity National Information Services, Inc., where he has served since 2009. He also 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 BMC Software Inc. from 2010 until it was acquired in 2013. Mr. James received a Bachelor of Business Administration degree, concentrating in Industrial Management and Labor Relations, from the University of Texas.

*Key experience, qualifications, attributes and skills:*

Mr. James has had multiple leadership roles related to global business and technology consulting and business transformation outsourcing, including as 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 and outsourcing businesses.

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*Rudina Seseri*

Age 41

Director since June 2018

Ms. Seseri is the Founder and Managing Partner of Glasswing Ventures, LLC, a Boston-based venture capital firm that invests in artificial intelligence and machine learning companies that provide technology solutions for enterprise, cyber-security, robotics and consumer markets, a company she co-founded in 2015. In January of 2018, Ms. Seseri was appointed by the Harvard Business School as Rock Venture Capital Partner, while previously she served as Entrepreneur-in-Residence for the university, a position she held since 2014. From 2007 to 2015, Ms. Seseri was a Partner at Fairhaven Capital, a technology venture capital firm, where she led investments in innovative technologies in the areas of artificial intelligence, enterprise software, robotics and social and omnichannel marketing. Previously, Ms. Seseri was part of the Corporate Development Group at Microsoft Corporation where she was responsible for leading acquisitions and investments in companies of strategic importance to the corporation, and part of the Technology Group at Credit Suisse Group AG, leading public market transactions. Ms. Seseri currently serves on the boards of startup companies including CrowdTwist Inc., an omnichannel marketing and loyalty software company, SocialFlow, Inc., a deep learning and artificial intelligence company that optimizes content delivery on social platforms for global publishers, Celtra, Inc., an artificial intelligence powered programmatic advertising company, Talla, Inc. an artificial intelligence platform leveraging blockchain for knowledge creation, organization and sharing, and Inrupt, Inc., an enterprise infrastructure company. Ms. Seseri also serves on the Digital Advisory Board of GlaxoSmithKlein Consumer, a global pharmaceutical company, Philanthropic Advisory Board for Boston Children s Hospital, and is a Member of the Business Leadership Council at Wellesley College. Ms. Seseri received a Bachelor of Arts degree in Economics and International Relations from Wellesley College and a Master s degree in Business Administration from the Harvard Business School.

*Key experience, qualifications, attributes and skills:*

Ms. Seseri brings over 17 years of investing and transaction experience to the Board, including experience building successful technology companies in innovative fields such as artificial intelligence, machine learning, Internet of Things, robotics, block chain, enterprise software, and digital media technologies. Her experience in technology, capital markets, and operations provides her with important perspectives relevant to the Company s growth areas.

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*Michael L. Tipsord*

Age 59

Director since July 2009

Mr. Tipsord is Chairman, President and Chief Executive Officer of the State Farm Mutual Automobile Insurance Company. Mr. Tipsord has served in various capacities with State Farm since 1988. Mr. Tipsord became Chief Executive Officer of State Farm in September 2015 and was previously elected to the office of President in December 2014. From 2011 until being named Chief Executive Officer, he served as Chief Operating Officer, and from 2005 to 2010, he served as Chief Financial Officer, in addition to the role of Vice Chairman which he held until he was appointed Chairman in June 2016. Currently, he serves as a trustee of the Brookings Institution and as a member of the Dean s Advisory Board for the University of Illinois College of Law. During the past five years, Mr. Tipsord also served as a trustee of the State Farm Associates Funds Trust, the State Farm Mutual Fund Trust, and the State Farm Variable Product Trust. Mr. Tipsord received a Bachelor s degree from Illinois Wesleyan University and a J.D. from the University of Illinois at Urbana-Champaign College of Law.

*Key experience, qualifications, attributes and skills:*

As the President and Chief Executive Officer of State Farm, a major insurance company, Mr. Tipsord brings deep financial and regulatory expertise as well as a critical understanding of the financial services industry, which is one of the key industries to which we provide our services. 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.

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*Kathleen E. Walsh*

Age 63

Director since October 2017

Ms. Walsh has served as President and CEO of the Boston Medical Center health system since March 2010. Prior to her appointment at Boston Medical Center, she served as Executive Vice President and Chief Operating Officer of Brigham and Women s Hospital. She served previously as the Chief Operating Officer for Novartis Institutes for Biomedical Research and at Massachusetts General Hospital (MGH) in positions including Senior Vice President of medical services and the MGH Cancer Center. Prior to her tenure at MGH, she held positions in a number of New York City hospitals including Montefiore, Columbia Presbyterian Medical Center, Saint Luke s-Roosevelt Hospital Center, and the New York City Health and Hospitals Corporation. Ms. Walsh received her Bachelor of Arts degree and a Master s degree in public health from Yale University. She is a member of the boards of WellCare Health Plans, Inc., the Federal Reserve Bank of Boston, the Boston Public Health Commission, the Massachusetts Hospital Association, the AAMC Council of Teaching Hospitals, Pine Street Inn, the Yale Corporation, and the Greater Boston YMCA Board of Overseers.

*Key experience, qualifications, attributes and skills:*

Ms. Walsh brings over 35 years of healthcare industry experience and provides us with valuable, in-depth insights and relationships

within the healthcare sector, a key industry to our business. Her leadership and financial management acumen contribute important perspectives to our strategy and operations.

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*Jeffrey W. Yingling*

Age 59

Director since February 2018

Mr. Yingling currently serves as a senior advisor of investment banking for power, energy, and renewables at Guggenheim Securities, LLC, the investment banking and capital markets business of Guggenheim Partners, a position he has held since 2017. Previously, from 2006 until 2017, he held various roles at J.P. Morgan Securities LLC, most recently as managing director and head of Midwest investment banking, and where he also served as a member of the Midwest operating committee, led the Corporate Investment Banking practice in the region, and was the relationship manager for many of the firm s most important power, utility, and large corporate clients. Prior to that, Mr. Yingling spent more than 15 years at Morgan Stanley & Co. LLC, where he was a managing director investment banking in the firm s global power and utilities group. He founded and was co-head of Dean Witter Reynolds public utility group prior to that firm s merger with Morgan Stanley & Co. LLC. During his investment banking career, Mr. Yingling has advised on numerous mergers and acquisition transactions, and executed many equity, debt, and convertible securities offerings for clients.
Mr. Yingling currently serves on the board of directors of LendingPoint LLC, an online consumer lender to near prime customers. He also serves on the board of trustees of the Chicago Historical Society and is a past member of the civic committee of the Commercial Club of Chicago. Mr. Yingling graduated magna cum laude with a Bachelor of Business Administration degree in Finance from the University of Notre Dame and later received his MBA from the University of Chicago Graduate School of Business.

*Key experience, qualifications, attributes and skills:*

Mr. Yingling brings over 30 years of financial, managerial and strategy experience gained from his service in senior executive and management positions at leading international financial institutions and in the professional services sector, and particular expertise with respect to the power and energy industries, an important area of focus for the Company.

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*Randy H. Zwirn*

Age 64

Director since October 2014

Mr. Zwirn served as Chief Executive Officer of the Power Generation Services Division of Siemens AG, an industrial manufacturing company, from January 2008 to October 2016 and as President and Chief Executive Officer of Siemens Energy, Inc., a developer and builder of power plants and power-generating components, from August 1998 to October 2016. Prior to that, Mr. Zwirn was a member of Group Executive Management of the Siemens Power Generation Group from 1998 until 2008. He also served as President of the Power Generation business of Westinghouse Electric Corporation from 1996 to 1998 and previously held various positions in general management, operations, projects, marketing and corporate finance at Westinghouse. Mr. Zwirn has served on the board of directors of Babcock Power Inc since 2017. He previously served on the board of the Advisory Committee for the Export-Import Bank of the United States, the Georgia Tech Advisory Board, the Governor s Council of the Metro Orlando Economic Development Commission and the boards of directors of SunEdison, Inc., AREVA, USA and the University of Central Florida Foundation. Mr. Zwirn also serves as a member of the board of advisors of Invenergy, LLC. He holds a Bachelor of Science degree from Brooklyn College.

*Key experience, qualifications, attributes and skills:*

With nearly 40 years of experience in the energy industry, Mr. Zwirn brings deep understanding of the highly regulated energy sector, an area of key strategic focus for the Company. As the former Chief Executive Officer of the Power Generation Services Division of Siemens AG and President and Chief Executive Officer of Siemens Energy, Inc., his leadership experience, including in the areas of general management, operations, projects, marketing and corporate finance, contribute valuable insights to the Board.

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**CORPORATE GOVERNANCE**

**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 |
|---|---|---|---|---|
| Kevin M. Blakely* | Chair | | | X |
| Cynthia A. Glassman* | X | | | Chair |
| Julie M. Howard | | | X | |
| Stephan A. James* | X | Chair | | |
| Rudina Seseri* | | X | | X |
| Michael L. Tipsord* | | X | Chair | |
| Kathleen E. Walsh* | X | | | |
| Jeffrey W. Yingling* | X | | | |
| Randy H. Zwirn* | | X | | |

* Independent director (see Independence Determinations below)

Lead Director (see Board Leadership Structure below)

Charters for the audit committee, compensation committee and nominating and governance committee are available on our website at *www.navigant.com/about* under 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 (particularly with respect to securities, financial and accounting related matters); reviews any related party transactions; 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 enterprise risk exposure with respect to finance, accounting and securities related matters. In addition, the audit committee is directly responsible for the appointment, retention, compensation and oversight over the work of our independent public accountants. The audit committee also has responsibility for reviewing and approving the hiring or dismissal of the employee or outsourced entity responsible for leading our internal audit function, as well as the scope, performance and results of our internal audit function s internal audit plans. The audit committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent public accountants as well as anyone in the Company. The audit committee has the ability to retain, at our expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties and is entitled to receive appropriate funding from the Company, as the audit committee determines, for payment of compensation to the independent public accountants and any other consultants or experts retained by the audit committee as well as ordinary administrative expenses of the audit committee that are necessary or appropriate in carrying out its duties. Each of the members of the audit committee is independent as defined by the listing standards of the NYSE and satisfies the additional audit committee independence requirements set forth therein and under applicable SEC rules. The Board has determined that each of the members of the audit committee meets the NYSE financial literacy requirements and that Mr. Blakely 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 two other public company audit committees. The audit committee met six times during 2018.

*Compensation Committee.* The compensation committee reviews and monitors matters related to management development and succession; reviews and approves executive compensation policies and pay for

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performance criteria for the Company; reviews and approves corporate goals and objectives relevant to the compensation of our Chief Executive Officer and evaluates our Chief Executive Officer s performance in light of those goals and objectives; reviews and approves base salaries, annual incentive awards and all long-term incentive awards for our executive officers; makes recommendations to the Board regarding new or amended incentive compensation and equity-based compensation plans and administers and exercises all powers of the Board under such plans (other than the power to amend those plans); reviews and provides input on such other matters concerning our employee compensation and benefit plans as the compensation committee deems appropriate; reviews and assesses the risks arising from our compensation policies and practices; reviews and evaluates our policies on recovery (or clawback ) of excess compensation; reviews and assesses our stock ownership guidelines and holding period requirements for our directors and executive officers and oversees compliance with those guidelines; 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 included in our annual proxy statement, prepares the compensation committee report included in our annual proxy statement, reviews the results of the advisory say-on-pay vote, and considers whether any adjustments to the Company s executive compensation policies and practices are necessary or appropriate in light of such vote. In fulfilling its duties and responsibilities, the compensation committee has the authority, in its sole discretion, to retain the advice of a compensation consultant, legal counsel or other adviser(s). With respect to any adviser so retained, the compensation committee is directly responsible for appointing, setting the compensation for and overseeing the work of the adviser and is entitled to receive appropriate funding from the Company, as the compensation committee determines, for payment of reasonable compensation to such adviser(s). To the extent required by the NYSE or other relevant listing authority rules, the compensation committee evaluates the independence of its advisers (other than in-house legal counsel) prior to its being selected by, or providing advice to, the compensation committee, after taking into consideration all factors relevant to the adviser s independence from management, including the factors specified by the applicable NYSE rules. Each of the members of the compensation committee is independent as defined by the listing standards of the NYSE, satisfies the additional compensation committee independence requirements set forth therein, is a non-employee director as defined by applicable SEC rules and is an outside director for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code ). The compensation committee met ten times during 2018.

*Nominating and Governance Committee.* The nominating and governance committee identifies and evaluates individuals qualified to become members of the Board and recommends that the Board appoint those individuals as directors or selects (or recommends that the Board select) the director nominees to stand for election at the next annual meeting of our shareholders at which directors will be elected. The nominating and governance committee monitors and reviews new SEC rules and NYSE listing standards as they are proposed, adopted and revised and reviews and assesses, at least annually, the adequacy of our Corporate Governance Guidelines as well as compliance with applicable SEC rules and NYSE listing standards. Based on this review, the nominating and governance committee develops and makes recommendations to the Board regarding our Corporate Governance Guidelines. The nominating and governance committee also reviews and makes recommendations to the Board regarding shareholder proposals properly submitted for inclusion in our proxy statement and reviews and approves our Code of Business Standards and Ethics. Our Corporate Governance Guidelines and Code of Business Standards and Ethics are each posted on our website at *www.navigant.com/about* under Corporate Governance. Any waiver granted to a director or executive officer or substantive amendments related to our Code of Business Standards and Ethics will be promptly disclosed to the extent and in the manner required by the SEC or the NYSE and posted on our website. 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 eleven times during 2018.

*Executive Committee.* The executive committee has the authority to act in lieu of the Board when necessary between meetings as permitted by Delaware law. The executive committee did not meet during 2018.

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**Board Meetings; Annual Meetings of Shareholders**

The Board met twenty-five times during 2018. Each of our directors attended at least seventy-five percent of the meetings of the Board held during their respective tenures and the Board committees on which he or she served that were held during 2018. (Mr. Yingling joined the Board in February 2018 and Ms. Seseri joined in June 2018.) Our non-management directors meet in regularly scheduled executive sessions with our Lead Director (see Board Leadership Structure below). Mr. Tipsord currently serves as our Lead Director. While we have no formal policy regarding attendance by our directors at the annual meetings of our shareholders, we encourage all of our directors to attend. All of our directors attended the 2018 annual meeting of our shareholders.

**Board Leadership Structure**

The Board believes the leadership of the Board is a matter that should be evaluated and determined by the Board from time to time, based on all of the then-relevant facts and circumstances. Ms. Howard, our Chief Executive Officer, has served as Chairman of the Board since May 2014, following the retirement of our previous Chairman, and as a member of the Board since March 2012. The Board continues to believe that vesting leadership of the Board in Ms. Howard provides a clear and efficient leadership structure for the Company, with a single person setting the tone at the top and having primary responsibility for managing the overall business and strategy of the Company. Ms. Howard is supported in her role as Chairman by our Lead Director, a position currently held by Mr. Tipsord, who is independent under NYSE listing standards. As described in more detail below, our Lead Director serves as a liaison between the Chairman and the independent members of the Board. Given the Lead Director s clearly-delineated governance responsibilities, the Board believes its current leadership structure provides an appropriate balance between strong Company leadership and oversight by the independent directors on the Board.

Our Corporate Governance Guidelines require that if the Chairman of the Board is not independent, the Board will appoint an independent lead director and that the Board meet in regularly scheduled executive sessions without management. The Lead Director serves as the conduit for the independent members of the Board to relay any concerns about governance or management issues. At any time, he has authority to call meetings of the independent directors. Management, as well as the internal audit function and enterprise risk management committee, also have unfettered access to the Lead Director s counsel. The Lead Director leads all executive sessions of the independent directors and presides at any meetings of the Board at which the Chairman is not present. Further, the Lead Director reviews and approves information sent to the Board, including meeting agendas and meeting schedules. To the extent requested, the Lead Director is available for consultation and serves as a line of direct communication with our shareholders and other interested parties (see the section entitled Other Information below).

**Risk Oversight**

The Board is ultimately responsible for overseeing our risk management processes. The Board receives regular reports from our Chief Executive Officer and other members of our executive management team regarding the strategic and operational risks facing the Company. Through this process, our Board reviews and assesses information regarding cybersecurity risks with management. In addition, certain Board committees oversee risk within their respective areas of responsibility. For example, the audit committee has been delegated with primary oversight of financial, accounting and securities related risk. The Company s internal audit function conducts an annual risk assessment and reports directly to the audit committee. The compensation committee regularly assesses potential risks associated with the Company s executive compensation program. In addition, the Company has an enterprise risk management committee (which reports directly to the Board) to evaluate enterprise risks affecting our business.

Specifically, with respect to potential risks arising from the Company s compensation policies and practices for all of our employees, including our executive officers, management presented the Board with an overview of

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all of the Company s compensation programs, including the risk mitigation features embedded in those programs. Based on its review, the Board has concluded that the risks arising from our compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

**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 rules and NYSE listing standards relating to corporate governance. The nominating and governance committee also makes this determination for new director nominees. This 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 Director Independence, the following relationships are considered immaterial and therefore 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 (i) for purposes of determining whether a director satisfies the additional audit committee independence requirements set forth in the NYSE listing standards and under applicable SEC rules 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), and (ii) for purposes of determining whether a director satisfies the additional compensation committee independence requirements set forth in the NYSE listing standards, the Board will consider the source of compensation of such director, including any consulting, advisory or other compensatory fee from us (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 any cases where payments are made by us indirectly to an immediate family member of a director, 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 will not consider that such payments preclude the director from being considered independent for all purposes, including service on the audit committee or the compensation committee.

A copy of these categorical standards is posted on our website at *www.navigant.com/about* under Corporate Governance.

Based on the review and recommendation of the nominating and governance committee, the Board affirmed that, except for Ms. Howard, all of the Company s directors (that is, Mr. Blakely, Dr. Glassman, Mr. James, Ms. Seseri, Mr. Tipsord, Ms. Walsh, Mr. Yingling and Mr. Zwirn), are independent within the meaning of the NYSE listing standards, applicable SEC rules and our Standards for Director Independence. In addition, the Board affirmed that all of the members of the audit committee satisfy the NYSE s and SEC s requirements for audit committee independence and that all of the members of the compensation committee satisfy the NYSE s and the SEC s requirements for compensation committee independence. In addition, Samuel K. Skinner and Governor James R. Thompson, each of whom served on the Board until June 15, 2018, were independent.

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**Shareholder Rights Plan Policy**

The Board has adopted 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.

**Director Nomination Procedures**

After considering the evaluation criteria outlined below, the nominating and governance committee recommended to the Board that each of the nine nominees for director identified in this Proxy Statement be nominated for election to the Board to serve one-year terms. Each of the nominees currently serves on the Board.

The nominating and governance committee is generally tasked with evaluating and recommending to the Board nominees for election to the Board at each annual meeting. The nominating and 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, sound business judgment, and the ability and willingness to commit sufficient time to the Board. Although the Company does not have a formal policy on diversity, the Company seeks directors who represent a mix of backgrounds and experiences. The nominating and governance committee discusses each candidate s diversity of background and experience in the context of the Board as a whole, with the objective of recommending a candidate for nomination to the Board who can best perpetuate the success of our business and represent our shareholders interests through the exercise of sound judgment. The nominating and governance committee evaluates each incumbent director to determine whether he or she should be nominated to stand for re-election, based on the types of criteria outlined above as well as the director s contributions to the Board during his or her 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.

The nominating and governance committee will consider director candidates recommended by the Company s shareholders. Once the nominating and governance committee receives a recommendation from a shareholder, it may request additional information from the candidate about the candidate s independence, qualifications and other information that would assist the nominating and governance committee in evaluating the candidate, as well as certain information that must be disclosed about the candidate in the Company s proxy statement, if nominated.

Shareholders may also directly nominate a candidate for director pursuant to the advance notice provisions of the Company s By-laws. Nominations must be received within the time frame established by the Company s By-laws and otherwise comply with requirements set forth in our By-laws (see the section entitled Shareholder Proposals for the 2020 Annual Meeting below). All candidates for director, including those who have been properly recommended or nominated by a shareholder, are evaluated using the same criteria as described above.

**Corporate Citizenship, Diversity & Inclusion and Environmental Sustainability**

The Company strives to foster an environment that is inclusive, socially conscious, environmentally mindful and committed to giving back to the communities where our employees work and live.

*Corporate Citizenship*. The Company is committed to being a responsible corporate citizen, which we view as a key to our long-term success. We seek opportunities to address the needs of the communities where we work

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and live, strive to empower our employees skill-based volunteering efforts, provide charitable giving programs to directly support, and to encourage and facilitate our employees to support, non-profit organizations, and promote thought leadership to effectively drive positive change within our local communities. Our efforts are guided by a commitment to educate and empower tomorrow s leaders through mentorship, community welfare programs, board memberships, and sponsorships. Over the past 5 years, we ve donated millions of dollars and thousands of hours in time to non-profit organizations in our communities. Key accomplishments of our corporate citizenship program are highlighted on our website at www.navigant.com/about/corporate-citizenship. In 2018, these accomplishments included:

- Hosting over 200 local office events to promote corporate social responsibility initiatives; and
- Contributing over 4,700 volunteer hours to the communities in which we work.

*Diversity & Inclusion*. Our Diversity & Inclusion program seeks to help employees forge new mentoring relationships, share expertise and advice, and receive valuable feedback and insights. It allows our professionals to grow their internal and external networks, develop a greater affinity for different experiences, and enhance cultural competency a vital leadership skill in today s global business environment. The mission of our Diversity & Inclusion Program is to create a welcoming, inclusive and equitable environment that respects, values and celebrates the unique attributes, characteristics and perspectives that make each person who they are. The program is committed to building awareness, fostering professional development, building connections, attracting and retaining top talent, and developing relationships to ensure that diversity, in its many forms, is understood, respected and valued. We believe we are in a better position to address our client s needs through a workforce that is diverse in experience and perspective. The program s highlights include:

- Mandatory unconscious bias training for all employees;
- Achieved a perfect score for 10 consecutive years on the Human Rights Campaign s Corporate Equality Index, the national benchmarking tool on corporate policies and practices pertinent to lesbian, gay, bisexual, transgender and queer employees;
- Member of the CEO Action for Diversity & Inclusion, the largest CEO-driven business commitment to advance diversity and inclusion in the workplace; and
- Member of the Business Coalition for the Equality Act, which is led by a group of leading U.S. employers that support the Equality Act, federal legislation that would provide the same basic protections to LGBTQ people as are provided to other protected groups under federal law.

Our most recent report on our Diversity & Inclusion program is available at https://www.navigant.com/-/media/www/site/downloads/corporate/2018/hr2017annualreportinfographicstyleinfo0218rev07.pdf.

*Environmental Sustainability*. We seek to identify, promote and facilitate sustainable business practices to reduce the environmental impact of our operations. Through firmwide coordination and local office involvement, we aim to efficiently leverage our shared resources, raise awareness of environmentally responsible practices, reduce our carbon footprint and promote a culture of environmental stewardship. In 2018, the Company laid the foundation for its sustainability assurance through:

- Implementation of a corporate governance structure for sustainability initiatives in coordination with our internal real estate, procurement and marketing departments;
- Development of appropriate data tracking and quantification for measuring our carbon footprint; and

Launching green teams comprised of employees dedicated to improving sustainability across all offices.

The Company is committed to setting science-based emissions reduction targets through the Science Based Targets Initiative ( SBTi ). By committing to SBTi, companies agree to set emissions reduction targets

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consistent with the global effort to keep temperatures well below the 2-degree Celsius threshold. The Company is committed to a 100% renewable energy goal and to purchasing renewable energy credits to offset the impact of our global electricity use. We are also working to implement reduction measures to reduce our use of natural gas.

You can learn more about our current commitments to the environment at

https://www.navigant.com/about/environmental-sustainability.

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## 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, 2018 (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 Standard No. 1301, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board. 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 has 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 it 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, 2018.

AUDIT COMMITTEE

Kevin M. Blakely, Chair

Cynthia A. Glassman

Stephan A. James

Kathleen E. Walsh

Jeffrey W. Yingling

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## COMPENSATION DISCUSSION AND ANALYSIS

This section contains a discussion and analysis of the 2018 compensation program for our named executive officers ( NEOs ). The compensation committee determines and approves the compensation of our NEOs. For 2018, our NEOs were:

- Julie M. Howard, our Chairman and Chief Executive Officer ( CEO );
- Stephen R. Lieberman, our Executive Vice President and Chief Financial Officer ( CFO );
- Lee A. Spirer, our Executive Vice President and Chief Growth and Transformation Officer; and
- Monica M. Weed, our Executive Vice President, General Counsel and Secretary.

**Executive Summary**

*2018 Performance Highlights*

2018 was a transformational year for the Company, marked by several strategic actions intended to enhance the Company s value and competitive positioning, including:

- Successfully completed the sale of the Company s Disputes, Forensics and Legal Technology segment and Transaction Advisory Services practice (collectively, SaleCo ) to Ankura Consulting Group, LLC (the Sale Transaction );
- Launched Health System Solutions, LLC ( HSS ), a revenue-cycle business process management joint-venture with Baptist Health South Florida to expand the Company s managed services portfolio, enhance the Company s organic growth potential and improve the consistency of the Company s revenue streams for the business going forward;
- Expanded the Company s digital and analytic capabilities across the organization, including the implementation of robotic process automation and machine learning capabilities and the further expansion of the Company s centralized analytics team; and
- Strengthened the Company s balance sheet and enhanced the Company s return to shareholders by re-deploying proceeds from the Sale Transaction to retire debt, repurchase nearly $113 million of stock and initiate the Company s first-ever quarterly dividend.

In addition to these strategic actions, for 2018 the Company also delivered:

- Revenues and revenues before reimbursements ( RBR ) of $743.6 and $672.7 million respectively, up 4% and 6%, respectively, compared to the prior year;
- Net income of $120.6 million, or $2.64 per diluted share, up $45.6 million compared to the prior year;

Adjusted earnings per share ( EPS ) from continuing operations of $0.47, an increase of $0.11 compared to the prior year; and

Full-year 2018 results of continuing operations within communicated guidance ranges.

(See Appendix A for a reconciliation of each non-GAAP financial measure to the most directly comparable GAAP measure.)

*2018 Compensation Highlights*

We believe that the results and accomplishments described above are directly reflected in the compensation our NEOs earned for the year. At the beginning of 2018, as in prior years, the compensation committee established the elements of our 2018 executive compensation program. The table below shows the elements of

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our 2018 annual executive compensation program and how they fit into our overall compensation philosophy and program objectives. This table does not include the compensation actions taken in connection with the Sale Transaction, which were outside of our standard executive compensation program. See Compensation Related to the Sale Transaction below for further information regarding those compensation actions.

| Component | Key Characteristics | Objectives and Purpose | 2018 Decisions |
|---|---|---|---|
| Annual Base Salary | Fixed compensation payable in cash | Attract and retain | None of our NEOs received base salary increases for 2018 (see page 30) |
| | Reviewed annually for market competitiveness | Provide a base level of fixed and predictable income | |
| Annual Performance-Based Incentive | Variable incentive compensation payable in cash | Attract and retain | None of our NEOs received target increases for 2018 (see page 31) |
| | Payouts based on the achievement of pre-established annual financial goals related to revenues, Adjusted EBITDA and adjusted EPS as well as individual performance goals | Motivate and reward financial and individual performance in line with the Company s annual operating plan and short-term operating objectives | Based on actual performance relative to the financial and individual performance goals established at the beginning of the year, cash incentive payouts under our 2018 annual incentive plan ranged between 129% and 144% of target (see page 34) |
| Performance-Based Restricted Stock Units | Variable equity incentive compensation | Attract and retain | Represented 65% of the awards (excluding the one-time Transaction Bonuses (as defined below)) granted under our 2018 long-term incentive compensation program (see page 36) |
| | Vest based on relative TSR (as defined below) percentile rank and cumulative Adjusted EBITDA (as defined below) performance over a three-year performance period | Promote long-term retention | 2016 PBRSU Awards (as defined below) vested at 80.3% of target based on the Company s relative TSR and Adjusted EBITDA performance during the three-year performance period ended December 31, 2018 (see pages 35-36) |
| | | Align NEOs interests with our shareholders interests on a long-term basis | |
| | | Motivate and reward the creation of shareholder value and achievement of long-term financial and strategic objectives | |
| Time-Based Restricted Stock Units | Vest annually over three-year service period | Attract and retain | Represented 35% of the awards (excluding the one-time Transaction Bonuses) granted under our 2018 long-term incentive compensation program (see page 36) |
| | | Promote long-term retention | |

Align NEOs interests with our shareholders interests on a long-term basis

The compensation committee s standard practice for determining our NEOs compensation for each year has been based on the annual executive compensation elements described above. In 2018, however, the compensation committee made an exception to its standard practice to recognize the significant value realized through the completion of the Sale Transaction, as the Sale Transaction was not factored into any of the performance measures or compensation elements established at the beginning of the year. As described in more detail under Compensation Related to the Sale Transaction below, the Sale Transaction was valued at $470 million and represented an 11.9x Adjusted EBITDA multiple, which we believe far exceeded market expectations and median multiples for similar historical transactions. ( Adjusted EBITDA is defined as

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EBITDA earnings before interest, taxes, depreciation and amortization excluding the impact of severance expense and other operating costs (benefit), as applicable.) With the successful completion of the Sale Transaction, the Company believes it has repositioned itself as a streamlined management consulting and managed services company with distinctive capabilities and offerings for clients in industries undergoing significant market, regulatory and technological change. In addition, the Sale Transaction provided the Company with the financial flexibility to return capital to shareholders and invest in the business to drive future growth and return

The compensation committee determined that the performance metrics approved at the beginning of the year as part of the 2018 executive compensation program did not reflect the NEOs contributions and performance with respect to the significant value derived from the Sale Transaction. Accordingly, after reviewing the prevalence and design of special compensation awards in connection with similar transactions included in an analysis provided by its independent compensation consultant, Frederic W. Cook & Co. ( FW Cook ), the compensation committee approved one-time transaction bonuses (the Transaction Bonuses ) in the form of cash and equity to recognize the NEOs respective contributions and performance with respect to the Sale Transaction.

In addition, the compensation committee determined that the Sale Transaction created a disconnect between certain performance measures that the compensation committee had previously established for the Company s executive compensation program and the Company s overall results for the performance periods. This disconnect existed because, while the established performance targets assumed SaleCo would contribute to the Company s results for the full year, its actual contributions ceased on August 24, 2018. Accordingly, the compensation committee took several actions to realign the applicable performance measures with the Company s new structure following the Sale Transaction. These were:

- Made a one-time cash payment (a SaleCo Adjustment Payment ) to each NEO in lieu of a portion of the unvested performance-based restricted stock units granted in 2016 (the 2016 PBRSU Awards ), which reflected the value of the estimated portion of the 2016 PBRSU Awards that would have otherwise vested in March 2019 had the Sale Transaction not been completed prior to the end of the 2016 PBRSU Award performance period.

- Modified the performance measures for the outstanding performance-based restricted stock units granted in 2017 and 2018 (the 2017 PBRSU Awards and 2018 PBRSU Awards, respectively), to eliminate the expected contributions of SaleCo from the previously established performance targets and align the targets with the financial goals and targets of the continuing operations of the Company.

- Adjusted the performance results for the 2018 annual performance-based incentive award to include the estimated contributions from SaleCo for the post-divestiture portion of the performance period.

Although the above actions result in disclosure of additional compensation in the 2018 Summary Compensation Table, the compensation committee does not believe that they represent incremental compensation to the participants. Rather, (i) the SaleCo Adjustment Payment reflects the estimated additional value the participants would have received for the 2016 PBRSU Award had the Sale Transaction not been completed, and (ii) the modifications represent required disclosure related to the adjustments made to performance goals underlying the outstanding awards, which were intended to maintain the previously anticipated level of rigor of the performance hurdles by excluding the originally anticipated performance contribution of SaleCo from the date of divestiture through the end of each applicable performance period. Had the compensation committee not exercised its discretion as noted above, the compensation of our NEOs would not have fairly recognized their contributions to the Company a result which would have run counter to the intentions of the compensation committee.

The compensation committee determined that these actions were appropriate because the performance metrics for those awards had been established with the assumption that SaleCo would remain part of the Company for the entirety of each applicable performance period. These modifications generated one-time impacts on compensation and are described, together with the Transaction Bonuses, in more detail under Compensation Related to the Sale Transaction below.

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*2018 Compensation Governance Highlights*

The compensation committee engages in an ongoing review of the Company s executive compensation program, which includes the input of FW Cook, to evaluate whether it remains consistent with the Company s pay-for-performance philosophy and, as a whole, reflects what the compensation committee believes to be best practices among the Company s peer group and the broader market. The chart that follows summarizes certain features of our executive compensation program, each of which the compensation committee believes reinforces our pay-for-performance philosophy.

| What We Do | What We Don t Do |
|---|---|
| Align pay with Company performance and the interests of our shareholders | × No single-trigger change-in-control severance benefits or provisions in equity award agreements |
| Tie annual cash incentive award payouts to pre-established financial and individual performance goals | × No excise tax gross-ups upon change in control |
| Employ our NEOs at will without a fixed-term employment agreement | × No excessive severance benefits |
| Utilize multiple and both absolute and relative performance goals and multi-year, overlapping performance periods for performance awards granted under our annual long-term equity incentive program | × No supplemental executive retirement plans |
| Have stock ownership guidelines and post-vesting and post-exercise holding periods for our NEOs and non-employee directors | × No re-pricing, cancellation or re-grant, or cash repurchase of underwater stock options without shareholder approval |
| Require reimbursement of excess incentive compensation in the event of certain restatements of our financial statements | × No excessive perquisites and no tax gross-ups on perquisites |
| Prohibit pledging and hedging of Company stock | × No payment of dividend equivalents on unearned performance awards or unvested time-based stock awards |

The compensation committee believes the features of our executive compensation program are consistent with many of the views that have been expressed by our top shareholders over the years and appropriately incentivize our NEOs to create value for our shareholders.

**Executive Compensation Philosophy**

The overall objective of our executive compensation program is to attract, retain and motivate highly qualified and effective executive officers in order to positively impact the Company strategically, operationally, financially and culturally, and to ultimately create long-term value for our shareholders. We designed our executive compensation program to meet this objective by:

- aligning our NEOs incentive compensation opportunities with Company financial and strategic performance goals, as well as the relative performance of our stock price over time;

- providing our NEOs with target compensation opportunities that are competitive with other companies in our peer group; and

- discouraging excessive risk-taking and promoting sound corporate governance.

*How is pay aligned with performance?*

Performance-based compensation represented a significant portion of our NEOs total direct compensation ( TDC ) opportunity for 2018 as established at the beginning of the year. TDC opportunity is comprised of base

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salary, annual performance-based cash incentive, performance-based restricted stock units and time-based restricted stock units. In particular:

- all of the cash incentives paid to our NEOs under our annual incentive plan (which does not include the Transaction Bonus or SaleCo Adjustment Payment) are tied to pre-established financial and/or individual performance goals designed to be aligned with the Company s operational and long-term strategic initiatives; and

- 65% of the annual equity awards granted to our NEOs under our 2018 long-term incentive compensation program were performance-based restricted stock units, the terms of which require that the Company achieve pre-established financial and TSR goals in order to vest.

As discussed in the Executive Summary above and further described in Compensation Related to Sale Transaction below, because the Sale Transaction was not factored into the Company s 2018 executive compensation program and the NEOs 2018 TDC opportunity, for 2018, the compensation committee granted each NEO a Transaction Bonus and a SaleCo Adjustment Payment in addition to compensation through the regular elements of the 2018 executive compensation program.

*How do we establish the market competitiveness of our executive compensation program?*

To enhance retention and strengthen the focus of our executive management team, we designed our executive compensation program to provide our NEOs with TDC opportunities that are competitive with comparable positions at companies within our peer group. The compensation committee assesses the market competitiveness of our executive compensation program based on peer group proxy data and utilizes median market ranges that are computed based on peer group proxy data when targeting the compensation opportunities for our NEOs (as discussed in further detail below). In limited circumstances, the compensation committee will review general industry survey data as a supplement to the peer group proxy data, but that data does not represent the primary benchmark used by the compensation committee in determining compensation levels for our NEOs. FW Cook compiles and analyzes peer group proxy data and provides survey data for this purpose.

On an annual basis, the compensation committee evaluates and, if appropriate, adjusts the composition of the peer group. In reviewing the composition of the peer group, the compensation committee considers the following general criteria:

- companies in the same or similar lines of business;

- companies with at least one of the following business traits: human capital intensive, business-to-business advisory services, project-based revenue model and international operations; and

- companies with revenues ranging between approximately 33% and 300% of the Company s trailing four-quarter revenues before reimbursements and within a reasonable size range of the Company, with respect to other size metrics, such as net income, market capitalization, total assets and total employees.

Based on these criteria, as well as input from management and FW Cook, the compensation committee approved the peer group for purposes of evaluating 2018 executive compensation decisions. This peer group of companies remained the same as the peer companies used for purposes of evaluating 2017 executive compensation decisions. The following companies comprised the peer group for 2018:

| | | |
|---|---|---|
| The Advisory Board Company | FTI Consulting, Inc. | IHS Inc. |
| CBIZ, Inc. | Gartner, Inc. | Korn/Ferry International |
| CEB Inc. | Heidrick & Struggles International, Inc. | MAXIMUS, Inc. |
| CRA International, Inc. | Hill International, Inc. | Resources Connection, Inc. |
| Exponent, Inc. | Huron Consulting Group Inc. | Tetra Tech, Inc. |
| | ICF International, Inc. | TRC Companies, Inc. |

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For 2018, and consistent with prior years, we targeted the TDC of our NEOs at a median market range, which we define as within 10% of the peer group median for base salaries, within 15% of the peer group median for annual cash incentive award targets, and within 20% of the peer group median for long-term equity incentive targets and targeted TDC. Individual target compensation opportunities, however, may vary depending on the relative level of experience and tenure of the executive or clearly differentiated individual performance.

After the 2018 compensation targets were already established, during 2018, three of the above-listed peers (The Advisory Board Company, CEB, Inc. and TRC Companies) were removed due to mergers or acquisition activity, and three companies (Evolent Health, Inc., HMS Holdings Corp. and Perficient, Inc.) were added. The new peers were selected following the announcement of the Sale Transaction and thus were chosen with the disposition of SaleCo in mind. These changes did not impact our NEOs compensation for 2018 but were used in evaluating TDC opportunities beginning in 2019.

*How do we discourage excessive risk-taking and promote sound corporate governance?*

We have designed our executive compensation program and adopted certain compensation policies to discourage excessive risk-taking. The design features of our program that we believe mitigate risk include the following:

- we have a clawback policy requiring the reimbursement of excess incentive compensation paid to the Company s executive officers in the event of certain restatements of the Company s financial statements;

- the awards granted under our long-term incentive compensation program contain multi-year vesting and/or performance periods that overlap in order to diminish the incentive to maximize performance in any one fiscal year at the expense of another;

- awards payable to our NEOs under our annual incentive plan, as well as the vesting of the performance-based restricted stock unit awards granted to our NEOs, are based on the attainment of multiple performance goals, with balanced weighting, which decreases the incentive to focus on a single performance goal to the detriment of others;

- awards under our annual incentive plan and the vesting of performance-based restricted stock unit awards are limited to formulaic maximums based on the achievement of pre-established performance goals over the relevant performance period;

- our stock ownership guidelines, which also include holding period requirements, continue to align our NEOs interests with those of our shareholders beyond the end of a specific performance period or following a vesting or option exercise date;

- our insider trading policies prohibit all of our employees, including our NEOs, from selling short our common stock or engaging in hedging or offsetting transactions regarding our common stock; and

- our insider trading policies also prohibit our executives and directors from holding shares of our common stock in a margin account or pledging shares of our common stock as collateral for a loan.

*How did we consider the results of the 2018 advisory shareholder vote on executive compensation?*

At our 2018 annual shareholders meeting, our shareholders overwhelmingly voted to approve the 2017 compensation paid to our NEOs as disclosed in the 2018 proxy statement (commonly referred to as a say-on-pay proposal), with approximately 98% of the votes cast in favor of the say-on-pay proposal. Considering the results of this advisory vote, the compensation committee decided to retain our overall executive compensation philosophy and did not make any changes to our executive compensation program in response to the 2018 say-on-pay vote. We believe our executive compensation program for 2018 continues to emphasize performance-based and retention-based annual and long-term incentive compensation opportunities that are designed to reward our NEOs for the creation of shareholder value. We believe the performance metrics

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established by the compensation committee as part of our 2018 executive compensation program are consistent with this philosophy. Additionally, our management team, including our NEOs, regularly engage with our top shareholders on a broad range of issues. During 2018, management was particularly engaged with shareholders in light of the Sale Transaction and other strategic events that occurred during the year.

**2018 Executive Compensation Program**

*How was the 2018 executive compensation program designed to pay the NEOs based on performance for the year?*

At the beginning of 2018, following the compensation committee s evaluation of the Company s and each NEO s performance for 2017, the compensation committee established each NEO s TDC opportunity and related compensation performance metrics for 2018. Performance-based incentive compensation represented a significant percentage of our NEOs 2018 TDC opportunity (which includes annual base salary, annual cash incentive award target and the target value of equity incentive awards) as established at the beginning of 2018. For 2018 and consistent with prior years, more than half (65%) of our NEOs TDC opportunity established at the beginning of 2018 was tied to the achievement of pre-established performance goals aligned with the Company s financial performance, individual performance against strategic priorities and total shareholder return ( TSR ). This program was not designed to take the Sale Transaction into account.

(1) Does not include compensation related to the Sale Transaction.

*How were each of the components of our 2018 executive compensation program determined?*

*Annual Base Salary* Our NEOs initial annual base salaries are set based on median market data and other factors such as each executive s prior work experience and scope of responsibility. Thereafter, base salaries are reviewed annually by the compensation committee relative to the peer group median in keeping with our objective of retaining executive talent and paying competitively (see Executive Compensation Philosophy *How do we establish the market competitiveness of our executive compensation program?* below), as well as each executive s experience, level of responsibility, individual performance and tenure with the Company. After analyzing the relevant benchmarking and related data, the compensation committee did not make any changes to the annual base salary of any of our NEOs for 2018.

*Annual Performance-Based Incentive* We designed our 2018 annual incentive plan to motivate our NEOs to achieve the Company s annual financial goals and their individual performance goals in line with the Company s annual operating plan and short-term operating objectives. Cash incentive awards

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( annual performance-based incentives ) awarded to our NEOs under the plan are based on the achievement by the Company and each NEO of pre-established performance goals and are calculated using the following formula: