UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10–Q

(Mark One)

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

For the quarterly period ended June 30, 2009

OR

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

Commission file number: 000-50976

HURON CONSULTING GROUP INC.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**01-0666114** **(IRS Employer Identification Number)**

550 West Van Buren Street
Chicago, Illinois
60607
(Address of principal executive offices)
(Zip Code)

(312) 583-8700
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of August 10, 2009, approximately 21,519,896 shares of the registrant's common stock, par value $0.01 per share, were outstanding.

HURON CONSULTING GROUP INC.

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PART I—FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

HURON CONSULTING GROUP INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

	June 30, 2009	December 31, 2008 (Restated)
Assets		
Current assets:		
Cash and cash equivalents	$ 5,627	$ 14,106
Receivables from clients, net	86,412	88,071
Unbilled services, net	55,359	43,111
Income tax receivable	2,294	3,496
Deferred income taxes	16,523	15,708
Prepaid expenses and other current assets	16,472	14,563
Total current assets	182,687	179,055
Property and equipment, net	44,134	44,708
Deferred income taxes	—	2,064
Other non-current assets	16,932	15,722
Intangible assets, net	26,880	32,372
Goodwill	506,502	505,676
Total assets	$777,135	$ 779,597
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 7,887	$ 6,505
Accrued expenses	23,586	27,361
Accrued payroll and related benefits	41,308	48,374
Accrued consideration for business acquisitions	15,075	60,099
Income tax payable	2,716	2,086
Deferred revenues	15,916	21,208
Current portion of capital lease obligations	368	518
Total current liabilities	106,856	166,151
Non-current liabilities:		
Deferred compensation and other liabilities	7,257	5,511
Capital lease obligations, net of current portion	94	204
Bank borrowings	295,000	280,000
Deferred lease incentives	8,958	8,705
Deferred income taxes	941	—
Total non-current liabilities	312,250	294,420
Commitments and contingencies	—	—
Stockholders' equity		
Common stock; $0.01 par value; 500,000,000 shares authorized; 22,132,545 and 21,387,679 shares issued at June 30, 2009 and December 31, 2008, respectively	206	202
Treasury stock, at cost, 595,069 and 404,357 shares at June 30, 2009 and December 31, 2008, respectively	(31,735)	(21,443)
Additional paid-in capital	296,150	263,485
Retained earnings	93,453	76,731
Accumulated other comprehensive income (loss)	(45)	51
Total stockholders' equity	358,029	319,026
Total liabilities and stockholders' equity	$777,135	$ 779,597

The accompanying notes are an integral part of the consolidated financial statements.

HURON CONSULTING GROUP INC.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)
(Unaudited)

	Three months ended June 30, 2009	Three months ended June 30, 2008 (Restated)	Six months ended June 30, 2009	Six months ended June 30, 2008 (Restated)
Revenues and reimbursable expenses:				
Revenues	$165,847	$143,408	$328,856	$282,802
Reimbursable expenses	13,146	12,565	27,386	24,178
Total revenues and reimbursable expenses	178,993	155,973	356,242	306,980
Direct costs and reimbursable expenses (exclusive of depreciation and amortization shown in operating expenses)**:**				
Direct costs	105,411	98,876	208,304	187,340
Intangible assets amortization	1,087	24	2,773	48
Reimbursable expenses	13,105	12,578	27,405	24,188
Total direct costs and reimbursable expenses	119,603	111,478	238,482	211,576
Operating expenses:				
Selling, general and administrative	34,506	31,780	69,037	61,942
Depreciation and amortization	5,848	5,370	11,607	10,508
Total operating expenses	40,354	37,150	80,644	72,450
Other gain	2,687	—	2,687	—
Operating income	21,723	7,345	39,803	22,954
Other income (expense):				
Interest expense, net of interest income	(3,020)	(2,294)	(5,753)	(4,127)
Other income (expense)	642	(35)	171	(329)
Total other expense	(2,378)	(2,329)	(5,582)	(4,456)
Income before provision for income taxes	19,345	5,016	34,221	18,498
Provision for income taxes	9,699	3,881	17,499	14,314
Net income	$ 9,646	$ 1,135	$ 16,722	$ 4,184
Earnings per share:				
Basic	$ 0.49	$ 0.06	$ 0.85	$ 0.24
Diluted	$ 0.47	$ 0.06	$ 0.82	$ 0.23
Weighted average shares used in calculating earnings per share:				
Basic	19,752	17,558	19,641	17,465
Diluted	20,405	18,178	20,329	18,197

The accompanying notes are an integral part of the consolidated financial statements.

HURON CONSULTING GROUP INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In thousands, except share amounts)
(Unaudited)

	Common Stock		Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Stockholders' Equity
	Shares	Amount					
Balance at December 31, 2008 (Restated)	20,183,908	$ 202	$(21,443)	$263,485	$76,731	$ 51	$ 319,026
Comprehensive income:							
Net income	—	—	—	—	16,722	—	16,722
Foreign currency translation adjustment, net of tax	—	—	—	—	—	(217)	(217)
Unrealized gain on cash flow hedging instrument, net of tax	—	—	—	—	—	121	121
Total comprehensive income							16,626
Issuance of common stock in connection with:							
Restricted stock awards, net of cancellations	300,409	3	(8,371)	8,368	—	—	—
Exercise of stock options	70,563	1	—	115	—	—	116
Share-based compensation	—	—	—	13,438	—	—	13,438
Shares redeemed for employee tax withholdings	—	—	(1,921)	—	—	—	(1,921)
Income tax benefit on share-based compensation	—	—	—	3,637	—	—	3,637
Capital contributed by selling shareholders of acquired businesses	—	—	—	7,107	—	—	7,107
Balance at June 30, 2009	20,554,880	$ 206	$(31,735)	$296,150	$93,453	$ (45)	$ 358,029

The accompanying notes are an integral part of the consolidated financial statements.

HURON CONSULTING GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six months ended June 30, 2009	Six months ended June 30, 2008 (Restated)
Cash flows from operating activities:		
Net income	$ 16,722	$ 4,184
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	14,380	10,556
Share-based compensation	13,438	13,568
Non-cash compensation	7,107	17,905
Allowances for doubtful accounts and unbilled services	2,451	1,172
Deferred income taxes	2,493	687
Non-cash gain and other	(2,686)	—
Changes in operating assets and liabilities, net of businesses acquired:		
Increase in receivables from clients	(2)	(1,647)
Increase in unbilled services	(13,682)	(17,866)
Decrease in current income tax receivable / payable, net	1,773	5,289
Decrease (increase) in other assets	582	(5,755)
Increase in accounts payable and accrued liabilities	2,935	3,357
Decrease in accrued payroll and related benefits	(7,397)	(28,789)
(Decrease) increase in deferred revenues	(6,459)	2,099
Net cash provided by operating activities	31,655	4,760
Cash flows from investing activities:		
Purchases of property and equipment, net	(8,427)	(13,324)
Net investment in life insurance policies	(808)	(1,249)
Purchases of businesses, net of cash acquired	(47,065)	(34,554)
Net cash used in investing activities	(56,300)	(49,127)
Cash flows from financing activities:		
Proceeds from exercise of stock options	116	181
Shares redeemed for employee tax withholdings	(1,921)	(5,744)
Tax benefit from share-based compensation	3,637	6,384
Proceeds from borrowings under credit facility	164,500	173,500
Repayments on credit facility	(149,500)	(117,500)
Payments of capital lease obligations	(191)	(1,214)
Net cash provided by financing activities	16,641	55,607
Effect of exchange rate changes on cash	(475)	102
Net (decrease) increase in cash and cash equivalents	(8,479)	11,342
Cash and cash equivalents at beginning of the period	14,106	2,993
Cash and cash equivalents at end of the period	$ 5,627	$ 14,335
Supplemental disclosure of cash flow information:		
Non-cash investing activity:		
Issuance of note payable for purchase of a business	$ —	$ 23,000

The accompanying notes are an integral part of the consolidated financial statements.

1. Description of Business

We are a leading provider of operational and financial consulting services. We help clients in diverse industries improve performance, comply with complex regulations, resolve disputes, recover from distress, leverage technology, and stimulate growth. We team with our clients to deliver sustainable and measurable results. Our clients include a wide variety of both financially sound and distressed organizations, including leading academic institutions, healthcare organizations, Fortune 500 companies, medium-sized businesses, and the law firms that represent these various organizations.

2. Basis of Presentation

The accompanying unaudited consolidated financial statements reflect the results of operations and cash flows for the three and six months ended June 30, 2009 and 2008. The results of operations and cash flows for the three and six months ended June 30, 2008 have been restated as described in note "3. Restatement of Previously-Issued Financial Statements." These financial statements have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). In the opinion of management, these financial statements reflect all adjustments of a normal, recurring nature necessary for the fair presentation of our financial position, results of operations and cash flows for the interim periods presented in conformity with accounting principles generally accepted in the United States of America ("GAAP"). These financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2008 included in Amendment No. 1 on Form 10-K/A and Amendment No. 1 on Form 10-Q/A for the period ended March 31, 2009. Our results for any interim period are not necessarily indicative of results for a full year or any other interim period.

3. Restatement of Previously-Issued Financial Statements

In this quarterly report on Form 10-Q we are restating the following previously-issued financial statements:

- Our consolidated balance sheet as of December 31, 2008;
- Our consolidated statements of income for the three and six months ended June 30, 2008; and
- Our consolidated statement of cash flows for the six months ended June 30, 2008.

We have also filed the following amendments to restate our previously-issued financial statements for the years ended December 31, 2008, 2007 and 2006, as well as the three months ended March 31, 2009:

- Amendment No. 1 on Form 10-K/A, filed with the SEC on August 17, 2009, to our annual report on Form 10-K for the year ended December 31, 2008, originally filed on February 24, 2009.
- Amendment No. 1 on Form 10-Q/A, filed with the SEC on August 17, 2009, to our quarterly report on Form 10-Q for the period ended March 31, 2009, originally filed on April 30, 2009.

The restatement relates to four businesses that we acquired between 2005 and 2007 (the "Acquired Businesses"). Pursuant to the purchase agreements for each of these acquisitions, payments were made by us to the selling shareholders (1) upon closing of the transaction, (2) in some cases, upon the Acquired Businesses achieving specific financial performance targets over a number of years ("earn-outs"), and (3) in one case, upon the buy-out of an obligation to make earn-out payments. These payments are collectively referred to as "acquisition-related payments."

The acquisition-related payments made by us to the selling shareholders represented purchase consideration. As such, these payments, to the extent that they exceeded the net of the fair value assigned to assets acquired and liabilities assumed, were properly recorded as goodwill, in accordance with GAAP. Payments made upon the closing of the acquisition were recorded as goodwill on the date of closing. Earn-out payments were recorded as purchase consideration resulting in additional goodwill when the financial performance targets were met by the Acquired Businesses. The payment made upon the buy-out of an obligation to make earn-out payments was recorded as goodwill on the date of the buy-out.

It recently came to the attention of the Audit Committee of our Board of Directors that, in connection with one of these acquisitions, the selling shareholders had an agreement among themselves to reallocate a portion of their earn-outs to an employee of the Company who was not a selling shareholder. Following this discovery, the Audit Committee commenced an inquiry into the relevant facts and circumstances of all of our prior acquisitions to determine if similar situations existed. The Audit Committee notified the Company's independent auditors who had not previously been aware of the Shareholder

Payments and the Employee Payments (in each case, as defined below).

This inquiry resulted in the discovery that the selling shareholders of the Acquired Businesses made one or both of the following types of payments:

1) The selling shareholders redistributed portions of their acquisition-related payments among themselves in amounts that were not consistent with their ownership interests on the date we acquired the business ("Shareholder Payments"). These Shareholder Payments were dependent, in part, on continuing employment with the Company or on the achievement of personal performance measures.

2) The selling shareholders redistributed portions of their acquisition-related payments to certain of our employees who were not selling shareholders of the Acquired Businesses ("Employee Payments"). These Employee Payments were dependent on continuing employment with the Company or on the achievement of personal performance measures. The Company employees who received the Employee Payments were client-serving and administrative employees of the respective Acquired Businesses at the date such businesses were acquired by us as well as similar employees hired by or assigned to the respective Acquired Businesses after the date of such acquisitions.

This restatement is necessary because we failed to account for the Shareholder Payments and the Employee Payments in accordance with GAAP. The selling shareholders were not prohibited from making the Shareholder Payments or the Employee Payments under the terms of the purchase agreements with the Company for the acquisitions of the Acquired Businesses. However, under GAAP, including guidance promulgated by the SEC, actions of economic interest holders in a company may be imputed to the company itself. The selling shareholders of the Acquired Businesses meet the criteria of economic interest holders of Huron due to their ability to earn additional consideration from Huron. As such, when the selling shareholders redistribute acquisition-related payments among themselves or redistribute a portion of their acquisition-related payments to our employees who were not selling shareholders based on employment or performance-based criteria, these payments are viewed as resulting from services that are assumed to have benefited Huron and must therefore be recorded as non-cash compensation expense incurred by Huron under GAAP. Accordingly, the Employee Payments and the Shareholder Payments are imputed to us. In the case of the Shareholder Payments, such payments are imputed to us even when the amounts that are received by the selling shareholders in the redistribution do not differ significantly from the amounts the selling shareholders would have received if the portion of the acquisition-related payments redistributed based on performance or employment had been distributed solely in accordance with the ownership interests of the applicable selling shareholders on the date we acquired the business. In effect, the Shareholder Payments and the Employee Payments are in substance a second and separate transaction from our acquisition of the Acquired Businesses, which should have been recorded as a separate non-cash accounting entry. Both the Shareholder Payments and the Employee Payments are therefore required to be reflected as non-cash compensation expense of Huron, and the selling shareholders are deemed to have made a capital contribution to Huron. The entries are non-cash because the payments were made directly by the selling shareholders from the acquisition proceeds they received from us. We did not expend additional cash with respect to the compensation charge.

Based on its inquiry into the facts and circumstances underlying the restatement, which is now substantially complete, the Audit Committee determined that the Shareholder Payments and Employee Payments were not properly recorded in our financial statements because senior management did not properly take into account the impact of the selling shareholders' redistribution of the acquisition-related payments when determining the appropriate accounting treatment. In some cases, senior management was unaware of the redistributions. In other cases, senior management was aware of the redistributions but either misunderstood or misapplied the appropriate accounting guidance. As a result, the facts and circumstances surrounding the Shareholder Payments and Employee Payments were not fully described in representation letters previously provided to our independent auditors.

In light of these determinations and given the magnitude of the accounting errors underlying the restatement, our Board of Directors concluded that it was appropriate for the Company to appoint a new Chairman, a new Chief Executive Officer, a new Chief Financial Officer and a new Chief Accounting Officer. Our Board of Directors and Gary Holdren, our then Chief Executive Officer, agreed that he should resign as Chairman of the Board and Chief Executive Officer. George Massaro, who was the then Vice Chairman of the Board of Directors, was elected as our Non-Executive Chairman of the Board of Directors. James Roth, one of the founders of the Company, was named Chief Executive Officer. James Rojas, another founder of the Company, was named Chief Financial Officer, succeeding Gary Burge who will remain as Treasurer and remain with the Company until the end of 2009. Wayne Lipski, previously Chief Accounting Officer, will be leaving the Company.

Based on the results of the Company's inquiry into the acquisition-related payments to date and the agreement amendments described below, we currently anticipate that future earn-outs will only be accounted for as additional purchase consideration and not also as non-cash compensation expense. Effective August 1, 2009, the selling shareholders of two of the Acquired Businesses each amended certain agreements related to the earn-outs to provide that future earn-outs will be distributed only to the applicable selling shareholders and only in accordance with their equity interests on the date we acquired the business with no required continuing employment, and no further Shareholder Payments or Employee Payments will be made. However, there can be no assurance that additional information will not be discovered that will require future acquisition-related payments pertaining to the Acquired Businesses to continue to be accounted for as non-cash compensation expense, which would be material to our results of operations through 2011. The earn-out payments for one of the Acquired Businesses are payable through March 31, 2010, and the earn-out payments for a second Acquired Business are payable through December 31, 2011. There are no additional earn-out obligations related to the other two Acquired Businesses.

On August 4, 2009, we signed an Acknowledgment and Consent Agreement with respect to our $460 Million Revolving Credit and Term Loan Credit Agreement (the "Credit Agreement"). We requested an advance of $6.0 million under the revolving credit facility to fund current working capital needs during the interim period while we restate our financial statements. The lenders agreed to this request subject to a reservation of rights under the Credit Agreement. This advance, together with collections on our accounts receivable, provided adequate working capital during the interim period prior to the restatement of our financial statements. We expect to be in full compliance with the financial covenants under the Credit Agreement once the restatement is completed and compliance certificates for the second quarter of 2009 are provided to the lenders. We have been engaging, and expect to continue to engage, in regular discussions with our lenders.

On July 31, 2009, immediately prior to our announcement of our intention to restate our financial statements, the price of our common stock was $44.35 per share. As of the close of business on August 3, 2009, the business day next following such announcement, the price of our common stock was $13.69 per share. As a result of the significant decline in the price of our common stock, we expect to engage in an impairment analysis with respect to the carrying value of our goodwill in connection with the preparation of our financial statements for the quarter ended September 30, 2009. If following such analysis we are required to record a non-cash goodwill impairment charge, we may not be in compliance with the financial covenants in the Credit Agreement. In the absence of an amendment or waiver from our lenders, failure to comply with such covenants may result in (1) a default interest rate of 2% being charged in addition to the interest rate as determined under the Credit Agreement on all of our outstanding indebtedness under the Credit Agreement, (2) our not being able to make additional borrowings under the Credit Agreement, which we rely on to fund our operations, and (3) the lenders requiring us to repay our outstanding indebtedness under the Credit Agreement, which totaled $295 million as of June 30, 2009. There can be no assurance that we will remain in compliance with the financial covenants under the Credit Agreement or, if we are not, that we will obtain the necessary amendments or waivers and, even if we are able to obtain them, such amendments or waivers may subject us to terms materially less favorable to us than those in our current agreement.

The SEC is commencing an investigation with respect to the circumstances that led to the restatement. We intend to cooperate fully with the SEC in its investigation. In addition, the following purported shareholder class action complaints have been filed in connection with our restatement in the United States District Court for the Northern District of Illinois: (1) a complaint in the matter of Jason Hughes v. Huron Consulting Group Inc., Gary E. Holdren and Gary L. Burge, filed on August 4, 2009; (2) a complaint in the matter of Dorothy DeAngelis v. Huron Consulting Group Inc., Gary E. Holdren, Gary L. Burge, Wayne Lipski and PricewaterhouseCoopers LLP, filed on August 5, 2009; (3) a complaint in the matter of Noel M. Parsons v. Huron Consulting Group Inc., Gary E. Holdren, Gary L. Burge, Wayne Lipski and PricewaterhouseCoopers LLP, filed on August 5, 2009; (4) a complaint in the matter of Adam Liebman v. Huron Consulting Group Inc., Gary E. Holdren, Gary L. Burge and Wayne Lipski, filed on August 5, 2009; (5) a complaint in the matter of Gerald Tobin v. Huron Consulting Group Inc., Gary E. Holdren, Gary L. Burge and PricewaterhouseCoopers LLP, filed on August 7, 2009 and (6) Gary Austin v. Huron Consulting Group Inc., Gary E. Holdren, Gary L. Burge and Wayne Lipski, filed on August 7, 2009. The complaints assert claims under Section 10(b) and Section 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder and contend that the Company and the individual defendants issued false and misleading statements regarding the Company's financial results and compliance with GAAP. We intend to defend vigorously the actions.

Given the uncertain nature of the SEC investigation with respect to the circumstances that led to the restatement and the private shareholder class action lawsuits in respect of the restatement, and the uncertainties related to the incurrence and amount of loss, including with respect to the imposition of fines, penalties, damages, administrative remedies and liabilities for additional amounts, with respect to the SEC investigation and the private lawsuits, we are unable to predict the ultimate outcome of the SEC investigation or the private lawsuits, determine whether a liability has been incurred or make a reasonable estimate of the liability that could result from an unfavorable outcome in the SEC investigation or the private lawsuits. Any such liability could be material.

As a result of the correction of the non-tax deductible errors related to the accounting for the acquisition-related payments, we recalculated our provision for income taxes for each of the quarterly periods using the annual effective income tax rate method in accordance with Statement of Financial Accounting Standards, or SFAS, No. 109, "Accounting for Income Taxes." As such, our interim quarterly provision for income taxes decreased in certain periods and increased in others, with a corresponding change in income tax receivable or payable. However, there is no change to our provision for income taxes or our tax accounts on an annual basis. While the correction of these errors significantly reduced our net income and earnings per share for each of the affected periods, it had no effect on our total assets, total liabilities, or total stockholders' equity on an annual basis. Further, the correction of these errors had no effect on our net cash flows. The table below summarizes the impact of the restatement on our consolidated statements of income for the three and six months ended June 30, 2008 (in thousands, except earnings per share).

	June 30, 2008	
	Three Months Ended	Six Months Ended
Shareholder Payments	$11,546	$ 15,227
Employee Payments	1,339	2,678
Total Non-cash Compensation Expense	$12,885	$ 17,905
Impact on Consolidated Statement Of Income:		
Increase in Direct Costs	$12,885	$ 17,905
Increase (Decrease) in Provision for Income Taxes	$ (4,211)	$ (2,067)
Decrease in Net Income	$ (8,674)	$(15,838)
Decrease in Basic Earnings Per Share	$ (0.50)	$ (0.91)
Decrease in Diluted Earnings Per Share	$ (0.48)	$ (0.87)

The tables below present the effects of the restatement on our previously-issued consolidated financial statements as of December 31, 2008, for the three and six months ended June 30, 2008, and for the three months ended March 31, 2009.

HURON CONSULTING GROUP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Tabular amounts in thousands, except per share amounts)

Consolidated Balance Sheet

	As of December 31, 2008		
	As Reported	Adjustments	Restated
Assets			
Current assets:			
Cash and cash equivalents	$ 14,106		$ 14,106
Receivables from clients, net	88,071		88,071
Unbilled services, net	43,111		43,111
Income tax receivable	3,496		3,496
Deferred income taxes	15,708		15,708
Prepaid expenses and other current assets	14,563		14,563
Total current assets	179,055	—	179,055
Property and equipment, net	44,708		44,708
Deferred income taxes	2,064		2,064
Other non-current assets	15,722		15,722
Intangible assets, net	32,372		32,372
Goodwill	505,676		505,676
Total assets	$ 779,597	—	$ 779,597
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	$ 6,505		$ 6,505
Accrued expenses	27,361		27,361
Accrued payroll and related benefits	48,374		48,374
Accrued consideration for business acquisitions	60,099		60,099
Income tax payable	2,086		2,086
Deferred revenues	21,208		21,208
Bank borrowings	—		—
Note payable and current portion of capital lease obligations	518		518
Total current liabilities	166,151	—	166,151
Non-current liabilities:			
Deferred compensation and other liabilities	5,511		5,511
Capital lease obligations, net of current portion	204		204
Bank borrowings	280,000		280,000
Deferred lease incentives	8,705		8,705
Total non-current liabilities	294,420	—	294,420
Commitments and contingencies			
Stockholders' equity			
Common stock; $0.01 par value; 500,000,000 shares authorized	202		202
Treasury stock, at cost	(21,443)		(21,443)
Additional paid-in capital	211,464	52,021	263,485
Retained earnings	128,752	(52,021)	76,731
Accumulated other comprehensive income (loss)	51		51
Total stockholders' equity	319,026	—	319,026
Total liabilities and stockholders' equity	$ 779,597	—	$ 779,597

HURON CONSULTING GROUP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Tabular amounts in thousands, except per share amounts)

Consolidated Statements of Income (Unaudited)

	Three months ended March 31, 2009			Three months ended June 30, 2008			Six months ended June 30, 2008		
	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated	As Reported	Adjustments	Restated
Revenues and reimbursable expenses:									
Revenues	$ 163,009		$163,009	$ 143,408		$143,408	$ 282,802		$282,802
Reimbursable expenses	14,240		14,240	12,565		12,565	24,178		24,178
Total revenues and reimbursable expenses	177,249	—	177,249	155,973	—	155,973	306,980	—	306,980
Direct costs and reimbursable expenses (exclusive of depreciation and amortization shown in operating expenses):									
Direct costs	99,131	3,762	102,893	85,991	12,885	98,876	169,435	17,905	187,340
Intangible assets amortization	1,686		1,686	24		24	48		48
Reimbursable expenses	14,300		14,300	12,578		12,578	24,188		24,188
Total direct costs and reimbursable expenses	115,117	3,762	118,879	98,593	12,885	111,478	193,671	17,905	211,576
Operating expenses:									
Selling, general and administrative	34,531		34,531	31,780		31,780	61,942		61,942
Depreciation and amortization	5,759		5,759	5,370		5,370	10,508		10,508
Restructuring charges	—		—	—		—	—		—
Total operating expenses	40,290	—	40,290	37,150	—	37,150	72,450	—	72,450
Operating income	21,842	(3,762)	18,080	20,230	(12,885)	7,345	40,859	(17,905)	22,954
Other income (expense):									
Interest income (expense), net	(2,733)		(2,733)	(2,294)		(2,294)	(4,127)		(4,127)
Other income (expense)	(471)		(471)	(35)		(35)	(329)		(329)
Total other expense	(3,204)	—	(3,204)	(2,329)	—	(2,329)	(4,456)	—	(4,456)
Income before provision for income taxes	18,638	(3,762)	14,876	17,901	(12,885)	5,016	36,403	(17,905)	18,498
Provision for income taxes	8,387	(587)	7,800	8,092	(4,211)	3,881	16,381	(2,067)	14,314
Net income	$ 10,251	(3,175)	$ 7,076	$ 9,809	(8,674)	$ 1,135	$ 20,022	(15,838)	$ 4,184
Earnings per share:									
Basic	$ 0.52	(0.16)	$ 0.36	$ 0.56	(0.50)	$ 0.06	$ 1.15	(0.91)	$ 0.24
Diluted	$ 0.51	(0.16)	$ 0.35	$ 0.54	(0.48)	$ 0.06	$ 1.10	(0.87)	$ 0.23
Weighted average shares used in calculating earnings per share:									
Basic	19,528	—	19,528	17,558	—	17,558	17,465	—	17,465
Diluted	20,252	—	20,252	18,178	—	18,178	18,197	—	18,197

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Tabular amounts in thousands, except per share amounts)

Consolidated Statement of Cash Flows (Unaudited)

	Six months ended June 30, 2008		
	As Reported	Adjustments	Restated
Cash flows from operating activities:			
Net income	$ 20,022	(15,838)	$ 4,184
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	10,556		10,556
Share-based compensation	13,568		13,568
Non-cash compensation	—	17,905	17,905
Allowances for doubtful accounts and unbilled services	1,172		1,172
Deferred income taxes	687		687
Other	—		—
Change in operating assets and liabilities, net of businesses acquired:			
Increase in receivables from clients	(1,647)		(1,647)
Increase in unbilled services	(17,866)		(17,866)
Decrease in income tax receivable/payable, net	7,356	(2,067)	5,289
Increase in other assets	(5,755)		(5,755)
Increase in accounts payable and accrued liabilities	3,357		3,357
Decrease in accrued payroll and related benefits	(28,789)		(28,789)
Increase in deferred revenues	2,099		2,099
Net cash provided by operating activities	4,760	—	4,760
Cash flows from investing activities:			
Purchases of property and equipment, net	(13,324)		(13,324)
Net investment in life insurance policies	(1,249)		(1,249)
Purchases of businesses, net of cash acquired	(34,554)		(34,554)
Net cash used in investing activities	(49,127)	—	(49,127)
Cash flows from financing activities:			
Proceeds from exercise of stock options	181		181
Shares redeemed for employee tax withholdings	(5,744)		(5,744)
Tax benefit from share-based compensation	6,384		6,384
Proceeds from borrowings under credit facility	173,500		173,500
Repayments on credit facility	(117,500)		(117,500)
Principal payment of notes payable and capital lease obligations	(1,214)		(1,214)
Net cash provided by financing activities	55,607	—	55,607
Effect of exchange rate changes on cash	102	—	102
Net increase (decrease) in cash and cash equivalents	11,342		11,342
Cash and cash equivalents at beginning of the period	2,993		2,993
Cash and cash equivalents at end of the period	$ 14,335	—	$ 14,335

4. New Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements in financial statements, but standardizes its definition and guidance in GAAP. We adopted SFAS No. 157 effective beginning on January 1, 2008 for financial assets and financial liabilities, which did not have any impact on our financial statements. In February 2008, the FASB issued FASB Staff Position ("FSP") FAS 157-2, "Effective Date of FASB Statement No. 157," which delayed by one year the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). We adopted SFAS No. 157 effective beginning on January 1, 2009 for nonfinancial assets and nonfinancial liabilities, which did not have any impact on our financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations," ("SFAS No. 141R"). SFAS No. 141R was issued to improve the relevance, representational faithfulness, and comparability of information in financial statements about a business combination and its effects. This statement retains the purchase method of accounting for business combinations, but requires a number of changes. The changes that may have the most significant impact on us include: contingent consideration, such as earn-outs, will be recognized at its fair value on the acquisition date and, for certain arrangements, changes in fair value will be recognized in earnings until settled; acquisition-related transaction and restructuring costs will be expensed as incurred; previously-issued financial information will be revised for subsequent adjustments made to finalize the purchase price accounting; reversals of valuation allowances related to acquired deferred tax assets and changes to acquired income tax uncertainties will be recognized in earnings, except in certain situations. In April 2009, the FASB issued FSP FAS 141(R)-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingences," which requires an acquirer to recognize at fair value, an asset acquired or a liability assumed in a business combination that arises from a contingency provided the asset or liability's fair value can be determined on the date of acquisition. We adopted SFAS No. 141R on a prospective basis effective beginning on January 1, 2009. For business combinations completed on or subsequent to the adoption date, the application of this statement may have a significant impact on our financial statements, the magnitude of which will depend on the specific terms and conditions of the transactions.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51." SFAS No. 160 was issued to improve the relevance, comparability, and transparency of financial information provided in financial statements by establishing accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. We adopted SFAS No. 160 effective beginning on January 1, 2009. The adoption of this statement did not have any impact on our financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133." SFAS No. 161 was issued to improve transparency of financial information provided in financial statements by requiring expanded disclosures about an entity's derivative and hedging activities. This statement requires entities to provide expanded disclosures about: how and why an entity uses derivative instruments; how derivative instruments and related hedged items are accounted for under SFAS No. 133; and how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. We adopted SFAS No. 161 effective beginning on January 1, 2009. The adoption of this statement did not have any impact on our financial statements as it contains only disclosure requirements.

In April 2009, the FASB issued FSP FAS 107-1 and Accounting Principles Board ("APB") Opinion No. 28-1, "Interim Disclosures about Fair Value of Financial Instruments," which increases the frequency of fair value disclosures by requiring both interim and annual disclosures. We adopted FSP 107-1 and APB No. 28-1 on a prospective basis effective beginning on April 1, 2009. The adoption of this statement did not have any impact on our financial statements as it contains only disclosure requirements.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events." SFAS No. 165 was issued to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This statement requires entities to disclose the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. We adopted SFAS No. 165 on a prospective basis effective beginning on April 1, 2009. The adoption of this statement did not have any impact on our financial statements.

In June 2009, the FASB issued SFAS No. 167, "Amendments to FASB Interpretation No. 46(R)." SFAS No. 167 was issued to improve financial reporting by enterprises involved with variable interest entities and to provide more relevant and reliable information to users of financial statements. This statement amends FASB Interpretation No. 46(R) to require an enterprise to perform an ongoing analysis to determine whether the enterprise has a controlling financial interest in a variable interest entity. SFAS No. 167 will be effective for us beginning on January 1, 2010. We are currently evaluating the impact that the adoption of this statement may have on our future financial position, results of operations, earnings per share, and cash flows.

In June 2009, the FASB issued SFAS No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles." This standard replaces SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles," and establishes the FASB Accounting Standards Codification ("Codification"). The Codification will become the source of authoritative GAAP recognized by the FASB for nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under federal securities laws will also be sources of authoritative GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. All other nongrandfathered non-SEC accounting literature not included in the Codification will become nonauthoritative. SFAS No. 168 will be effective for us beginning on July 1, 2009. We do not expect the adoption of this statement to have any impact on our future financial position, results of operations, earnings per share, and cash flows.

5. Business Combination

Stockamp & Associates, Inc.

In July 2008, we acquired Stockamp & Associates, Inc. ("Stockamp"), a management consulting firm specializing in helping high-performing hospitals and health systems optimize their financial and operational performance. With the acquisition of Stockamp, we expanded our presence in the hospital consulting market and are better positioned to serve multiple segments of the healthcare industry, including major health systems, academic medical centers and community hospitals. This acquisition was consummated on July 8, 2008 and the results of operations of Stockamp have been included within our Health and Education Consulting segment since that date.

The aggregate purchase price of this acquisition was approximately $230.7 million, consisting of $168.5 million in cash paid at closing, $50.0 million paid through the issuance of 1,100,740 shares of our common stock, $1.8 million of transaction costs, $9.6 million of additional purchase price earned by selling shareholders subsequent to the acquisition, as certain performance targets were met, and a $0.8 million working capital adjustment. Of the 1,100,740 shares of common stock issued, 330,222 shares with an aggregate value of $15.0 million were deposited into escrow for a period of one year, beginning on July 8, 2008, to secure certain indemnification obligations of Stockamp and its shareholders. Because the shares placed in escrow have been issued conditionally since they may be returned to us in satisfaction of indemnification arrangements, the $15.0 million is classified as a liability and included in accrued consideration for business acquisitions on our consolidated balance sheet. The cash portion of the purchase price was financed with borrowings under our credit agreement.

The purchase agreement also provides for the following potential payments:

1. With respect to the shares of common stock not placed in escrow, on the date that is six months and one day after the closing date (the "Contingent Payment Date"), we were to pay Stockamp (in cash, shares of common stock, or any combination of cash and common stock, at our election) the amount, if any, equal to $35.0 million less the value of the common stock issued on the closing date, based on 95% of the average daily closing price per share of common stock for the ten consecutive trading days prior to the Contingent Payment Date. No payment needed to be made if the common stock so valued equaled or exceeded $35.0 million on the

Contingent Payment Date. We were not required to make further payments upon the lapse of the Contingent Payment Date in January 2009.

2. With respect to the shares of common stock placed in escrow, when the shares are released to Stockamp (the "Contingent Escrow Payment Date"), we will pay Stockamp (in cash, shares of common stock, or any combination of cash and common stock at our election) the amount, if any, equal to $15.0 million (or such pro rata portion thereof, to the extent fewer than all shares are being released) less the value of the common stock released from escrow based on 95% of the average daily closing price per share of common stock for the ten consecutive trading days prior to the Contingent Escrow Payment Date. No payment will be made if the common stock so valued equals or exceeds $15.0 million on the Contingent Escrow Payment Date (or the applicable pro rata portion thereof). Any additional payment resulting from this price protection will not change the purchase consideration. Upon the lapse of the Contingent Escrow Payment Date in July 2009, the escrow liability balance and any price protection payment will be recorded to equity. Based on the average daily closing price of our common stock for the ten consecutive trading days prior to the Contingent Escrow Payment Date in July 2009, we made a price protection payment of $0.2 million to Stockamp.
3. For the period beginning on the closing date and ending on December 31, 2011, additional purchase consideration may be payable to the selling shareholders if specific financial performance targets are met. These payments are not contingent upon the continued employment of the selling shareholders. Such amounts will be recorded as additional purchase consideration and an adjustment to goodwill. Since the closing date of this acquisition, we have paid to the selling shareholders $9.6 million as additional purchase consideration.

The identifiable intangible assets that were acquired totaled $31.1 million and have an estimated weighted average useful life of 6 years, which consists of customer contracts totaling $5.4 million (7 months useful life), customer relationships totaling $10.8 million (12.5 years useful life), software totaling $7.8 million (4 years useful life), non-competition agreements totaling $3.7 million (6 years useful life), and a tradename valued at $3.4 million (2.5 years useful life). Customer relationships represent software support and maintenance relationships that are renewable by the customer on an annual basis. The renewal rate of these relationships has historically been high and as such, we have assigned a relatively long useful life to these customer relationships. Additionally, we recorded approximately $196.6 million of goodwill, which we intend to deduct for income tax purposes.

Purchase Price Allocation

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

	Stockamp July 8, 2008
Assets Acquired:	
Current assets	$ 16,857
Property and equipment	2,176
Non-current assets	547
Intangible assets	31,100
Goodwill	196,573
	247,253
Liabilities Assumed:	
Current liabilities	16,018
Current and non-current capital lease obligations	525
	16,543
Net Assets Acquired	$ 230,710

Pro Forma Financial Data

The following unaudited pro forma financial data for the three and six months ended June 30, 2008 give effect to the acquisition of Stockamp as if it had been completed at the beginning of the period. The actual results from the acquisition of Stockamp have been included within our consolidated financial results since July 8, 2008.

	Three Months Ended June 30, 2008 (Restated)	Six Months Ended June 30, 2008 (Restated)
Revenues, net of reimbursable expenses	$ 168,557	$ 341,002
Operating income	$ 12,002	$ 40,134
Income before provision for income taxes	$ 7,593	$ 31,529
Net income	$ 2,655	$ 11,871
Earnings per share:		
Basic	$ 0.14	$ 0.65
Diluted	$ 0.14	$ 0.62

The above unaudited pro forma financial data are not necessarily indicative of the results that would have been achieved if the acquisition had occurred on the date indicated, nor are they necessarily indicative of future results.

6. Goodwill and Intangible Assets

The table below sets forth the changes in the carrying amount of goodwill by segment for the six months ended June 30, 2009.

	Health and Education Consulting	Accounting and Financial Consulting	Legal Consulting	Corporate Consulting	Total
Balance as of December 31, 2008	$341,752	$ 73,341	$ 17,456	$ 73,127	$505,676
Additional purchase price subsequently recorded for business combinations	226	—	601	(1)	826
Balance as of June 30, 2009	$341,978	$ 73,341	$ 18,057	$ 73,126	$506,502

Intangible assets as of June 30, 2009 and December 31, 2008 consisted of the following:

	June 30, 2009		December 31, 2008	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer contracts	$ 5,400	$ 5,400	$ 5,400	$ 4,550
Customer relationships	21,269	10,256	21,250	8,423
Non-competition agreements	12,473	4,683	12,473	3,558
Tradename	3,400	1,332	3,400	652
Technology and software	8,275	2,266	8,275	1,243
Total	$50,817	$ 23,937	$50,798	$ 18,426

Identifiable intangible assets with finite lives are amortized over their estimated useful lives. Customer contracts are amortized on a straight-line basis over relatively short lives due to the short-term nature of the services provided under these contracts. The majority of the customer relationships are amortized on an accelerated basis to correspond to the cash flows expected to be derived from the relationships. Non-competition agreements, tradenames, and technology and software are amortized on a straight-line basis.

Intangible assets amortization expense was $2.5 million and $5.5 million for the three and six months ended June 30, 2009, respectively. Intangible assets amortization expense was $1.7 million and $3.4 million for the three and six months ended June 30, 2008, respectively. Estimated intangible assets amortization expense is $10.2 million for 2009, $7.5 million for 2010, $5.2 million for 2011, $3.5 million for 2012, $1.8 million for 2013, and $1.1 million for 2014. Actual future amortization expense could differ from these estimated amounts as a result of future acquisitions and other factors.

See note “3. Restatement of Previously-Issued Financial Statements” for a discussion of a potential goodwill impairment in light of the significant decline in the price of our common stock since our July 31, 2009 announcement of our intention to restate our financial statements.

7. Earnings Per Share

Basic earnings per share excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding for the period, excluding unvested restricted common stock and unvested restricted stock units. Diluted earnings per share reflects the potential reduction in earnings per share that could occur if securities or other contracts to issue common stock were exercised or converted into common stock under the treasury stock method. Earnings per share under the basic and diluted computations are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008 (Restated)	2009	2008 (Restated)
Net income	$ 9,646	$ 1,135	$16,722	$ 4,184
Weighted average common shares outstanding – basic	19,752	17,558	19,641	17,465
Weighted average common stock equivalents	653	620	688	732
Weighted average common shares outstanding – diluted	20,405	18,178	20,329	18,197
Basic earnings per share	$ 0.49	$ 0.06	$ 0.85	$ 0.24
Diluted earnings per share	$ 0.47	$ 0.06	$ 0.82	$ 0.23

There were approximately 976,200 and 451,800 anti-dilutive securities for the three months ended June 30, 2009 and 2008, respectively. For the six months ended June 30, 2009 and 2008, there were approximately 1,140,400 and 451,800 anti-dilutive securities, respectively.

Upon the lapse of the Contingent Escrow Payment Date in July 2009 described above in note “5. Business Combination,” all the necessary contingent conditions were satisfied and 330,222 shares of common stock were moved from weighted average common stock equivalents to weighted average common shares outstanding – basic.

8. Borrowings

At June 30, 2009, we had a credit agreement with various financial institutions under which we may borrow up to $460.0 million, with an accordion feature allowing for an additional amount of up to $60.0 million to be borrowed upon approval from the lenders. The credit agreement consists of a $240.0 million revolving credit facility (“Revolver”) and a $220.0 million term loan facility (“Term Loan”), which was drawn in a single advance of $220.0 million on July 8, 2008 to fund, in part, our acquisition of Stockamp. The borrowing capacity under the credit agreement is reduced by any outstanding letters of credit and payments under the Term Loan. At June 30, 2009, outstanding letters of credit totaled $5.7 million and are used as security deposits for our office facilities. As of June 30, 2009, the borrowing capacity under the credit agreement was $137.3 million.

The Revolver and Term Loan are secured by a pledge of 100% of the voting stock or other equity interests in our domestic subsidiaries and 65% of the voting stock or other equity interests in our foreign subsidiaries. Fees and interest on borrowings vary based on our total debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio as set forth in the credit agreement. Interest is based on a spread, ranging from 1.50% to 2.50%, over the London Interbank Offered Rate ("LIBOR") or a spread, ranging from 0.50% to 1.50%, over the base rate (which is the greater of the Federal Funds Rate plus 0.50% or the Prime Rate), as selected by us. The Term Loan is subject to amortization of principal in fifteen consecutive quarterly installments that began on September 30, 2008, with the first fourteen installments being $5.5 million each. The fifteenth and final installment will be the amount of the remaining outstanding principal balance of the Term Loan and will be payable on February 23, 2012, but can be repaid earlier. All outstanding borrowings under the Revolver will be due upon expiration of the credit agreement on February 23, 2012. The credit agreement includes quarterly financial covenants that require us to maintain certain fixed coverage and total debt to EBITDA ratios. Under the credit agreement, dividends are restricted to an amount up to $10.0 million per fiscal year plus 50% of consolidated net income (adjusted for non-cash share-based compensation expense) for such fiscal year, plus 50% of net cash proceeds during such fiscal year with respect to any issuance of capital securities. In addition, certain acquisitions and similar transactions will need to be approved by the lenders.

Borrowings outstanding under this credit facility at June 30, 2009 totaled $295.0 million, all of which are classified as long-term on our consolidated balance sheet as the principal under the Revolver is not due until 2012 and we intend to fund scheduled quarterly payments under the Term Loan with availability under the Revolver. These borrowings carried a weighted-average interest rate of 2.8%, including the effect of the interest rate swap described below in note "9. Derivative Instrument and Hedging Activity." Borrowings outstanding at December 31, 2008 were $280.0 million and carried a weighted-average interest rate of 3.1%. At both June 30, 2009 and December 31, 2008, we were in compliance with our financial debt covenants.

See note "3. Restatement of Previously-Issued Financial Statements" for a discussion of certain matters related to the Credit Agreement and our borrowings thereunder in light of the restatement.

9. Derivative Instrument and Hedging Activity

On March 20, 2009, we entered into an interest rate swap agreement for a notional amount of $100.0 million effective on March 31, 2009 and ending on February 23, 2012. We entered into this derivative instrument to hedge against the risk of changes in future cash flows related to changes in interest rates on $100.0 million of the total variable-rate borrowings outstanding described above in note "8. Borrowings." Under the terms of the interest rate swap agreement, we receive from the counterparty interest on the $100.0 million notional amount based on one-month LIBOR and we pay to the counterparty a fixed rate of 1.715%. This swap effectively converted $100.0 million of our variable-rate borrowings to fixed-rate borrowings beginning on March 31, 2009 and through February 23, 2012.

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), requires companies to recognize all derivative instruments as either assets or liabilities at fair value on the balance sheet. In accordance with SFAS No. 133, we have designated this derivative instrument as a cash flow hedge. As such, changes in the fair value of the derivative instrument are recorded as a component of other comprehensive income ("OCI") to the extent of effectiveness. The ineffective portion of the change in fair value of the derivative instrument is recognized in interest expense.

The table below sets forth additional information relating to this interest rate swap designated as a hedging instrument as of June 30, 2009 and for the three and six months ended June 30, 2009.

		Amount of Gain Recognized in OCI	
Balance Sheet Location	**Fair Value (Derivative Asset)**	**Three months ended June 30, 2009**	**Six months ended June 30, 2009**
Other non-current assets	$ 204	$ 636	$ 121

We do not use derivative instruments for trading or other speculative purposes and we did not have any other derivative instruments or hedging activities as of June 30, 2009.

10. Fair Value of Financial Instruments

Cash and cash equivalents are stated at cost, which approximates fair market value. The carrying values for receivables from clients, unbilled services, accounts payable, deferred revenues and other accrued liabilities reasonably approximate fair market value due to the nature of the financial instrument and the short term maturity of these items.

Certain of our assets and liabilities are measured at fair value. SFAS No. 157 defines fair value as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 establishes a fair value hierarchy for inputs used in measuring fair value and requires companies to maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy consists of three levels based on the objectivity of the inputs as follows:

Level 1 Inputs	Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
Level 2 Inputs	Quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3 Inputs	Unobservable inputs for the asset or liability, and include situations in which there is little, if any, market activity for the asset or liability.

The table below sets forth our fair value hierarchy for our derivative asset measured at fair value as of June 30, 2009.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Asset:				
Interest rate swap	$ —	$ 204	$ —	$204

The fair value of the interest rate swap was derived using estimates to settle the interest rate swap agreement, which is based on the net present value of expected future cash flows on each leg of the swap utilizing market-based inputs and discount rates reflecting the risks involved.

11. Comprehensive Income

The tables below set forth the components of comprehensive income for the three and six months ended June 30, 2009 and 2008.

	Three Months Ended June 30, 2009			Three Months Ended June 30, 2008		
	Before Taxes	Tax (Expense) Benefit	Net of Taxes	Before Taxes	Tax (Expense) Benefit	Net of Taxes (Restated)
Net income			$ 9,646			$ 1,135
Other comprehensive income (loss):						
Foreign currency translation adjustment	$ 150	$ (31)	119	$(244)	$ —	(244)
Unrealized gain on cash flow hedging instrument	1,071	(435)	636	—	—	—
Comprehensive income (loss)	$1,221	$ (466)	$10,401	$(244)	$ —	$ 891

	Six Months Ended June 30, 2009			Six Months Ended June 30, 2008		
	Before Taxes	Tax (Expense) Benefit	Net of Taxes	Before Taxes	Tax (Expense) Benefit	Net of Taxes (Restated)
Net income			$16,722			$ 4,184
Other comprehensive income (loss):						
Foreign currency translation adjustment	$ (102)	$ (115)	(217)	$ 102	$ —	102
Unrealized gain on cash flow hedging instrument	204	(83)	121	—	—	—
Comprehensive income (loss)	$ 102	$ (198)	$16,626	$ 102	$ —	$ 4,286

12. Other Gain

During the second quarter of 2009, we recognized a gain of $2.7 million relating to the release of certain of our employees from their non-solicitation agreements with the Company and the settlement of certain contractual obligations.

13. Commitments and Contingencies

Litigation

On July 3, 2007, The Official Committee (the "Committee") of Unsecured Creditors of Saint Vincents Catholic Medical Centers of New York d/b/a Saint Vincent Catholic Medical Centers ("St. Vincents"), et al. filed suit against Huron Consulting Group Inc., certain of our subsidiaries, including Speltz & Weis LLC, and two of our former managing directors, David E. Speltz ("Speltz") and Timothy C. Weis ("Weis"), in the Supreme Court of the State of New York, County of New York. On November 26, 2007, Gray & Associates, LLC ("Gray"), in its capacity as trustee on behalf of the SVCMC Litigation Trust, was substituted as plaintiff in the place of the Committee and on February 19, 2008, Gray filed an amended complaint in the action. Beginning in 2004, St. Vincents retained Speltz & Weis LLC to provide management services to St. Vincents, and its two principals, Speltz and Weis, were made the interim chief executive officer and chief financial officer, respectively, of St. Vincents. In May of 2005, we acquired Speltz & Weis LLC. On July 5, 2005, St. Vincents filed for bankruptcy in the United States Bankruptcy Court for the Southern District of New York ("Bankruptcy Court"). On December 14, 2005, the Bankruptcy Court approved the retention of Speltz & Weis LLC and us in various capacities, including interim management, revenue cycle management and strategic sourcing services. The amended complaint filed by Gray alleges, among other things, breach of fiduciary duties, breach of the New York Not-For-Profit Corporation Law, malpractice, breach of contract, tortious interference with contract, aiding and abetting breaches of fiduciary duties, certain fraudulent transfers and fraudulent conveyances, breach of the implied duty of good faith and fair dealing, fraud, aiding and abetting fraud, negligent misrepresentation, and civil conspiracy, and seeks at least $200 million in damages, disgorgement of fees, return of funds or other property transferred to Speltz & Weis LLC, attorneys' fees, and unspecified punitive and other damages. We believe that the claims are without merit and intend to vigorously defend ourselves in this matter. The suit is in the pre-trial stage and no trial date has been set.

See note "3. Restatement of Previously-Issued Financial Statements" for a discussion of the SEC investigation initiated, and the purported shareholder class action complaints filed, in connection with the restatement.

From time to time, we are involved in legal proceedings and litigation arising in the ordinary course of business. As of the date of this quarterly report on Form 10-Q, we are not a party to or threatened with any other litigation or legal proceeding that, in the opinion of management, could have a material adverse effect on our financial position or results of operations. However, due to the risks and uncertainties inherent in legal proceedings, actual results could differ from current expected results.

Guarantees

Guarantees in the form of letters of credit totaling $5.7 million were outstanding at both June 30, 2009 and December 31, 2008 to support certain office lease obligations.

In connection with certain business acquisitions, we are required to pay additional purchase consideration to the sellers if specific performance targets and conditions are met over a number of years as specified in the related purchase agreements. These amounts are calculated and payable at the end of each year based on full year financial results. There is no limitation to the maximum amount of additional purchase consideration and the aggregate amount that potentially may be paid could be significant. Based on current and projected financial performance, we anticipate aggregate additional purchase consideration that will be earned by certain sellers to be approximately $60.0 million for the year ending December 31, 2009. Additional purchase consideration earned by certain sellers totaled $46.2 million for the year ended December 31, 2008.

To the extent permitted by law, our by-laws and articles of incorporation require that we indemnify our officers and directors against judgments, fines and amounts paid in settlement, including attorney's fees, incurred in connection with civil or criminal action or proceedings, as it relates to their services to us if such person acted in good faith. Although there is no limit on the amount of indemnification, we may have recourse against our insurance carrier for certain payments made.

14. Segment Information

Segments are defined by SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," as components of a company in which separate financial information is available and is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. Our chief operating decision maker manages the business under four operating segments: Health and Education Consulting, Accounting and Financial Consulting, Legal Consulting, and Corporate Consulting.

- **Health and Education Consulting.** This segment provides consulting services to hospitals, health systems, physicians, managed care organizations, academic medical centers, colleges, universities, and pharmaceutical and medical device manufacturers. This segment's professionals develop and implement solutions to help clients address financial management, strategy, operational and organizational effectiveness, research administration, and regulatory compliance. This segment also provides consulting services related to hospital or healthcare organization performance improvement, revenue cycle improvement, turnarounds, merger or affiliation strategies, labor productivity, non-labor cost management, information technology, patient flow improvement, physician practice management, interim management, clinical quality and medical management, and governance and board development.
- **Accounting and Financial Consulting.** This segment assists corporations with complex accounting and financial reporting matters, financial analysis in business disputes, international arbitration and litigation, as well as valuation analysis related to business acquisitions. This segment also consults with management in the areas of internal audit and corporate tax. Additionally, the Accounting and Financial Consulting segment provides experienced project leadership and consultants with a variety of financial and accounting credentials and prior corporate experience on an as-needed basis to assist clients with finance and accounting projects. This segment is comprised of certified public accountants, economists, certified fraud examiners, chartered financial analysts and valuation experts who serve attorneys and corporations as expert witnesses and consultants in connection with business disputes, as well as in regulatory or internal investigations.
- **Legal Consulting.** This segment provides guidance and business services to corporate law departments and government agencies by helping to reduce legal spending, enhance client service delivery and increase operational effectiveness. These services include digital evidence and discovery services, document review, law firm management services, records management, and strategic and operational improvements.
- **Corporate Consulting.** This segment leads clients through various stages of transformation that result in measurable and sustainable performance improvement. This segment works with clients to solve complex business problems and implements strategies and solutions to effectively address and manage stagnant or declining stock price, acquisitions and divestitures, process inefficiency, third party contracting difficulties, lack of or misaligned performance measurements, margin and cost pressures, performance issues, bank defaults, covenant violations, and liquidity issues. This segment also provides restructuring and turnaround consulting assistance to financially distressed companies, creditor constituencies, and other stakeholders in connection with out-of-court restructurings and bankruptcy proceedings.

Segment operating income consists of the revenues generated by a segment, less the direct costs of revenue and selling, general and administrative costs that are incurred directly by the segment. Unallocated corporate costs include costs related to administrative functions that are performed in a centralized manner that are not attributable to a particular segment. These administrative function costs include costs for corporate office support, certain office facility costs, costs relating to accounting and finance, human resources, legal, marketing, information technology and company-wide business development functions, as well as costs related to overall corporate management.

The table below sets forth information about our operating segments for the three and six months ended June 30, 2009 and 2008, along with the items necessary to reconcile the segment information to the totals reported in the accompanying consolidated financial statements.

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008 (Restated)	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008 (Restated)
Health and Education Consulting:				
Revenues	$ 93,205	$ 56,696	$186,762	$107,784
Operating income	$ 34,849	$ 19,502	$ 69,344	$ 38,847
Segment operating income as a percent of segment revenues	37.4%	34.4%	37.1%	36.0%
Accounting and Financial Consulting:				
Revenues	$ 22,515	$ 34,789	$ 46,955	$ 73,600
Operating income (loss)	$ 2,016	$ (722)	$ 3,732	$ 7,640
Segment operating income (loss) as a percent of segment revenues	9.0%	(2.1%)	7.9%	10.4%
Legal Consulting:				
Revenues	$ 31,241	$ 30,498	$ 54,109	$ 55,721
Operating income	$ 7,715	$ 10,076	$ 10,956	$ 16,663
Segment operating income as a percent of segment revenues	24.7%	33.0%	20.2%	29.9%
Corporate Consulting:				
Revenues	$ 18,886	$ 21,425	$ 41,030	$ 45,697
Operating income	$ 6,246	$ 5,611	$ 14,105	$ 13,982
Segment operating income as a percent of segment revenues	33.1%	26.2%	34.4%	30.6%
Total Company:				
Revenues	$165,847	$143,408	$328,856	$282,802
Reimbursable expenses	13,146	12,565	27,386	24,178
Total revenues and reimbursable expenses	$178,993	$155,973	$356,242	$306,980
Statement of operations reconciliation:				
Segment operating income	$ 50,826	$ 34,467	$ 98,137	$ 77,132
Charges not allocated at the segment level:				
Other selling, general and administrative expenses	23,255	21,752	46,727	43,670
Depreciation and amortization expense	5,848	5,370	11,607	10,508
Other expense, net	2,378	2,329	5,582	4,456
Income before provision for income taxes	$ 19,345	$ 5,016	$ 34,221	$ 18,498

15. Subsequent Events

We have evaluated subsequent events since June 30, 2009 and up to the time of the filing of this quarterly report on Form 10-Q on through August 17, 2009. In addition to the cost reduction program described below, please see note "3. Restatement of Previously-Issued Financial Statements" for a discussion of certain other events that occurred subsequent to June 30, 2009.

In response to current market conditions and lowered revenue expectations, during the third quarter of 2009, we initiated a cost reduction program to align our cost structure with anticipated demand. This cost reduction program is estimated to result in an annualized $30 million reduction in expenses. These efforts are expected to allow us to maintain appropriate operating margins until economic conditions improve. We currently estimate we will recognize approximately $4 million to $6 million of restructuring charges associated with this cost reduction program in the remainder of 2009.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In this Quarterly Report on Form 10-Q, unless the context otherwise requires, the terms "Huron," "Company," "we," "us" and "our" refer to Huron Consulting Group Inc. and its subsidiaries.

Statements in this quarterly report on Form 10-Q, including the information incorporated by reference herein, that are not historical in nature, including those concerning the Company's current expectations about its future results, are "forward-looking" statements as defined in Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are identified by words such as "may," "should," "expects," "plans," "anticipates," "assumes," "can," "considers," "could," "intends," "might," "predicts," "seeks," "would," "believes," "estimates," or "continues". Risks, uncertainties and assumptions that could impact the Company's forward-looking statements relate, among other things, to (i) the restatement, (ii) the SEC investigation and related Company inquiries with respect to the circumstances that led to the restatement, (iii) the SEC and related Company inquiries into the allocation of chargeable hours, (iv) the Company's projected accounting treatment for acquisition-related payments after August 1, 2009, and (v) management's assessment of the Company's internal control over financial reporting and any required remediation. In addition, these forward-looking statements reflect our current expectation about our future results, levels of activity, performance or achievements, including without limitation, that our business continues to grow at the current expectations with respect to, among other factors, utilization rates, billing rates and the number of revenue-generating professionals; that we are able to expand our service offerings; that we successfully integrate the businesses we acquire; and that existing market conditions, including those in the credit markets, do not continue to deteriorate substantially. These statements involve known and unknown risks, uncertainties and other factors, including among others, those described under "Part II – Item 1A. Risk Factors," that may cause actual results, levels of activity, performance or achievements to be materially different from any anticipated results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. See "Risk Factors" in our 2008 Annual Report on Form 10-K/A for a complete description of the material risks we face.

OVERVIEW

Our Business

Huron is a leading provider of operational and financial consulting services. We help clients in diverse industries improve performance, comply with complex regulations, resolve disputes, recover from distress, leverage technology, and stimulate growth. We team with our clients to deliver sustainable and measurable results. Many of our highly experienced professionals have master's degrees in business or healthcare administration, doctorates in economics, are certified public accountants, or are accredited valuation specialists and forensic accountants. Our professionals employ their expertise in healthcare administration, accounting, finance, economics and operations to provide our clients with specialized analyses and customized advice and solutions that are tailored to address each client's particular challenges and opportunities. We provide consulting services to a wide variety of both financially sound and distressed organizations, including leading academic institutions, healthcare organizations, Fortune 500 companies, medium-sized businesses, and the law firms that represent these various organizations.

We provide our services and manage our business under four operating segments: Health and Education Consulting, Accounting and Financial Consulting, Legal Consulting, and Corporate Consulting.

- **Health and Education Consulting.** Our Health and Education Consulting segment provides consulting services to hospitals, health systems, physicians, managed care organizations, academic medical centers, colleges, universities, and pharmaceutical and medical device manufacturers. This segment's professionals develop and implement solutions to help clients address financial management, strategy, operational and organizational effectiveness, research administration, and regulatory compliance. This segment also provides consulting services related to hospital or healthcare organization performance improvement, revenue cycle improvement, turnarounds, merger of affiliation strategies, labor productivity, non-labor cost management, information technology, patient flow improvement, physician practice management, interim management, clinical quality and medical management, and governance and board development.

- **Accounting and Financial Consulting.** Our Accounting and Financial Consulting segment assists corporations with complex accounting and financial reporting matters, financial analysis in business disputes, international arbitration and litigation, as well as valuation analysis related to business acquisitions. This segment also consults with clients in the areas of internal audit and corporate tax. Additionally, the Accounting and Financial Consulting segment provides experienced project leadership and consultants with a variety of financial and accounting credentials and prior corporate experience on an as-needed to assist clients with finance and accounting projects. This segment is comprised of certified public accountants, economists, certified fraud examiners, chartered financial analysts and valuation experts who serve attorneys and corporations as expert witnesses and consultants in connection with business disputes, as well as in regulatory or internal investigations.
- **Legal Consulting.** Our Legal Consulting segment provides guidance and business services to address the challenges that confront today's legal organizations. These services add value to corporate law departments and government agencies by helping to reduce legal spending, enhance client service delivery, and increase operational effectiveness. This segment provides measurable results in the areas of digital evidence and discovery services, document review, law firm management services, records management, and strategic and operational improvements. Included in this segment's offerings is V3locity™, a per page fixed price e-discovery service providing data and document processing, hosting, review and production.
- **Corporate Consulting.** Our Corporate Consulting segment leads clients through various stages of transformation that result in measurable and sustainable performance improvement. This segment works with clients to solve complex business problems and implements strategies and solutions to effectively address and manage stagnant or declining stock price, acquisitions and divestitures, process inefficiency, third party contracting difficulties, lack of or misaligned performance measurements, margin and cost pressures, performance issues, bank defaults, covenant violations, and liquidity issues. This segment also provides restructuring and turnaround consulting assistance to financially distressed companies, creditor constituencies, and other stakeholders in connection with out-of-court restructurings and bankruptcy proceedings.

How We Generate Revenues

A large portion of our revenues is generated by our full-time billable consultants who provide consulting services to our clients and are billed based on the number of hours worked. A smaller portion of our revenues is generated by our other professionals, consisting of finance and accounting consultants, specialized operational consultants, and contract reviewers, all of whom work variable schedules, as needed by our clients. Other professionals also include our document review and electronic data discovery groups, as well as full-time employees who provide software support and maintenance services to our clients. Our document review and electronic data discovery groups generate revenues primarily based on number of hours worked and units produced, such as pages reviewed or amount of data processed. We translate the hours that these other professionals work on client engagements into a full-time equivalent measure that we use to manage our business. We refer to our full-time billable consultants and other professionals collectively as revenue-generating professionals.

Revenues generated by our full-time billable consultants are primarily driven by the number of consultants we employ and their utilization rates, as well as the billing rates we charge our clients. Revenues generated by our full-time equivalents are largely dependent on the number of consultants we employ, their hours worked and billing rates charged, as well as the number of pages reviewed and amount of data processed in the case of our document review and electronic data discovery groups, respectively.

We generate the majority of our revenues from providing professional services under three types of billing arrangements: time-and-expense, fixed-fee, and performance-based.

Time-and-expense billing arrangements require the client to pay based on either the number of hours worked, the number of pages reviewed, or the amount of data processed by our revenue-generating professionals at agreed upon rates. We recognize revenues under time-and-expense billing arrangements as the related services are rendered. Time-and-expense engagements represented 48.2% and 70.8% of our revenues in the three months ended June 30, 2009 and 2008, respectively, and 48.0% and 70.9% in the six months ended June 30, 2009 and 2008, respectively.

In fixed-fee billing arrangements, we agree to a pre-established fee in exchange for a pre-determined set of professional services. We set the fees based on our estimates of the costs and timing for completing the engagements. It is the client's expectation in these engagements that the pre-established fee will not be exceeded except in mutually agreed upon circumstances. We recognize revenues under fixed-fee billing arrangements using a percentage-of-completion approach, which is based on our estimate of work completed to-date versus the total services to be provided under the engagement. For the three months ended June 30, 2009 and 2008, fixed-fee engagements represented 39.4% and 28.3% of our revenues, respectively; while they represented 40.4% and 27.8% of our revenues in the six months ended June 30, 2009 and 2008, respectively. The increase partly resulted from our acquisition of Stockamp & Associates, Inc. in July 2008, which primarily has fixed-fee engagements.

In performance-based fee billing arrangements, fees are tied to the attainment of contractually defined objectives. We enter into performance-based engagements in essentially two forms. First, we have performance-based engagements in which we earn a success fee when and if certain pre-defined outcomes occur. Second, we generally earn fees that are directly related to the savings formally acknowledged by the client as a result of adopting our recommendations for improving cost effectiveness in the procurement area. Often this type of success fee supplements time-and-expense or fixed-fee engagements. We do not recognize revenues under performance-based billing arrangements until all related performance criteria are met. Performance-based fee revenues represented 11.0% and 0.9% of our revenues in the three months ended June 30, 2009 and 2008, respectively, and 10.2% and 1.3% in the six months ended June 30, 2009 and 2008, respectively. We recognized a higher level of performance-based revenues during the first half of 2009 upon meeting performance criteria associated with several Stockamp engagements. Performance-based fee engagements may cause significant variations in quarterly revenues and operating results due to the timing of achieving the performance-based criteria.

We also generate revenues from licensing our proprietary software to clients and from providing related training and support during the term of the consulting engagement. Revenues from software licenses are recognized ratably over the term of the related consulting services contract. Thereafter, clients pay an annual fee for software support and maintenance. Annual support and maintenance fee revenue is recognized ratably over the support period, which is generally one year. These fees are billed in advance and included in deferred revenues until recognized. For both the three and six months ended June 30, 2009, support and maintenance revenues represented 1.4% of our revenues. We did not have any support and maintenance revenues during the three and six months ended June 30, 2008.

We also bill our clients for reimbursable expenses such as travel and out-of-pocket costs incurred in connection with engagements. We manage our business on the basis of revenues before reimbursable expenses. We believe this is the most accurate reflection of our services because it eliminates the effect of these reimbursable expenses that we bill to our clients at cost.

Our quarterly results are impacted principally by our full-time billable consultants' utilization rate, the number of business days in each quarter and the number of our revenue-generating professionals who are available to work. Our utilization rate can be negatively affected by increased hiring because there is generally a transition period for new professionals that results in a temporary drop in our utilization rate. Our utilization rate can also be affected by seasonal variations in the demand for our services from our clients. For example, during the third and fourth quarters of the year, vacations taken by our clients can result in the deferral of activity on existing and new engagements, which would negatively affect our utilization rate. The number of business work days is also affected by the number of vacation days taken by our consultants and holidays in each quarter. We typically have fewer business work days available in the fourth quarter of the year, which can impact revenues during that period.

Business Strategy, Opportunities and Challenges

Our primary strategy is to meet the needs of our clients by providing a balanced portfolio of service offerings and capabilities, so that we can adapt quickly and effectively to emerging opportunities in the marketplace. To achieve this, we have entered into select acquisitions of complementary businesses and continue to hire highly qualified professionals.

Time-and-expense engagements do not provide us with a high degree of predictability as to performance in future periods. Unexpected changes in the demand for our services can result in significant variations in utilization and revenues and present a challenge to optimal hiring and staffing. Moreover, our clients typically retain us on an engagement-by-engagement basis, rather than under long-term recurring contracts. The volume of work performed for any particular client can vary widely from period to period.

To expand our business, we will remain focused on growing our existing relationships and developing new relationships, continue to promote and provide an integrated approach to service delivery, broaden the scope of our existing services, and continue to acquire complementary businesses. Additionally, we intend to enhance our visibility in the marketplace by continuing to build our brand.

CRITICAL ACCOUNTING POLICIES

Management's discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. The preparation of financial statements in conformity with GAAP requires management to make assessments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Critical accounting policies are those policies that we believe present the most complex or subjective measurements and have the most potential to impact our financial position and operating results. While all decisions regarding accounting policies are important, we believe that there are four accounting policies that could be considered critical. These critical accounting policies relate to revenue recognition, allowances for doubtful accounts and unbilled services, carrying values of goodwill and other intangible assets, and valuation of net deferred tax assets. For a detailed discussion of these critical accounting policies, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies" in our Annual Report on Form 10-K/A for the year ended December 31, 2008. Below is an update to our critical accounting policy relating to the carrying values of goodwill and other intangible assets. There have been no material changes to our other critical accounting policies during the first half of 2009.

Carrying Values of Goodwill and Other Intangible Assets

Goodwill represents the excess of the cost of an acquired business over the net of the amounts assigned to assets acquired and liabilities assumed. Our goodwill balance as of June 30, 2009 was $506.5 million. Pursuant to the provisions of Statement of Financial Accounting Standards, or SFAS, No. 142, "Goodwill and Other Intangible Assets," goodwill is required to be tested at the reporting unit level for impairment annually or whenever indications of impairment arise. Impairment exists when the carrying amount of goodwill exceeds its implied fair value, resulting in an impairment charge for this excess. In accordance with SFAS No. 142, we aggregate our business components into reporting units and test for goodwill impairment. In testing for a potential impairment of goodwill, we estimate the fair value of each of our reporting units and compare this fair value to the carrying value of the reporting units. In estimating the fair value of our reporting units, we use a discounted cash flow analysis, which involves estimating the expected after-tax cash flows that will be generated by each of the reporting units and then discounting these cash flows to present value. Significant estimates and projections are utilized when determining expected cash flows, such as revenue growth rates and profitability. As such, an impairment test involves considerable management judgment and estimates. Pursuant to our policy, we performed the annual goodwill impairment test as of April 30, 2009 and determined that no impairment of goodwill existed as of that date. See below under "Restatement of Previously-Issued Financial Statements" for a discussion of a potential goodwill impairment in light of the significant decline in the price of our common stock since our July 31, 2009 announcement of our intention to restate our financial statements.

Intangible assets represent purchased assets that lack physical substance but can be distinguished from goodwill. Our intangible assets, net of accumulated amortization, totaled $26.9 million at June 30, 2009 and consist of customer contracts, customer relationships, non-competition agreements, tradenames, as well as technology and software. We use valuation techniques in estimating the initial fair value of acquired intangible assets. These valuations are primarily based on the present value of the estimated net cash flows expected to be derived from the client contracts and relationships, discounted for assumptions such as future customer attrition. We evaluate our intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Therefore, higher or earlier-than-expected customer attrition may result in higher future amortization charges or an impairment charge for customer-related intangible assets.

RESTATEMENT OF PREVIOUSLY-ISSUED FINANCIAL STATEMENTS

The discussion of our financial condition and results of operations below for the three and six months ended June 30, 2008 has been restated for the acquisition-related payments noted below. We have also filed an Amendment No. 1 on Form 10-K/A to our annual report on Form 10-K for the year ended December 31, 2008 and an Amendment No. 1 on Form 10-Q/A to our quarterly report on Form 10-Q for the period ended March 31, 2009, to restate our financial statements for the years ended December 31, 2008, 2007 and 2006, as well as the three months ended March 31, 2009. The results of operations below should be read in conjunction with Amendment No. 1 on Form 10-K/A and Amendment No. 1 on Form 10-Q/A.

The restatement relates to four businesses that we acquired between 2005 and 2007 (the “Acquired Businesses”). Pursuant to the purchase agreements for each of these acquisitions, payments were made by us to the selling shareholders (1) upon closing of the transaction, (2) in some cases, upon the Acquired Businesses achieving specific financial performance targets over a number of years (“earn-outs”), and (3) in one case, upon the buy-out of an obligation to make earn-out payments. These payments are collectively referred to as “acquisition-related payments.”

The acquisition-related payments made by us to the selling shareholders represented purchase consideration. As such, these payments, to the extent that they exceeded the net of the fair value assigned to assets acquired and liabilities assumed, were properly recorded as goodwill, in accordance with GAAP. Payments made upon the closing of the acquisition were recorded as goodwill on the date of closing. Earn-out payments were recorded as purchase consideration resulting in additional goodwill when the financial performance targets were met by the Acquired Businesses. The payment made upon the buy-out of an obligation to make earn-out payments was recorded as goodwill on the date of the buy-out.

It recently came to the attention of the Audit Committee of our Board of Directors that, in connection with one of these acquisitions, the selling shareholders had an agreement among themselves to reallocate a portion of their earn-outs to an employee of the Company who was not a selling shareholder. Following this discovery, the Audit Committee commenced an inquiry into the relevant facts and circumstances of all of our prior acquisitions to determine if similar situations existed. The Audit Committee notified the Company’s independent auditors who had not previously been aware of the Shareholder Payments and the Employee Payments (in each case, as defined below).

This inquiry resulted in the discovery that the selling shareholders of the Acquired Businesses made one or both of the following types of payments:

1) The selling shareholders redistributed portions of their acquisition-related payments among themselves in amounts that were not consistent with their ownership interests on the date we acquired the business (“Shareholder Payments”). These Shareholder Payments were dependent, in part, on continuing employment with the Company or on the achievement of personal performance measures.
2) The selling shareholders redistributed portions of their acquisition-related payments to certain of our employees who were not selling shareholders of the Acquired Businesses (“Employee Payments”). These Employee Payments were dependent on continuing employment with the Company or on the achievement of personal performance measures. The Company employees who received the Employee Payments were client-serving and administrative employees of the respective Acquired Businesses at the date such businesses were acquired by us as well as similar employees hired by or assigned to the respective Acquired Businesses after the date of such acquisitions.

This restatement is necessary because we failed to account for the Shareholder Payments and the Employee Payments in accordance with GAAP. The selling shareholders were not prohibited from making the Shareholder Payments or the Employee Payments under the terms of the purchase agreements with the Company for the acquisitions of the Acquired Businesses. However, under GAAP, including guidance promulgated by the SEC, actions of economic interest holders in a company may be imputed to the company itself. The selling shareholders of the Acquired Businesses meet the criteria of economic interest holders of Huron due to their ability to earn additional consideration from Huron. As such, when the selling shareholders redistribute acquisition-related payments among themselves or redistribute a portion of their acquisition-related payments to our employees who were not selling shareholders based on employment or performance-based criteria, these payments are viewed as resulting from services that are assumed to have benefited Huron and must therefore be recorded as non-cash compensation expense incurred by Huron under GAAP. Accordingly, the Employee Payments and the Shareholder Payments are imputed to us. In the case of the Shareholder Payments, such payments are imputed to us even when the amounts that are received by the selling shareholders in the redistribution do not differ significantly from the amounts the selling shareholders would have received if the portion of the acquisition-related payments redistributed based on performance or employment had been distributed solely in accordance with the ownership interests of the applicable selling shareholders on the date we acquired the business. In effect, the Shareholder Payments and the Employee Payments are in substance a second and separate transaction from our acquisition of the Acquired Businesses, which should have been recorded as a separate non-cash accounting entry. Both the Shareholder Payments and the Employee Payments are therefore required to be reflected as non-cash compensation expense of Huron, and the selling shareholders are deemed to have made a capital contribution to Huron. The entries are non-cash because the payments were made directly by the selling shareholders from the acquisition proceeds they received from us. We did not expend additional cash with respect to the compensation charge.

Based on its inquiry into the facts and circumstances underlying the restatement, which is now substantially complete, the Audit Committee determined that the Shareholder Payments and Employee Payments were not properly recorded in our financial statements because senior management did not properly take into account the impact of the selling shareholders' redistribution of the acquisition-related payments when determining the appropriate accounting treatment. In some cases, senior management was unaware of the redistributions. In other cases, senior management was aware of the redistributions but either misunderstood or misapplied the appropriate accounting guidance. As a result, the facts and circumstances surrounding the Shareholder Payments and Employee Payments were not fully described in representation letters previously provided to our independent auditors.

In light of these determinations and given the magnitude of the accounting errors underlying the restatement, our Board of Directors concluded that it was appropriate for the Company to appoint a new Chairman, a new Chief Executive Officer, a new Chief Financial Officer and a new Chief Accounting Officer. Our Board of Directors and Gary Holdren, our then Chief Executive Officer, agreed that he should resign as Chairman of the Board and Chief Executive Officer. George Massaro, who was the then Vice Chairman of the Board of Directors, was elected as our Non-Executive Chairman of the Board of Directors. James Roth, one of the founders of the Company, was named Chief Executive Officer. James Rojas, another founder of the Company, was named Chief Financial Officer, succeeding Gary Burge who will remain as Treasurer and remain with the Company until the end of 2009. Wayne Lipski, previously Chief Accounting Officer, will be leaving the Company.

As discussed above, only a portion of the acquisition-related payments to selling shareholders was redistributed among themselves based on performance or employment while the balance was distributed in accordance with their ownership interests on the date we acquired the business. The total amounts of the acquisition-related payments received by the selling shareholders after the redistribution did not differ significantly from the amounts such selling shareholders would have received if the distribution of such portion of the acquisition-related payments had been made in proportion to their respective ownership interests. Under GAAP, however, we are required to recognize as non-cash compensation expense the entire amount of the acquisition-related payment that was subject to redistribution based on performance or employment and not merely the difference between the amount a selling shareholder received following such redistribution and the amount such selling shareholder would have received if such portion had been distributed in accordance with his ownership interests.

Based on the results of the Company's inquiry into the acquisition-related payments to date and the agreement amendments described below, we currently anticipate that future earn-outs will only be accounted for as additional purchase consideration and not also as non-cash compensation expense. Effective August 1, 2009, the selling shareholders of two of the Acquired Businesses each amended certain agreements related to the earn-outs to provide that future earn-outs will be distributed only to the applicable selling shareholders and only in accordance with their equity interests on the date we acquired the business with no required continuing employment, and no further Shareholder Payments or Employee Payments will be made. We expect to recognize approximately $1.2 million of additional non-cash compensation expense during the third quarter of 2009 related to Shareholder Payments and Employee Payments for that period. In addition, we expect to incur a moderate increase in cash compensation expense in future periods related to Shareholder Payments and Employee Payments for such periods, which we currently estimate to be no more than $4 million in each of 2009, 2010 and 2011. However, there can be no assurance that additional information will not be discovered that will require future acquisition-related payments pertaining to the Acquired Businesses to continue to be accounted for as non-cash compensation expense, which would be material to our results of operations through 2011. The earn-out payments for one of the Acquired Businesses are payable through March 31, 2010, and the earn-out payments for a second Acquired Business are payable through December 31, 2011. There are no additional earn-out obligations related to the other two Acquired Businesses. Additionally, as a result of the impact that our restatement may have on our business, we expect to incur a moderate increase in cash compensation expense to retain our top-performing employees. We also expect an increase in operating expenses, including legal fees, as a result of the Company's inquiries into the acquisition-related payments and the allocation of chargeable hours, the restatement, the SEC investigation with respect to the circumstances that led to the restatement, the SEC inquiry into the allocation of chargeable hours and the private shareholder class action lawsuits in respect of the restatement.

As a result of the correction of these non-tax deductible errors, we recalculated our provision for income taxes for each of the quarterly periods using the annual effective income tax rate method in accordance with Statement of Financial Accounting Standards, or SFAS, No. 109, "Accounting for Income Taxes." As such, our interim quarterly provision for income taxes decreased in certain periods and increased in others, with a corresponding change in income tax receivable or payable. However, there is no change to our provision for income taxes or our tax accounts on an annual basis. While the correction of these errors significantly reduced our net income and earnings per share for each of the affected periods, it had no effect on our total assets, total liabilities, or total stockholders' equity on an annual basis. Further, the correction of these errors had no effect on our net cash flows. The table below summarizes the impact of the restatement on our consolidated statements of income for the three and six months ended June 30, 2008 (in thousands, except earnings per share).

	June 30, 2008	
(Unaudited)	**Three Months Ended**	**Six Months Ended**
Shareholder Payments	$11,546	$ 15,227
Employee Payments	1,339	2,678
Total Non-cash Compensation Expense	$12,885	$ 17,905
Impact on Consolidated Statement Of Income:		
Increase in Direct Costs	$12,885	$ 17,905
Decrease in Provision for Income Taxes	$ (4,211)	$ (2,067)
Decrease in Net Income	$ (8,674)	$(15,838)
Decrease in Basic Earnings Per Share	$ (0.50)	$ (0.91)
Decrease in Diluted Earnings Per Share	$ (0.48)	$ (0.87)

On August 4, 2009, we signed an Acknowledgment and Consent Agreement with respect to the Credit Agreement. We requested an advance of $6.0 million under the revolving credit facility to fund current working capital needs during the interim period while we restate our financial statements. The lenders agreed to this request subject to a reservation of rights under the Credit Agreement. This advance, together with collections on our accounts receivable, provided adequate working capital during the interim period prior to the restatement of our financial statements. We expect to be in full compliance with the financial covenants under the Credit Agreement once the restatement is completed and compliance certificates for the second quarter of 2009 are provided to the lenders. We have been engaging, and expect to continue to engage, in regular discussions with our lenders.

On July 31, 2009, immediately prior to our announcement of our intention to restate our financial statements, the price of our common stock was $44.35 per share. As of the close of business on August 3, 2009, the business day next following such announcement, the price of our common stock was $13.69 per share. As a result of the significant decline in the price of our common stock, we expect to engage in an impairment analysis with respect to the carrying value of our goodwill in connection with the preparation of our financial statements for the quarter ended September 30, 2009. If following such analysis we are required to record a non-cash goodwill impairment charge, we may not be in compliance with the financial covenants in the Credit Agreement. In the absence of an amendment or waiver from our lenders, failure to comply with such covenants may result in (1) a default interest rate of 2% being charged in addition to the interest rate as determined under the Credit Agreement on all of our outstanding indebtedness under the Credit Agreement, (2) our not being able to make additional borrowings under the Credit Agreement, which we rely on to fund our operations, and (3) the lenders requiring us to repay our outstanding indebtedness under the Credit Agreement, which totaled $295 million as of June 30, 2009. There can be no assurance that we will remain in compliance with the financial covenants under the Credit Agreement or, if we are not, that we will obtain the necessary amendments or waivers and, even if we are able to obtain them, such amendments or waivers may subject us to terms materially less favorable to us than those in our current agreement. Such amended terms could expose us to significant risks related to increased interest rates, may require us to dedicate a larger portion of our cash from operations to service indebtedness and may limit our ability to obtain additional funding under the Credit Agreement. A discussion of the risks and uncertainties relating to the Credit Agreement and our ability to borrow funds under the Credit Agreement is set forth in “Part II – Item 1A. Risk Factors” and under the heading “Risk Factors” in our 2008 Annual Report on Form 10-K/A.

The SEC is commencing an investigation with respect to the circumstances that led to the restatement. In addition to the SEC investigation, we conducted a separate inquiry, in response to an inquiry from the SEC, into the allocation of chargeable hours. This matter has no impact on billings to our clients, but could impact the timing of when revenue is recognized. Based on our internal inquiry, which is substantially complete, we have concluded that an adjustment to our historical financial statements is not required with respect to this matter. The SEC inquiry with respect to the allocation of chargeable hours is ongoing. We intend to cooperate fully with the SEC in its investigation with respect to the circumstances that led to the restatement and its inquiry into the allocation of chargeable hours. In addition, several purported shareholder class action complaints have been filed in connection with our restatement in the United States District Court for the Northern District of Illinois, which assert claims under Section 10(b) and Section 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder and contend that the Company and the individual defendants issued false and misleading statements regarding the Company’s financial results and compliance with GAAP. We intend to defend vigorously the actions. See note “3. Restatement of Previously-Issued Financial Statements” in the notes to consolidated financial statements under “Part I – Item 1. Consolidated Financial Statements” and “Part II – Item 1. Legal Proceedings” for a description of these lawsuits.

Given the uncertain nature of the SEC investigation with respect to the circumstances that led to the restatement, the SEC inquiry into the allocation of chargeable hours and the private shareholder class action lawsuits in respect of the restatement, and the uncertainties related to the incurrence and amount of loss, including with respect to the imposition of fines, penalties, damages, administrative remedies and liabilities for additional amounts, with respect to the SEC investigation, the SEC inquiry and the private lawsuits, we are unable to predict the ultimate outcome of the SEC investigation, the SEC inquiry or the private lawsuits, determine whether a liability has been incurred or make a reasonable estimate of the liability that could result from an unfavorable outcome in the SEC investigation, the SEC inquiry or the private lawsuits. Any such liability could be material. See “Part II – Item 1A. Risk Factors” and “Risk Factors” in our 2008 Annual Report on Form 10-K/A for a discussion of certain risks and uncertainties relating to the SEC investigation, the SEC inquiry and the private lawsuits and certain other risks and uncertainties that are heightened by the SEC investigation, the SEC inquiry and the private lawsuits.

RESULTS OF OPERATIONS

The tables below summarize the impact of the restatement on segment operating income and segment operating margin for the three and six months ended June 30, 2008 (in thousands). The restatement had no impact on segment revenues and consolidated revenues.

Three Months Ended June 30, 2008	Health and Education Consulting	Accounting & Financial Consulting	Legal Consulting	Corporate Consulting	Total
Revenues before reimbursable	$ 56,696	$ 34,789	$ 30,498	$ 21,425	$143,408
Operating income – As reported	$ 22,679	$ 7,980	$ 10,076	$ 6,617	$ 47,352
Adjustments [1]	(3,177)	(8,702)	—	(1,006)	(12,885)
Operating income – As restated	$ 19,502	$ (722)	$ 10,076	$ 5,611	$ 34,467
Operating margin – As reported	40.0%	22.9%	33.0%	30.9%	
Adjustments [1]	(5.6%)	(25.0%)	—	(4.7%)	
Operating margin – As restated	34.4%	(2.1)%	33.0%	26.2%	
Six Months Ended June 30, 2008					
Revenues before reimbursable	$107,784	$ 73,600	$ 55,721	$ 45,697	$282,802
Operating income – As reported	$ 44,811	$ 17,569	$ 16,663	$ 15,994	$ 95,037
Adjustments [1]	(5,964)	(9,929)	—	(2,012)	17,905
Operating income – As restated	$ 38,847	$ 7,640	$ 16,663	$ 13,982	$ 77,132
Operating margin – As reported	41.6%	23.9%	29.9%	35.0%	
Adjustments [1]	(5.6%)	(13.5%)	—	(4.4%)	
Operating margin – As restated	36.0%	10.4%	29.9%	30.6%	

1) Consists of non-cash compensation expense representing Shareholder Payments and Employee Payments described above under “Restatement of Previously-Issued Financial Statements.”

The table below sets forth selected segment and consolidated operating results and other operating data for the periods indicated. Segment operating income consists of the revenues generated by a segment, less the direct costs of revenue and selling, general and administrative costs that are incurred directly by the segment. Unallocated corporate costs include costs related to administrative functions that are performed in a centralized manner that are not attributable to a particular segment.

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Huron Consulting Group Inc.

Segment and Consolidated Operating Results (in thousands):	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008 (Restated)	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008 (Restated)
Revenues and reimbursable expenses:				
Health and Education Consulting	$ 93,205	$ 56,696	$186,762	$107,784
Accounting and Financial Consulting	22,515	34,789	46,955	73,600
Legal Consulting	31,241	30,498	54,109	55,721
Corporate Consulting	18,886	21,425	41,030	45,697
Total revenues	165,847	143,408	328,856	282,802
Total reimbursable expenses	13,146	12,565	27,386	24,178
Total revenues and reimbursable expenses	$178,993	$155,973	$356,242	$306,980
Operating income:				
Health and Education Consulting	$ 34,849	$ 19,502	$ 69,344	$ 38,847
Accounting and Financial Consulting	2,016	(722)	3,732	7,640
Legal Consulting	7,715	10,076	10,956	16,663
Corporate Consulting	6,246	5,611	14,105	13,982
Total segment operating income	50,826	34,467	98,137	77,132
Operating expenses not allocated to segments	29,103	27,122	58,334	54,178
Total Operating income	$ 21,723	$ 7,345	$ 39,803	$ 22,954
Other Operating Data:				
Number of full-time billable consultants (at period end) (1):				
Health and Education Consulting	885	489		
Accounting and Financial Consulting	263	338		
Legal Consulting	141	159		
Corporate Consulting	159	221		
Total	1,448	1,207		
Average number of full-time billable consultants (for the period) (1):				
Health and Education Consulting	904	481	909	467
Accounting and Financial Consulting	285	352	291	360
Legal Consulting	152	166	155	170
Corporate Consulting	165	225	167	226
Total	1,506	1,224	1,522	1,223
Full-time billable consultant utilization rate (2):				
Health and Education Consulting	75.4%	80.8%	76.8%	79.5%
Accounting and Financial Consulting	54.5%	51.9%	52.5%	51.9%
Legal Consulting	61.9%	62.6%	57.7%	60.1%
Corporate Consulting	70.8%	62.3%	72.3%	63.8%
Total	69.6%	66.8%	69.7%	65.9%
Full-time billable consultant average billing rate per hour (3):				
Health and Education Consulting	$ 261	$ 267	$ 253	$ 268
Accounting and Financial Consulting	$ 254	$ 285	$ 254	$ 276
Legal Consulting	$ 212	$ 236	$ 222	$ 235
Corporate Consulting	$ 333	$ 303	$ 348	$ 317
Total	$ 264	$ 273	$ 261	$ 275
Revenue per full-time billable consultant (in thousands):				
Health and Education Consulting	$ 93	$ 106	$ 186	$ 210
Accounting and Financial Consulting	$ 66	$ 66	$ 127	$ 131
Legal Consulting	$ 61	$ 68	$ 120	$ 133
Corporate Consulting	$ 111	$ 91	$ 235	$ 196
Total	$ 87	$ 87	$ 173	$ 174

Other Operating Data:	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Average number of full-time equivalents (for the period) (4):				
Health and Education Consulting	109	50	102	43
Accounting and Financial Consulting	63	185	83	212
Legal Consulting	678	619	591	544
Corporate Consulting	4	9	7	8
Total	854	863	783	807
Revenue per full-time equivalents (in thousands):				
Health and Education Consulting	$ 81	$ 113	$ 177	$ 223
Accounting and Financial Consulting	$ 61	$ 63	$ 120	$ 124
Legal Consulting	$ 32	$ 31	$ 60	$ 61
Corporate Consulting	$ 129	$ 98	$ 247	$ 181
Total	$ 41	$ 43	$ 83	$ 87

(1) Consists of our full-time professionals who provide consulting services and generate revenues based on the number of hours worked.

(2) Utilization rate for our full-time billable consultants is calculated by dividing the number of hours all our full-time billable consultants worked on client assignments during a period by the total available working hours for all of these consultants during the same period, assuming a forty-hour work week, less paid holidays and vacation days.

(3) Average billing rate per hour for our full-time billable consultants is calculated by dividing revenues for a period by the number of hours worked on client assignments during the same period.

(4) Full-time equivalents consists of consultants who work variable schedules as needed by our clients, as well as contract reviewers and other professionals who generate revenues primarily based on number of hours worked and units produced, such as pages reviewed and data processed. Also includes full-time employees who provide software support and maintenance services to our clients.

Three Months Ended June 30, 2009 Compared to Three Months Ended June 30, 2008

Revenues

Revenues increased $22.4 million, or 15.6%, to $165.8 million for the second quarter of 2009 from $143.4 million for the second quarter of 2008. We acquired Stockamp on July 8, 2008 and therefore, revenues for the second quarter of 2009 included revenues generated by Stockamp while revenues for the second quarter of 2008 did not include any revenues from Stockamp.

Of the overall $22.4 million increase in revenues, $24.7 million was attributable to our full-time billable consultants, partially offset by a $2.3 million decrease attributable to our full-time equivalents. The $24.7 million increase in full-time billable consultant revenues was attributable to an increase in the number of consultants in our Health and Education Consulting segment reflecting our acquisition of Stockamp and internal growth, coupled with an increase in the utilization rate of our consultants. These increases were partially offset by a decline in our average billing rate. The $2.3 million decrease in full-time equivalent revenues resulted from lower demand for our variable, on-demand consultants in our Accounting and Financial Consulting segment.

Total Direct Costs

Our direct costs increased $6.5 million, or 6.6%, to $105.4 million in the three months ended June 30, 2009 from $98.9 million in the three months ended June 30, 2008. Approximately $12.5 million of the increase was attributable to the increase in the average number of revenue-generating professionals and the promotion of our employees during the year, including 17 to the managing director level effective January 1, 2009, and their related salaries and benefits costs. Additionally, $2.5 million of the increase in direct costs was attributable to an increased usage of independent contractors, in particular within our Legal Consulting segment. These increases were partially offset by a decrease of $9.6 million in non-cash compensation. We recorded non-cash compensation expense totaling

$3.3 million and $12.9 million during the second quarter of 2009 and 2008, respectively, representing Shareholder Payments and Employee Payments as described above under “Restatement of Previously-Issued Financial Statements.” Share-based compensation expense associated with our revenue-generating professionals remained steady at $4.2 million in each of the second quarters of 2009 and 2008.

Total direct costs for the three months ended June 30, 2009 included $1.1 million of intangible assets amortization expense, primarily representing customer-related assets and software acquired in connection with the Stockamp acquisition.

Operating Expenses

Selling, general and administrative expenses increased $2.7 million, or 8.6%, to $34.5 million in the second quarter of 2009 from $31.8 million in the second quarter of 2008. Of the $2.7 million increase, $1.2 million was due to an increase in non-revenue generating professionals and their related compensation and benefits costs, $0.7 million was due to increased training, $0.5 million was attributable to higher legal fees, and $0.4 million was due to an increase in charitable contributions. Share-based compensation expense associated with our non-revenue-generating professionals decreased from $3.0 million in the second quarter of 2008 to $2.6 million in the second quarter of 2009.

Depreciation expense increased $0.8 million, or 21.6%, to $4.5 million in the three months ended June 30, 2009 from $3.7 million in the three months ended June 30, 2008 as computers, network equipment, furniture and fixtures, and leasehold improvements were added to support our increase in employees. Non-direct intangible assets amortization expense decreased $0.3 million, or 17.6%, to $1.4 million for the three months ended June 30, 2009 from $1.7 million for the comparable period last year. Non-direct intangible assets amortization relates to customer relationships, non-competition agreements and tradenames acquired in connection with our acquisitions.

During the second quarter of 2009, we recognized a gain of $2.7 million relating to the release of employee non-solicitation agreements and settlement of other contractual obligations.

Operating Income

Operating income increased $14.4 million, or 195.8%, to $21.7 million in the second quarter of 2009 from $7.3 million in the second quarter of 2008. Operating margin, which is defined as operating income expressed as a percentage of revenues, increased to 13.1% in the three months ended June 30, 2009 from 5.1% in the three months ended June 30, 2008. The increase in operating margin was primarily attributable to lower non-cash compensation expense and a gain from the settlement of contractual obligations as discussed above. Non-cash compensation expense totaling $3.3 million and $12.9 million during the second quarter of 2009 and 2008, respectively, representing Shareholder Payments and Employee Payments as described above under “Restatement of Previously-Issued Financial Statements,” reduced our operating margin by 200 basis points and 900 basis points in the second quarter of 2009 and 2008, respectively.

As described above under “Restatement of Previously-Issued Financial Statements,” no further Shareholder Payments or Employee Payments will be made as a result of amendments to the agreements among the selling shareholders effective August 1, 2009. We expect to recognize approximately $1.2 million of additional non-cash compensation expense during the third quarter of 2009 related to Shareholder Payments and Employee Payments for that period. In addition, we expect to incur a moderate increase in cash compensation expense in future periods related to Shareholder Payments and Employee Payments for such periods, which we currently estimate to be no more than $4 million in each of 2009, 2010 and 2011. However, there can be no assurance that additional information will not be discovered that will require future acquisition-related payments pertaining to the Acquired Businesses to continue to be accounted for as non-cash compensation expense, which would be material to our results of operations through 2011. Additionally, as a result of the impact that our restatement may have on our business, we expect to incur a moderate increase in cash compensation expense to retain our top-performing employees. W e also expect an increase in operating expenses, including legal fees, as a result of the Company’s inquiries into the acquisition-related payments and the allocation of chargeable hours, the restatement, the SEC investigation with respect to the circumstances that led to the restatement, the SEC inquiry into the allocation of chargeable hours and the private shareholder class action lawsuits in respect of the restatement.

Other Expense

Other expense increased $0.1 million, or 2.1%, to $2.4 million in the second quarter of 2009 from $2.3 million in the second quarter of 2008. The $0.1 million increase was primarily due to the following:

- $0.7 million was attributable to an increase in interest expense from higher levels of borrowings during the second quarter of 2009, partially offset by a decrease in interest rates.
- This increase was largely offset by a $0.6 million gain from an increase in the market value of our investments that are used to fund our deferred compensation liability. This gain was offset by an increase in direct costs as our corresponding deferred compensation liability increased.

As further described below under “Liquidity and Capital Resources”, the fees and interest we pay on outstanding borrowings vary based on our total debt to earnings before interest, taxes, depreciation and amortization (“EBITDA”) ratio as set forth in the Credit Agreement. As a result of our restatement, our historical EBITDA decreased resulting in higher fees and interest expense for certain historical periods totaling $0.1 million. We recognized this amount in the second quarter of 2009. Additionally, the fees and interest expense we pay on outstanding borrowings in the future may exceed those paid historically as a result of a decrease in our EBITDA and the impact of a lower EBITDA on the total debt to EBITDA ratio.

Provision for Income Taxes

Our effective income tax rate decreased to 50.1% for the second quarter of 2009 from 77.4% for the second quarter of 2008. The lower effective income tax rate in 2009 was primarily attributable to lower non-cash compensation expense, which is not tax deductible because the Shareholder Payments and Employee Payments resulting in the non-cash compensation expense were not made by us.

Net Income

Net income was $9.6 million for the three months ended June 30, 2009 compared to $1.1 million for the same period last year. The increase in net income was primarily due to lower non-cash compensation expense totaling $3.3 million in the second quarter of 2009 compared to $12.9 million in the second quarter of 2008, representing Shareholder Payments and Employee Payments as described above under “Restatement of Previously-Issued Financial Statements,” coupled with a lower effective income tax rate as described above. Diluted earnings per share for the second quarter of 2009 was $0.47 compared to $0.06 for the second quarter of 2008. The increase in earnings per share was largely due to lower non-cash compensation expense in the second quarter of 2009, coupled with the $2.7 million gain as discussed above, partially offset by the dilutive impact of the shares issued in connection with prior business acquisitions. Non-cash compensation expense reduced diluted earnings per share by $0.16 and $0.71 in the second quarter of 2009 and 2008, respectively.

Segment Results

Health and Education Consulting

Revenues

Health and Education Consulting segment revenues increased $36.5 million, or 64.4%, to $93.2 million for the second quarter of 2009 from $56.7 million for the second quarter of 2008. Revenues for the second quarter of 2009 included revenues from our acquisition of Stockamp while revenues for the second quarter of 2008 did not include any revenues from Stockamp. Revenues from time-and-expense engagements, fixed-fee engagements, performance-based engagements and software support and maintenance arrangements represented 23.7%, 54.2%, 19.6% and 2.5% of this segment’s revenues during the three months ended June 30, 2009, respectively, compared to 53.3%, 44.8%, 1.9% and 0%, respectively, for the comparable period in 2008.

Of the overall $36.5 million increase in revenues, $33.3 million was attributable to our full-time billable consultants and $3.2 million was attributable to our full-time equivalents. The $33.3 million increase in full-time billable consultant revenues reflected an increase in the number of consultants, partially offset by both a decrease in the utilization rate and the average billing rate per hour for this segment.

Operating Income

Health and Education Consulting segment operating income increased $15.3 million, or 78.7%, to $34.8 million in the three months ended June 30, 2009 from $19.5 million in the three months ended June 30, 2008. The Health and Education Consulting segment operating margin, defined as segment operating income expressed as a percentage of segment revenues, increased to 37.4% for the second quarter of 2009 from 34.4% in the same period last year. The increase in this segment's operating margin was attributable to lower non-cash compensation expense and a gain relating to the settlement of contractual obligations, partially offset by higher cash-compensation cost and amortization expense, as well as higher general and administrative costs. Non-cash compensation expense, representing Shareholder Payments and Employee Payments as described above under "Restatement of Previously-Issued Financial Statements," for the Health and Education Consulting segment totaled $2.2 million in the second quarter of 2009 and $3.2 million in the second quarter of 2008 and reduced this segment's operating margin by 240 basis points and 560 basis points in the second quarter of 2009 and 2008, respectively.

Accounting and Financial Consulting

Revenues

Accounting and Financial Consulting segment revenues decreased $12.3 million, or 35.3%, to $22.5 million for the second quarter of 2009 from $34.8 million for the second quarter of 2008. Revenues from time-and-expense engagements, fixed-fee engagements and performance-based engagements represented 91.5%, 8.5% and 0% of this segment's revenues during the second quarter of 2009, respectively. For the second quarter of 2008, most of this segment's revenues were from time-and-expense engagements.

Of the overall $12.3 million decrease in revenues, $4.4 million was attributable to our full-time billable consultants and $7.9 million was attributable to our full-time equivalents. The $4.4 million decrease in full-time billable consultant revenues was primarily due to a decrease in demand for our consulting services and a decrease in the average billing rate per hour for this segment. The $7.9 million decrease in full-time equivalent revenues resulted from a decline in demand for our variable, on-demand consultants.

Operating Income

Accounting and Financial Consulting segment operating income was $2.0 million in the three months ended June 30, 2009 compared to an operating loss of $0.7 million in the three months ended June 30, 2008. The loss in the second quarter of 2008 was due to $8.7 million of non-cash compensation expense, primarily representing Shareholder Payments as described above under "Restatement of Previously-Issued Financial Statements." Segment operating margin for the second quarter of 2009 was 9.0%. Non-cash compensation expense totaling $0.8 million and $8.7 million for the second quarter of 2009 and 2008, respectively, reduced this segment's operating margin by 360 basis points and 2,500 basis points in the second quarter of 2009 and 2008, respectively.

Legal Consulting

Revenues

Legal Consulting segment revenues increased $0.7 million, or 2.4%, to $31.2 million for the second quarter of 2009 from $30.5 million for the second quarter of 2008. Revenues from time-and-expense engagements, fixed-fee engagements and performance-based engagements represented 90.1%, 9.6% and 0.3% of this segment's revenues during the three months ended June 30, 2009, respectively, compared to 92.9%, 7.1% and 0%, respectively, for the comparable period in 2008.

Of the overall $0.7 million increase in revenues, $2.7 million was attributable to our full-time equivalents, partially offset by a decrease of $2.0 million attributable to our full-time billable consultants. The $2.7 million increase in full-time equivalent revenues reflected a greater demand for our document review services. The $2.0 million decrease in full-time billable consultant revenues reflected a decrease in both the utilization rate and the average billing rate per hour for this segment.

Operating Income

Legal Consulting segment operating income decreased $2.4 million, or 23.4%, to $7.7 million in the three months ended June 30, 2009 from $10.1 million in the three months ended June 30, 2008. Segment operating margin decreased to 24.7% for the second quarter of 2009 from 33.0% in the same period last year. The decrease in this segment's operating margin was attributable to higher total compensation cost as a percentage of revenues, coupled with an increased level of investment in personnel, infrastructure, technology and other resources for our document review business.

Corporate Consulting

Revenues

Corporate Consulting segment revenues decreased $2.5 million, or 11.9%, to $18.9 million for the second quarter of 2009 from $21.4 million for the second quarter of 2008. Revenues from time-and-expense engagements, fixed-fee engagements and performance-based engagements represented 47.3%, 52.7% and 0% of this segment's revenues during the three months ended June 30, 2009, respectively, compared to 44.6%, 54.6% and 0.8%, respectively, for the comparable period in 2008.

The $2.5 million decrease in revenues was primarily attributable to our full-time billable consultant revenues, reflecting a decrease in the number of consultants for this segment, partially offset by an increase in the utilization rate and average billing rate per hour for this segment.

Operating Income

Corporate Consulting segment operating income increased $0.6 million, or 11.3%, to $6.2 million in the three months ended June 30, 2009 from $5.6 million in the three months ended June 30, 2008. Segment operating margin increased to 33.1% for the second quarter of 2009 from 26.2% in the same period last year. The increase in this segment's operating margin reflects lower total compensation cost as a percentage of revenues and lower general and administrative costs. Non-cash compensation expense, representing Shareholder Payments and Employee Payments as described above under "Restatement of Previously-Issued Financial Statements," for the Corporate Consulting segment totaled $0.3 million and $1.0 million in the second quarter of 2009 and 2008, respectively, and reduced this segment's operating margin by 150 basis points and 470 basis points in the second quarter of 2009 and 2008, respectively.

Six Months Ended June 30, 2009 Compared to Six Months Ended June 30, 2008

Revenues

Revenues increased $46.1 million, or 16.3%, to $328.9 million for the first half of 2009 from $282.8 million for the first half of 2008. We acquired Stockamp on July 8, 2008 and therefore, revenues for the first half of 2009 included revenues generated by Stockamp while revenues for the first half of 2008 did not include any revenues from Stockamp.

Of the overall $46.1 million increase in revenues, $51.2 million was attributable to our full-time billable consultants, partially offset by a $5.1 million decrease attributable to our full-time equivalents. The $51.2 million increase in full-time billable consultant revenues was attributable to an increase in the number of consultants in our Health and Education Consulting segment reflecting our acquisition of Stockamp and internal growth, coupled with an increase in the utilization rate of our consultants. These increases were partially offset by a decline in our average billing rate. The $5.1 million decrease in full-time equivalent revenues resulted from lower demand for our variable, on-demand consultants in our Accounting and Financial Consulting segment, partially offset by higher demand in our Health and Education and Legal Consulting segments.

Total Direct Costs

Our direct costs increased $21.0 million, or 11.2%, to $208.3 million in the first six months of 2009 from $187.3 million in the first six months of 2008. Approximately $23.6 million of the increase was attributable to the increase in the average number of revenue-generating professionals and the promotion of our employees during the year, including 17 to the managing director level effective January 1, 2009, and their related salaries and benefits costs. Additionally, $6.0 million of the increase in direct costs was attributable to an increased usage of independent contractors, in particular within our Legal Consulting segment. These increases were partially offset by a decrease of $10.8 million in non-cash compensation. We recorded non-cash compensation expense totaling $7.1 million and $17.9 million during the first six months of 2009 and 2008, respectively, representing Shareholder Payments and Employee Payments as described above under "Restatement of Previously-Issued Financial Statements." Share-based compensation expense associated with our revenue-generating professionals was $8.5 million in the first six months of 2009 compared to $8.2 million in the comparable period in 2008.

Total direct costs for the six months ended June 30, 2009 included $2.8 million of intangible assets amortization expense, primarily representing customer-related assets and software acquired in connection with the Stockamp acquisition.

Operating Expenses

Selling, general and administrative expenses increased $7.1 million, or 11.5%, to $69.0 million in the first half of 2009 from $61.9 million in the first half of 2008. Of the $7.1 million increase, $2.1 million was due to an increase in non-revenue generating professionals and their related compensation and benefits costs, $1.2 million was attributable to increased severance charges, another $1.2 million was attributable to higher legal fees, $1.1 million was due to higher facilities cost, and $1.0 million was due to an increase in charitable contributions. Share-based compensation expense associated with our non-revenue-generating professionals decreased from $5.3 million in the first half of 2008 to $5.0 million in the first half of 2009.

Depreciation expense increased $1.8 million, or 25.4%, to $8.9 million in the six months ended June 30, 2009 from $7.1 million in the six months ended June 30, 2008 as computers, network equipment, furniture and fixtures, and leasehold improvements were added to support our increase in employees. Non-direct intangible assets amortization expense decreased $0.7 million, or 20.6%, to $2.7 million for the six months ended June 30, 2009 from $3.4 million for the comparable period last year. Non-direct intangible assets amortization relates to customer relationships, non-competition agreements and tradenames acquired in connection with our acquisitions.

During the first half of 2009, we recognized a gain of $2.7 million relating to the release of employee non-solicitation agreements and settlement of other contractual obligations.

Operating Income

Operating income increased $16.8 million, or 73.4%, to $39.8 million in the first half of 2009 from $23.0 million in the first half of 2008. Operating margin increased to 12.1% in the six months ended June 30, 2009 compared to 8.1% in the six months ended June 30, 2008. The increase in operating margin was primarily attributable to lower non-cash compensation expense and a gain from the settlement of contractual obligations discussed above. Non-cash compensation expense totaling $7.1 million and $17.9 million during the first six months of 2009 and 2008, respectively, representing Shareholder Payments and Employee Payments as described above under “Restatement of Previously-Issued Financial Statements,” reduced our operating margin by 220 basis points and 630 basis points in the first six months of 2009 and 2008, respectively.

As described above under “Restatement of Previously-Issued Financial Statements,” no further Shareholder Payments or Employee Payments will be made as a result of amendments to the agreements among the selling shareholders effective August 1, 2009. We expect to recognize approximately $1.2 million of additional non-cash compensation expense during the third quarter of 2009 related to Shareholder Payments and Employee Payments for that period. In addition, we expect to incur a moderate increase in cash compensation expense in future periods related to Shareholder Payments and Employee Payments for such periods, which we currently estimate to be no more than $4 million in each of 2009, 2010 and 2011. However, there can be no assurance that additional information will not be discovered that will require future acquisition-related payments pertaining to the Acquired Businesses to continue to be accounted for as non-cash compensation expense, which would be material to our results of operations through 2011. Additionally, as a result of the impact that our restatement may have on our business, we expect to incur a moderate increase in cash compensation expense to retain our top-performing employees. We also expect an increase in operating expenses, including legal fees, as a result of the Company’s inquiries into the acquisition-related payments and the allocation of chargeable hours, the restatement, the SEC investigation with respect to the circumstances that led to the restatement, the SEC inquiry into the allocation of chargeable hours and the private shareholder class action lawsuits in respect of the restatement.

Other Expense

Other expense increased $1.1 million, or 25.3%, to $5.6 million in the first half of 2009 from $4.5 million in the first half of 2008. The $1.1 million increase was primarily due to the following:

- $1.6 million was attributable to an increase in interest expense from higher levels of borrowings during the first half of 2009, partially offset by a decrease in interest rates.

- $0.2 million was due to net foreign currency transaction losses.
- These increases were largely offset by a $0.7 million gain from an increase in the market value of our investments that are used to fund our deferred compensation liability. This gain was offset by an increase in direct costs as our corresponding deferred compensation liability increased.

As further described below under “Liquidity and Capital Resources”, the fees and interest we pay on outstanding borrowings vary based on our total debt to earnings before interest, taxes, depreciation and amortization (“EBITDA”) ratio as set forth in the Credit Agreement. As a result of our restatement, our historical EBITDA decreased resulting in higher fees and interest expense for certain historical periods totaling $0.1 million. We recognized this amount in the second quarter of 2009. Additionally, the fees and interest expense we pay on outstanding borrowings in the future may exceed those paid historically as a result of a decrease in our EBITDA and the impact of a lower EBITDA on the total debt to EBITDA ratio.

Provision for Income Taxes

Our effective income tax rate decreased to 51.1% for the first half of 2009 from 77.4% for the first half 2008. The lower effective income tax rate in 2009 was primarily attributable to lower non-cash compensation expense, which is not tax deductible because the Shareholder Payments and Employee Payments resulting in the non-cash compensation expense were not made by us.

Net Income

Net income was $16.7 million for the six months ended June 30, 2009 compared to $4.2 million for the same period last year. The increase in net income in 2009 was primarily due to lower non-cash compensation expense totaling $7.1 million in the first half of 2009 compared to $17.9 million in the first half of 2008, representing Shareholder Payments and Employee Payments as described above under “Restatement of Previously-Issued Financial Statements,” coupled with a lower effective income tax rate as described above. Diluted earnings per share for the first half of 2009 was $0.82 compared to $0.23 for the first half of 2008. The increase in earnings per share was attributable to lower non-cash compensation expense and a $2.7 million gain described above, partially offset by the dilutive impact of the shares issued in connection with prior business acquisitions. Non-cash compensation expense, representing Shareholder Payments and Employee Payments as described above under “Restatement of Previously-Issued Financial Statements,” reduced net income and diluted earnings per share by $7.1 million and $0.35, respectively, during the first six months of 2009 and $17.9 million and $0.98, respectively, during the first six months of 2008.

Segment Results

Health and Education Consulting

Revenues

Health and Education Consulting segment revenues increased $79.0 million, or 73.3%, to $186.8 million for the first half of 2009 from $107.8 million for the first half of 2008. Revenues for the first half of 2009 included revenues from our acquisition of Stockamp while revenues for the first half of 2008 did not include any revenues from Stockamp. Revenues from time-and-expense engagements, fixed-fee engagements, performance-based engagements and software support and maintenance arrangements represented 25.4%, 54.2%, 17.9% and 2.5% of this segment’s revenues during the six months ended June 30, 2009, respectively, compared to 54.1%, 44.7%, 1.2% and 0%, respectively, for the comparable period in 2008.

Of the overall $79.0 million increase in revenues, $70.6 million was attributable to our full-time billable consultants and $8.4 million was attributable to our full-time equivalents. The $70.6 million increase in full-time billable consultant revenues reflected an increase in the number of consultants, partially offset by both a decrease in the utilization rate and the average billing rate per hour for this segment.

Operating Income

Health and Education Consulting segment operating income increased $30.5 million, or 78.5%, to $69.3 million in the six months ended June 30, 2009 from $38.8 million in the six months ended June 30, 2008. The Health and Education Consulting segment operating margin increased to 37.1% for the first half of 2009 from 36.0% in the same period last year. The increase in this segment's operating margin was attributable to lower non-cash compensation expense and a gain relating to the settlement of contractual obligations, partially offset by higher cash-compensation cost and amortization expense as a percentage of revenues, as well as higher severance charges. Non-cash compensation expense, representing Shareholder Payments and Employee Payments as described above under "Restatement of Previously-Issued Financial Statements," for the Health and Education Consulting segment totaled $4.9 million and $6.0 million in the first six months of 2009 and 2008, respectively, and reduced this segment's operating margin by 260 basis points and 560 basis points in the first six months of 2009 and 2008, respectively.

Accounting and Financial Consulting

Revenues

Accounting and Financial Consulting segment revenues decreased $26.6 million, or 36.2%, to $47.0 million for the first half of 2009 from $73.6 million for the first half of 2008. Revenues from time-and-expense engagements, fixed-fee engagements and performance-based engagements represented 91.2%, 8.6% and 0.2% of this segment's revenues during the first half of 2009, respectively. For the first half of 2008, most of this segment's revenues were from time-and-expense engagements.

Of the overall $26.6 million decrease in revenues, $10.3 million was attributable to our full-time billable consultants and $16.3 million was attributable to our full-time equivalents. The $10.3 million decrease in full-time billable consultant revenues was primarily due to a decrease in demand for our consulting services and a decrease in the average billing rate per hour for this segment. The $16.3 million decrease in full-time equivalent revenues resulted from a decline in demand for our variable, on-demand consultants.

Operating Income

Accounting and Financial Consulting segment operating income decreased $3.9 million, or 51.2%, to $3.7 million in the six months ended June 30, 2009 from $7.6 million in the six months ended June 30, 2008. Segment operating margin decreased to 7.9% for the first half of 2009 from 10.4% in the same period last year. The decrease in this segment's operating margin was attributable to higher cash-compensation cost as a percentage of revenues, partially offset by non-cash compensation expense. Non-cash compensation expense, representing Shareholder Payments and Employee Payments as described above under "Restatement of Previously-Issued Financial Statements," for the Accounting and Financial Consulting segment totaled $1.6 million and $9.9 million in the first six months of 2009 and 2008, respectively, and reduced this segment's operating margin by 350 basis points and 1,350 basis points in the first six months of 2009 and 2008, respectively.

Legal Consulting

Revenues

Legal Consulting segment revenues decreased $1.6 million, or 2.9%, to $54.1 million for the first half of 2009 from $55.7 million for the first half of 2008. Revenues from time-and-expense engagements, fixed-fee engagements and performance-based engagements represented 89.2%, 10.7% and 0.1% of this segment's revenues during the six months ended June 30, 2009, respectively, compared to 90.0%, 8.5% and 1.5%, respectively, for the comparable period in 2008.

Of the overall $1.6 million decrease in revenues, $4.1 million was attributable to our full-time billable consultant, partially offset by an increase of $2.5 million attributable to our full-time equivalents. The $4.1 million decrease in full-time billable consultant revenues reflected a decrease in both the utilization rate and the average billing rate per hour for this segment. The $2.5 million in full-time equivalent revenues reflected a greater demand for our document review services.

Operating Income

Legal Consulting segment operating income decreased $5.7 million, or 34.2%, to $11.0 million in the six months ended June 30, 2009 from $16.7 million in the six months ended June 30, 2008. Segment operating margin decreased to 20.2% for the first half of 2009 from 29.9% in the same period last year. The decrease in this segment's operating margin was attributable to higher total compensation cost as a percentage of revenues, coupled with an increased level of investment in personnel, infrastructure, technology and other resources for our document review business.

Corporate Consulting

Revenues

Corporate Consulting segment revenues decreased $4.7 million, or 10.2%, to $41.0 million for the first half of 2009 from $45.7 million for the first half of 2008. Revenues from time-and-expense engagements, fixed-fee engagements and performance-based engagements represented 47.1%, 52.9% and 0% of this segment's revenues during the six months ended June 30, 2009, respectively, compared to 47.0%, 49.8% and 3.2%, respectively, for the comparable period in 2008.

The $4.7 million decrease in revenues was primarily attributable to our full-time billable consultant revenues, reflecting a decrease in the number of consultants for this segment, partially offset by an increase in the utilization rate and average billing rate per hour for this segment.

Operating Income

Corporate Consulting segment operating income remained steady at $14.1 million in the six months ended June 30, 2009 compared to $14.0 million in the six months ended June 30, 2008. Segment operating margin increased to 34.4% for the first half of 2009 from 30.6% in the same period last year. Non-cash compensation expense, representing Shareholder Payments and Employee Payments as described above under "Restatement of Previously-Issued Financial Statements," for the Corporate Consulting segment totaled $0.6 million and $2.0 million in the six months ended June 30, 2009 and 2008, respectively, and reduced this segment's operating margin by 150 basis points and 440 basis points in the first six months of 2009 and 2008, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents decreased $8.5 million, from $14.1 million at December 31, 2008 to $5.6 million at June 30, 2009. Our primary sources of liquidity are cash flows from operations and debt capacity available under our credit facility.

Cash flows provided by operating activities totaled $31.7 million for the six months ended June 30, 2009, compared to $4.8 million for the same period last year. Our operating assets and liabilities consist primarily of receivables from billed and unbilled services, accounts payable and accrued expenses, and accrued payroll and related benefits. The volume of services rendered and the related billings and timing of collections on those billings, as well as payments of our accounts payable affect these account balances. The increase in cash provided by operations was attributable to lower bonuses paid during the first half of 2009 as compared to the same period last year. The increase in cash provided by operations during the first half of 2009 was also attributable to us collecting cash on our receivables more quickly during the first half of 2009 as compared to the first half of 2008. This was largely due to our integration of Stockamp, which has a practice of billing its clients and collecting cash in advance. The increase in cash during the first half of 2009 was partially offset by a decrease in deferred revenues primarily related to Stockamp's software support and maintenance fees, which are billed and collected in advance and recognized as revenues over the support period, which is generally one year.

Cash used in investing activities was $56.3 million for the six months ended June 30, 2009 and $49.1 million for the same period last year. The use of cash in the first half of 2009 and 2008 primarily consisted of payments of additional purchase consideration earned by the selling shareholders of businesses that we acquired, totaling $46.2 million in 2009 and $32.8 million in 2008. The use of cash in the first half of 2009 and 2008 also included purchases of property and equipment.

At June 30, 2009, we had a credit agreement with various financial institutions under which we may borrow up to $460.0 million, with an accordion feature allowing for an additional amount of up to $60.0 million to be borrowed upon approval from the lenders. The credit agreement consists of a $240.0 million revolving credit facility ("Revolver") and a $220.0 million term loan facility ("Term Loan"), which was drawn in a single advance of $220.0 million on July 8, 2008 to fund, in part, our acquisition of Stockamp. The borrowing capacity under the credit agreement is reduced by any outstanding letters of credit and payments under the Term Loan. At June 30, 2009, outstanding letters of credit totaled $5.7 million and are used as security deposits for our office facilities. As of June 30, 2009, the borrowing capacity under the credit agreement was $137.3 million.

Fees and interest on borrowings vary based on our total debt to earnings before interest, taxes, depreciation and amortization (“EBITDA”) ratio as set forth in the credit agreement. Interest is based on a spread, ranging from 1.50% to 2.50%, over the London Interbank Offered Rate (“LIBOR”) or a spread, ranging from 0.50% to 1.50%, over the base rate (which is the greater of the Federal Funds Rate plus 0.50% or the Prime Rate), as selected by us. The Term Loan is subject to amortization of principal in fifteen consecutive quarterly installments that began on September 30, 2008, with the first fourteen installments being $5.5 million each. The fifteenth and final installment will be the amount of the remaining outstanding principal balance of the Term Loan and will be payable on February 23, 2012, but can be repaid earlier. All outstanding borrowings under the Revolver will be due upon expiration of the credit agreement on February 23, 2012.

Under the credit agreement, dividends are restricted to an amount up to $10.0 million per fiscal year plus 50% of consolidated net income (adjusted for non-cash share-based compensation expense) for such fiscal year, plus 50% of net cash proceeds during such fiscal year with respect to any issuance of capital securities. In addition, certain acquisitions and similar transactions need to be approved by the lenders. The credit agreement includes quarterly financial covenants that require us to maintain a minimum fixed charge coverage ratio of 2.50 to 1.00 and a maximum leverage ratio of 3.00 to 1.00, as those ratios are defined in the credit agreement. At June 30, 2009, we were in compliance with these financial covenants with a fixed charge coverage ratio of 2.92 to 1.00 and a leverage ratio of 2.07 to 1.00.

During the first six months of 2009, we made borrowings to pay bonuses and additional purchase consideration earned by selling shareholders of businesses that we acquired and that were accrued for at December 31, 2008. We also made borrowings to fund our daily operations. During the six months ended June 30, 2009, the average daily outstanding balance under our credit facility was $302.4 million. Borrowings outstanding under this credit facility at June 30, 2009 totaled $295.0 million, all of which are classified as long-term on our consolidated balance sheet as the principal under the Revolver is not due until 2012 and we intend to fund scheduled quarterly payments under the Term Loan with availability under the Revolver. These borrowings carried a weighted-average interest rate of 2.8%, including the effect of the interest rate swap described below in “Item 3. Quantitative and Qualitative Disclosures About Market Risk.” Borrowings outstanding at December 31, 2008 totaled $280.0 million and carried a weighted-average interest rate of 3.1%. At both June 30, 2009 and December 31, 2008, we were in compliance with our debt covenants.

See above under the heading “Restatement of Previously-Issued Financial Statements” in this “Part I - Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations”, note “3. Restatement of Previously-Issued Financial Statements” in the notes to consolidated financial statements under “Part I - Item 1. Consolidated Financial Statements” and “Part II – Item 1A. Risk Factors” for a discussion of certain matters related to the Credit Agreement and our borrowings thereunder in light of the restatement.

Future Needs

Our primary financing need has been to fund our growth. Our growth strategy is to expand our service offerings, which will require investment in new hires, acquisitions of complementary businesses, expansion into other geographic areas, and capital expenditures for information technology, office space, furniture and fixtures, as well as leasehold improvements. In connection with our past business acquisitions, we are required under earn-out provisions to pay additional purchase consideration to the sellers if specific financial performance targets are met. We also have cash needs to service our credit facility and repay our term loan. Further, we have other cash commitments relating to other future contractual obligations. Because we expect that our future annual growth rate in revenues and related percentage increases in working capital balances will moderate, we believe our internally generated liquidity, together with the borrowing capacity available under our revolving credit facility and access to external capital resources, will be adequate to fund our long-term growth and capital needs arising from earn-out provisions, cash commitments and debt service obligations. Our ability to secure short-term and long-term financing in the future will depend on several factors, including our future profitability, the quality of our accounts receivable and unbilled services, our relative levels of debt and equity, and the overall condition of the credit markets, which declined significantly during 2008 and may continue to decline in the remainder of 2009. As discussed under the heading “Restatement of Previously-Issued Financial Statements” in this “Part I - Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in note “3. Restatement of Previously-Issued Financial Statements” in the notes to consolidated financial statements under “Part I - Item 1. Consolidated Financial

Statements", we expect to engage in an impairment analysis with respect to the carrying value of our goodwill in connection with the significant decline in the price of our common stock since our July 31, 2009 announcement of our intention to restate our financial statements, which analysis could result in our not being in compliance with the financial covenants under the Credit Agreement.

CONTRACTUAL OBLIGATIONS

For a summary of our commitments to make future payments under contractual obligations, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Contractual Obligations" in our Annual Report on Form 10-K/A for the year ended December 31, 2008. There have been no significant changes in our contractual obligations since December 31, 2008 except as described below:

- During the first half of 2009, we paid additional purchase consideration to selling shareholders of businesses that we acquired as financial performance targets were met in 2008. The aggregate purchase consideration paid totaled $46.2 million.
- During the first half of 2009, our long-term borrowings increased from $280.0 million as of December 31, 2008 to $295.0 million as of June 30, 2009.

OFF BALANCE SHEET ARRANGEMENTS

Except for operating leases, we have not entered into any off-balance sheet arrangements.

NEW ACCOUNTING PRONOUNCEMENTS

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles ("GAAP"), and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements in financial statements, but standardizes its definition and guidance in GAAP. We adopted SFAS No. 157 effective beginning on January 1, 2008 for financial assets and financial liabilities, which did not have any impact on our financial statements. In February 2008, the FASB issued FASB Staff Position ("FSP") FAS 157-2, "Effective Date of FASB Statement No. 157," which delayed by one year the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). We adopted SFAS No. 157 effective beginning on January 1, 2009 for nonfinancial assets and nonfinancial liabilities, which did not have any impact on our financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations," ("SFAS No. 141R"). SFAS No. 141R was issued to improve the relevance, representational faithfulness, and comparability of information in financial statements about a business combination and its effects. This statement retains the purchase method of accounting for business combinations, but requires a number of changes. The changes that may have the most significant impact on us include: contingent consideration, such as earn-outs, will be recognized at its fair value on the acquisition date and, for certain arrangements, changes in fair value will be recognized in earnings until settled; acquisition-related transaction and restructuring costs will be expensed as incurred; previously-issued financial information will be revised for subsequent adjustments made to finalize the purchase price accounting; reversals of valuation allowances related to acquired deferred tax assets and changes to acquired income tax uncertainties will be recognized in earnings, except in certain situations. In April 2009, the FASB issued FSP FAS 141(R)-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingences," which requires an acquirer to recognize at fair value, an asset acquired or a liability assumed in a business combination that arises from a contingency provided the asset or liability's fair value can be determined on the date of acquisition. We adopted SFAS No. 141R on a prospective basis effective beginning on January 1, 2009. For business combinations completed on or subsequent to the adoption date, the application of this statement may have a significant impact on our financial statements, the magnitude of which will depend on the specific terms and conditions of the transactions.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements

– an amendment of ARB No. 51.” SFAS No. 160 was issued to improve the relevance, comparability, and transparency of financial information provided in financial statements by establishing accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. We adopted SFAS No. 160 effective beginning on January 1, 2009. The adoption of this statement did not have any impact on our financial statements.

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133.” SFAS No. 161 was issued to improve transparency of financial information provided in financial statements by requiring expanded disclosures about an entity’s derivative and hedging activities. This statement requires entities to provide expanded disclosures about: how and why an entity uses derivative instruments; how derivative instruments and related hedged items are accounted for under SFAS No. 133; and how derivative instruments and related hedged items affect an entity’s financial position, financial performance, and cash flows. We adopted SFAS No. 161 effective beginning on January 1, 2009. The adoption of this statement did not have any impact on our financial statements as it contains only disclosure requirements.

In April 2009, the FASB issued FSP FAS 107-1 and Accounting Principles Board (“APB”) Opinion No. 28-1, “Interim Disclosures about Fair Value of Financial Instruments,” which increases the frequency of fair value disclosures by requiring both interim and annual disclosures. We adopted FSP 107-1 and APB No. 28-1 on a prospective basis effective beginning on April 1, 2009. The adoption of this statement did not have any impact on our financial statements as it contains only disclosure requirements.

In May 2009, the FASB issued SFAS No. 165, “Subsequent Events.” SFAS No. 165 was issued to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This statement requires entities to disclose the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. We adopted SFAS No. 165 on a prospective basis effective beginning on April 1, 2009. The adoption of this statement did not have any impact on our financial statements.

In June 2009, the FASB issued SFAS No. 167, “Amendments to FASB Interpretation No. 46(R).” SFAS No. 167 was issued to improve financial reporting by enterprises involved with variable interest entities and to provide more relevant and reliable information to users of financial statements. This statement amends FASB Interpretation No. 46(R) to require an enterprise to perform an ongoing analysis to determine whether the enterprise has a controlling financial interest in a variable interest entity. SFAS No. 167 will be effective for us beginning on January 1, 2010. We are currently evaluating the impact that the adoption of this statement may have on our future financial position, results of operations, earnings per share, and cash flows.

In June 2009, the FASB issued SFAS No. 168, “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles.” This standard replaces SFAS No. 162, “The Hierarchy of Generally Accepted Accounting Principles,” and establishes the FASB Accounting Standards Codification (“Codification”). The Codification will become the source of authoritative GAAP recognized by the FASB for nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (“SEC”) under federal securities laws will also be sources of authoritative GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. All other nongrandfathered non-SEC accounting literature not included in the Codification will become nonauthoritative. SFAS No. 168 will be effective for us beginning on July 1, 2009. We do not expect the adoption of this statement to have a material impact on our future financial position, results of operations, earnings per share, and cash flows.

SUBSEQUENT EVENTS

In response to current market conditions and lowered revenue expectations, during the third quarter of 2009, we initiated a cost reduction program to align our cost structure with anticipated demand. This cost reduction program is estimated to result in an annualized $30 million reduction in expenses. These efforts are expected to allow us to maintain solid operating margins until economic conditions improve. We currently estimate we will recognize approximately $4 million to $6 million of restructuring charges associated with this cost reduction program in the third quarter of 2009.

See above under the heading “Restatement of Previously-Issued Financial Statements” in this “Part I - Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in note “3. Restatement of Previously-Issued Financial Statements” in the notes to consolidated financial statements under “Part I - Item 1. Consolidated Financial Statements” for a discussion of certain other events that occurred subsequent to June 30, 2009 and up to the time of the filing of this report on August 17, 2009.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks primarily from changes in interest rates, changes in the price of our common stock and changes in the market value of our investments.

Our exposure to changes in interest rates is limited to borrowings under our bank credit facility, which has variable interest rates tied to the LIBOR, Federal Funds Rate or Prime Rate. At June 30, 2009, we had borrowings outstanding totaling $295.0 million that carried a weighted-average interest rate of 2.8%. A hypothetical one percent change in this interest rate would have a $3.0 million effect on our pre-tax income.

On March 20, 2009, we entered into an interest rate swap agreement for a notional amount of $100.0 million effective on March 31, 2009 and ending on February 23, 2012. We entered into this interest rate swap to hedge against the risk of changes in future cash flows related to changes in interest rate on $100.0 million of the total variable-rate borrowings outstanding under our credit facility. Under the terms of the agreement, we receive from the counterparty interest on the $100.0 million notional amount based on one-month LIBOR and we pay to the counterparty a fixed rate of 1.715%. This swap effectively fixed our LIBOR-based rate for $100.0 million of our debt beginning on March 31, 2009 and through February 23, 2012. Including the impact of the swap, the effective interest rate on $100.0 million of our debt was 3.7% as of June 30, 2009. We expect this hedge to be highly effective.

We have not entered into any other interest rate swaps, caps or collars or other hedging instruments as of June 30, 2009.

In connection with our acquisition of Stockamp and an amendment to the Wellspring Stock Purchase Agreement, we issued a total of 1,541,036 shares of our common stock to the sellers of Stockamp and Wellspring. Additionally, we provided them with a protection against a decline in the value of the shares issued until the restrictions on the shares have lapsed. As such, we are subject to market risk relating to our common stock. Of the 1,541,036 shares issued, the restrictions on 1,210,814 shares lapsed in January 2009 and we were not required to make further payments. The restrictions on the remaining 330,222 shares that were placed in escrow lapsed in July 2009 and we made a price protection payment of $0.2 million to Stockamp.

From time to time, we invest excess cash in marketable securities. These investments principally consist of overnight sweep accounts. Due to the short maturity of our investments, we have concluded that we do not have material market risk exposure.

ITEM 4. CONTROLS AND PROCEDURES

As discussed in “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in note “3. Restatement of Previously-Issued Financial Statements” in the notes to consolidated financial statements under “Part I – Item 1. Consolidated Financial Statements,” we have amended our annual report on Form 10-K for the year ended December 31, 2008 and our quarterly report on Form 10-Q for the period ended March 31,

2009. As discussed in those sections, the Shareholder Payments and Employee Payments were not properly recorded in our financial statements because senior management did not properly take into account the impact of the selling shareholders' redistribution of the acquisition-related payments when determining the appropriate accounting treatment. In some cases, senior management was unaware of the redistributions. In other cases, senior management was aware of the redistributions but either misunderstood or misapplied the appropriate accounting guidance. As a result, the facts and circumstances surrounding the Shareholder Payments and Employee Payments were not fully described in representation letters previously provided to our independent auditors.

Our management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2009. Based on this evaluation and as a result of the material weakness in our internal control over financial reporting described below, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2009, our disclosure controls and procedures were not effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports we file or submit under the Exchange Act and such information is not accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

As discussed below, we have identified a material weakness in our internal control over financial reporting related to our accounting for certain acquisition-related payments received by the selling shareholders of specific businesses we acquired that were subsequently redistributed by the selling shareholders among themselves and to other select Huron employees. As a result of our identification of such material weakness, we performed substantial additional procedures to determine how such acquisition-related payments were redistributed among such selling shareholders and to such employees and to reconcile such redistribution with our underlying records. We also engaged in a related analysis of our underlying records and our financial statements in light of the redistribution of the acquisition-related payments to determine the completeness and accuracy of our underlying records and our financial statements with respect to such redistribution. These procedures and our related analysis were undertaken to identify the accounting adjustments required with respect to the redistribution of such acquisition-related payments by the selling shareholders to ensure that our consolidated financial statements included in this quarterly report on Form 10-Q could be presented in accordance with GAAP.

Notwithstanding the material weakness described below, we believe that, because we performed the substantial additional procedures and analysis described above and recorded the appropriate accounting adjustments, the consolidated financial statements for the periods included in this quarterly report on Form 10-Q are fairly stated in all material respects in accordance with GAAP.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) for the Company. Under the supervision of our Chief Executive Officer and Chief Financial Officer, we reevaluated the effectiveness of the Company's internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this reevaluation, we have concluded that we did not maintain effective controls to ensure the appropriate recording and reporting of certain acquisition-related payments. Specifically, the Company's controls were not designed to ensure that the redistribution of such acquisition-related payments among the selling shareholders and to certain of our employees was correctly recorded in accordance with GAAP, including guidance promulgated by the SEC.

This failure to correctly account for the redistribution of such acquisition-related payments resulted in misstatements in our consolidated financial statements for the quarter ended March 31, 2009 and for the years ended December 31, 2008, 2007 and 2006, including the quarterly periods in each of those years, that were not prevented or detected as more fully described in note "3. Restatement of Previously-Issued Financial Statements" in the notes to consolidated financial statements under "Part I – Item 1. Consolidated Financial Statements." This control deficiency could result in a material misstatement of direct costs, total direct costs and reimbursable expenses, operating income, income before provision for income taxes, net income, earnings per share, additional paid-in-capital and retained earnings that could result in a material misstatement of the Company's annual and interim consolidated financial statements that would not be prevented or detected on a timely basis. Accordingly, our management has determined that this control deficiency constitutes a material weakness. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. As described in our 2008 Annual Report on Form 10-K/A, we have engaged in and continue to engage in significant efforts to address the material weakness in our internal control over financial reporting, and it is our goal to remediate the material weakness as soon as practicable.

There has been no change in our internal control over financial reporting that occurred during the quarter ended June 30, 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On July 3, 2007, The Official Committee (the "Committee") of Unsecured Creditors of Saint Vincents Catholic Medical Centers of New York d/b/a Saint Vincent Catholic Medical Centers ("St. Vincents"), et al. filed suit against Huron Consulting Group Inc., certain of our subsidiaries, including Speltz & Weis LLC, and two of our former managing directors, David E. Speltz ("Speltz") and Timothy C. Weis ("Weis"), in the Supreme Court of the State of New York, County of New York. On November 26, 2007, Gray & Associates, LLC ("Gray"), in its capacity as trustee on behalf of the SVCMC Litigation Trust, was substituted as plaintiff in the place of the Committee and on February 19, 2008, Gray filed an amended complaint in the action. Beginning in 2004, St. Vincents retained Speltz & Weis LLC to provide management services to St. Vincents, and its two principals, Speltz and Weis, were made the interim chief executive officer and chief financial officer, respectively, of St. Vincents. In May of 2005, we acquired Speltz & Weis LLC. On July 5, 2005, St. Vincents filed for bankruptcy in the United States Bankruptcy Court for the Southern District of New York ("Bankruptcy Court"). On December 14, 2005, the Bankruptcy Court approved the retention of Speltz & Weis LLC and us in various capacities, including interim management, revenue cycle management and strategic sourcing services. The amended complaint filed by Gray alleges, among other things, breach of fiduciary duties, breach of the New York Not-For-Profit Corporation Law, malpractice, breach of contract, tortious interference with contract, aiding and abetting breaches of fiduciary duties, certain fraudulent transfers and fraudulent conveyances, breach of the implied duty of good faith and fair dealing, fraud, aiding and abetting fraud, negligent misrepresentation, and civil conspiracy, and seeks at least $200 million in damages, disgorgement of fees, return of funds or other property transferred to Speltz & Weis LLC, attorneys' fees, and unspecified punitive and other damages. We believe that the claims are without merit and intend to vigorously defend ourselves in this matter. The suit is in the pre-trial stage and no trial date has been set.

The SEC is commencing an investigation with respect to the circumstances that led to the restatement. We intend to cooperate fully with the SEC in its investigation. In addition, the following purported shareholder class action complaints have been filed in connection with our restatement in the United States District Court for the Northern District of Illinois: (1) a complaint in the matter of Jason Hughes v. Huron Consulting Group Inc., Gary E. Holdren and Gary L. Burge, filed on August 4, 2009; (2) a complaint in the matter of Dorothy DeAngelis v. Huron Consulting Group Inc., Gary E. Holdren, Gary L. Burge, Wayne Lipski and PricewaterhouseCoopers LLP, filed on August 5, 2009; (3) a complaint in the matter of Noel M. Parsons v. Huron Consulting Group Inc., Gary E. Holdren, Gary L. Burge, Wayne Lipski and PricewaterhouseCoopers LLP, filed on August 5, 2009; (4) a complaint in the matter of Adam Liebman v. Huron Consulting Group Inc., Gary E. Holdren, Gary L. Burge and Wayne Lipski, filed on August 5, 2009; (5) a complaint in the matter of Gerald Tobin v. Huron Consulting Group Inc., Gary E. Holdren, Gary L. Burge and PricewaterhouseCoopers LLP, filed on August 7, 2009 and (6) Gary Austin v. Huron Consulting Group Inc., Gary E. Holdren, Gary L. Burge and Wayne Lipski, filed on August 7, 2009. The complaints assert claims under Section 10(b) and Section 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder and contend that the Company and the individual defendants issued false and misleading statements regarding the Company's financial results and compliance with GAAP. We intend to defend vigorously the actions.

In addition to the SEC investigation with respect to the circumstances that led to the restatement, the Company conducted a separate inquiry, in response to an inquiry from the SEC, into the allocation of chargeable hours. This matter has no impact on billings to the Company's clients, but could impact the timing of when revenue is recognized. Based on the Company's internal inquiry to date, the Company has concluded that an adjustment to its historical financial statements is not required with respect to the matter. The SEC inquiry with respect to the allocation of chargeable hours is ongoing, and we intend to cooperate fully with the SEC in its inquiry.

Given the uncertain nature of the SEC investigation with respect to the circumstances that led to the restatement, the SEC inquiry into the allocation of chargeable hours and the private shareholder class action lawsuits in respect of the restatement, and the uncertainties related to the incurrence and amount of loss, including with respect to the imposition of fines, penalties, damages, administrative remedies and liabilities for additional amounts, with respect to the SEC investigation, the SEC inquiry and the private lawsuits, we are unable to predict the ultimate outcome of the SEC investigation, the SEC inquiry or the private lawsuits, determine whether a liability has been incurred or make a reasonable estimate of the liability that could result from an unfavorable outcome in the SEC investigation, the SEC inquiry or the private lawsuits. Any such liability could be material. See "Part II – Item 1A. Risk Factors" and "Risk Factors" in our 2008 Annual Report on Form 10-K/A for a discussion of certain risks and uncertainties relating to the SEC investigation, the SEC inquiry and the private lawsuits and certain other risks and uncertainties that are heightened by the SEC investigation, the SEC inquiry and the private lawsuits.

From time to time, we are involved in legal proceedings and litigation arising in the ordinary course of business. As of the date of this quarterly report on Form 10-Q, we are not a party to or threatened with any other litigation or legal proceeding that, in the opinion of management, could have a material adverse effect on our financial position or results of operations. However, due to the risks and uncertainties inherent in legal proceedings, actual results could differ from current expected results.

ITEM 1A. RISK FACTORS

In addition to the risk factor described below, see "Risk Factors" in our 2008 annual report on Form 10-K/A for a complete description of the material risks we face.

On July 31, 2009, we announced our intention to restate our financial statements for the years ended 2006, 2007 and 2008 and the first quarter of 2009. Concurrently, we announced certain senior management changes. Following such announcements, the price of our common stock declined significantly. The reputational issues raised by the foregoing, the potential goodwill impairment charge arising out of the decline in our stock price and the potential impact of the SEC investigation and private litigation with respect to the restatement could have a material adverse effect on our business, prospects, cash flow, overall liquidity, results of operations or financial condition.

We are restating certain of our previously-issued financial statements to correct our accounting for certain acquisition-related payments received by the selling shareholders of specific businesses we acquired that were subsequently redistributed by the selling shareholders among themselves and to other select Company employees. Concurrently with the announcement of the restatement, we announced that our then Chairman and Chief Executive Officer had resigned and that our then Chief Financial Officer had been replaced and would be leaving the Company and our then Chief Accounting Officer would be leaving the Company. A new Non-Executive Chairman was elected, and a new Chief Executive Officer and Chief Financial Officer were appointed, effective July 31, 2009. The restatement and these changes in our senior management have raised reputational issues for our businesses, in particular for our Accounting and Financial Consulting segment.

The damages to our business that may arise out of these reputational issues heighten the risks described in our 2008 annual report on Form 10-K/A, and specifically may adversely impact our ability to:

- retain our senior management team, our practice leaders and our other managing directors;
- hire and retain talented people in an industry where there is great competition for talent;
- maintain our existing business practices and revenues given our clients' ability to terminate their engagement agreements with little or no notice and without penalty;
- attract new business in the highly competitive consulting services industry; and
- continue our growth strategy by hiring individuals or groups of individuals and by acquiring complementary businesses.

On July 31, 2009, immediately prior to our announcement of our intention to restate our financial statements, the price of our common stock was $44.35 per share. As of the close of business on August 3, 2009, the business day following such announcement, the price of our common stock was $13.69 per share. As a result of the significant decline in the price of our common stock, we expect to engage in an impairment analysis with respect to the carrying value of our goodwill in connection with the preparation of our financial statements for the quarter ending September 30, 2009. If following such analysis we are required to record a non-cash goodwill impairment charge, we may not be in compliance with the financial covenants in the Credit Agreement. In the absence of an amendment or waiver from our lenders, failure to comply with such covenants may result in (1) a default interest rate of 2% being charged in addition to the interest rate as determined under the Credit Agreement on all of our outstanding indebtedness under the Credit Agreement, (2) our not being able to make additional borrowings under the Credit Agreement, which we rely on to fund our operations, and (3) the lenders requiring us to repay our outstanding indebtedness under the Credit Agreement, which totaled $295 million as of June 30, 2009. There can be no assurance that we will remain in compliance with the financial covenants under the Credit Agreement or, if we are not, that we will obtain the necessary amendments or waivers and, even if we are able to obtain them, such amendments or waivers may subject us to terms materially less favorable to us than those in our current agreement. Such amended terms could expose us to significant risks related to increased interest rates, may require us to dedicate a larger portion of our cash from operations to service indebtedness and may limit our ability to obtain additional funding under the Credit Agreement.

Finally, the SEC is commencing an investigation with respect to the circumstances that led to the restatement, and several purported shareholder class action complaints have been filed in respect of the restatement. In addition, the Company conducted a separate inquiry, in response to an inquiry from the SEC, into the allocation of chargeable hours. The SEC inquiry with respect to the allocation of chargeable hours is ongoing. While we are fully cooperating with the SEC in its investigation with respect to the circumstances that led to the restatement and its inquiry into the allocation of chargeable hours and intend to vigorously defend the private actions in respect of the restatement, such investigation, inquiry and actions subject us to a number of additional risks, including:

- the diversion of management’s time, attention and resources from managing and marketing our company;
- increased costs and expenses to respond to the SEC’s investigation and inquiry and to defend the private actions;
- additional damage to our reputation that may further heighten the risks described above; and
- the imposition of fines, penalties, damages, administrative remedies and liabilities for additional amounts resulting from actions or findings by the SEC or pursuant to rulings, orders or judgments by the courts with jurisdiction over the private actions.

Given the uncertain nature of the SEC investigation with respect to the circumstances that led to the restatement, the SEC inquiry into the allocation of chargeable hours and the private shareholder class action lawsuits in respect of the restatement, and the uncertainties related to the incurrence and amount of loss, including with respect to the imposition of fines, penalties, damages, administrative remedies and liabilities for additional amounts, with respect to the SEC investigation, the SEC inquiry and the private lawsuits, we are unable to predict the ultimate outcome of the SEC investigation, the SEC inquiry or the private lawsuits, determine whether a liability has been incurred or make a reasonable estimate of the liability that could result from an unfavorable outcome in the SEC investigation, the SEC inquiry or the private lawsuits. Any such liability could be material.

The failure to successfully address any one or more of these risks could have a material adverse effect on our business, prospects, cash flow, overall liquidity, results of operations or financial condition.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Our 2004 Omnibus Stock Plan permits the netting of common stock upon vesting of restricted stock awards to satisfy individual tax withholding requirements. During the quarter ended June 30, 2009, we re-acquired 8,608 shares of common stock with a weighted-average fair market value of $43.39 as a result of such tax withholdings as presented in the table below.

Period	Total Number of Shares Redeemed to Satisfy Employee Tax Withholding Requirements	Weighted-Average Fair Market Value Per Share Redeemed	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 2009	6,134	$ 42.43	N/A	N/A
May 2009	2,474	$ 45.76	N/A	N/A
June 2009	—	$ —	N/A	N/A
Total	8,608	$ 43.39	N/A	N/A

N/A – Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Stockholders of Huron Consulting Group Inc. was held on May 6, 2009, and a total of 20,223,738 shares were present in person or by proxy at the annual meeting. The shareholders of Huron Consulting Group Inc. voted on the following proposals:

Proposal No. 1 – Election of directors

Name	Shares For	Shares Withheld
DuBose Ausley	19,169,644	1,054,094
John S. Moody	19,170,872	1,052,866

The other members of our board of directors whose terms of office continued after the meeting were: James D. Edwards, Gary E. Holdren, H. Eugene Lockhart, George E. Massaro, and John F. McCartney.

Proposal No. 3 – To ratify the appointment of PricewaterhouseCoopers LLP as our independent auditors for the fiscal year ending December 31, 2009.

Shares For	Shares Against	Shares Abstain	Broker Non-votes
20,070,193	149,573	3,972	—

Following these votes, we adjourned our annual meeting without taking any action on Proposal 2, which related to the approval of our 2004 Omnibus Stock Plan, as amended through the second amendment to the plan.

The reconvened annual meeting was held on June 2, 2009, and a total of 20,414,902 shares were present in person or by proxy at the annual meeting. The shareholders of Huron Consulting Group Inc. voted on the following proposal:

Proposal No. 2 – To approve an amendment to our 2004 Omnibus Stock Plan.

Huron Consulting Group Inc.

Shares For	Shares Against	Shares Abstain	Broker Non-votes
8,565,354	10,553,110	179,727	1,116,711

ITEM 5. OTHER INFORMATION

In connection with electing George Massaro as Non-Executive Chairman of the Company's Board of Directors, on August 17, 2009, our Board of Directors ratified the amendment and restatement of the Company's Amended and Restated Bylaws, effective as of July 30, 2009, to clarify that the chairman of our Board of Directors (the "Chairman") need not be an officer of the Company and to make certain other conforming changes. The principle revisions include the following: (a) adding a chief executive officer to the list of officers that may be chosen by the Board of Directors, (b) adding certain responsibilities to the role of Chairman and providing that the Chairman may, but need not, be a designated officer, (c) deleting language that provided that the Chairman shall be the chief executive officer and that granted certain specific managerial responsibilities to the Chairman, (d) adding a section defining the responsibilities of the chief executive officer and providing that the chief executive officer may, but need not, be Chairman, (e) deleting language that granted certain specific managerial responsibilities to the president and clarifying that, in the absence of the chief executive officer, the president will perform the duties of the chief executive officer and (f) adding the chief executive officer to the list of individuals to which the president, chief operating officer, chief financial officer, secretary, treasurer, assistant secretaries and assistant treasurers report.

ITEM 6. EXHIBITS

(a) The following exhibits are filed as part of this Quarterly Report on Form 10-Q.

Exhibit Number	Exhibit
3.1	Amended and Restated Bylaws of Huron Consulting Group Inc., effective as of July 30, 2009.
31.1	Certification of the Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	Huron Consulting Group Inc.
	(Registrant)
Date: August 17, 2009	/s/ James K. Rojas
	James K. Rojas Chief Financial Officer

EXHIBIT 3.1

AMENDED AND RESTATED
BYLAWS

OF

HURON CONSULTING GROUP INC.

A Delaware Corporation

Effective as of July 30, 2009

TABLE OF CONTENTS

BYLAWS

OF

HURON CONSULTING GROUP INC.

(hereinafter called the "Corporation")

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors.

Section 2. Annual Meetings. The Annual Meeting of Stockholders for the election of directors shall be held on such date and at such time as shall be designated from time to time by the Board of Directors. Subject to Section 4 of this Article II, any other proper business may be transacted at the Annual Meeting of Stockholders.

Section 3. Special Meetings. Unless otherwise required by law or by the certificate of incorporation of the Corporation, as amended and restated from time to time (the "Certificate of Incorporation"), Special Meetings of Stockholders, for any purpose or purposes, may be called by either (i) the Chairman of the Board of Directors, if there be one, (ii) the President or (iii) the Board of Directors. Such request shall state the purpose or purposes of the proposed meeting. No business shall be conducted at a Special Meeting of Stockholders except for such business as shall have been brought before the meeting pursuant to the Corporation's notice of meeting (or any supplement thereto). The ability of the stockholders to call a Special Meeting of Stockholders is hereby specifically denied.

Section 4. Nature of Business at Annual Meetings of Stockholders. No business may be transacted at an Annual Meeting of Stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the Annual

Meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (c) otherwise properly brought before the Annual Meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 4 and on the record date for the determination of stockholders entitled to notice of and to vote at such Annual Meeting and (ii) who complies with the notice procedures set forth in this Section 4.

In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder’s notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding Annual Meeting of Stockholders; provided, however, that in the event that the Annual Meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting was mailed or public disclosure of the date of the Annual Meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before the Annual Meeting (i) a brief description of the business desired to be brought before the Annual Meeting and the reasons for conducting such business at the Annual Meeting, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, and any Stockholder Associated Person, (iv) the date such shares were acquired and the investment intent of such acquisition, (v) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business, (vi) a representation that such stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and that such stockholder intends to appear in person or by proxy at the Annual Meeting to bring such business before the meeting, (vii) the name and address of such stockholder and any Stockholder Associated Person, or a nominee holder for a stockholder or any Stockholder Associated Person who owns shares of capital stock of the Corporation beneficially, but not of record, as they appear on the Corporation's stock ledger and current name and address, if different, (viii) to the extent known to the stockholder giving notice, the name and address of any other stockholder supporting the proposal of other business on the date of such stockholder's notice, and (ix) as to the stockholder giving notice and any Stockholder

Associated Person, whether and to the extent which any hedging or any other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss or to manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such stockholder or any such Stockholder Associated Person with respect to any shares of capital stock of the Corporation. A "Stockholder Associated Person" of any stockholder is (i) any person controlling, directly or indirectly, or acting in concert with, such stockholder, (ii) any beneficial owner of shares of capital stock of the Corporation owned of record or beneficially by such stockholder and (iii) any person controlling, controlled by or under common control with such Stockholder Associated Person.

In addition, notwithstanding anything in this Section 4 to the contrary, a stockholder intending to nominate one or more persons for election as a director at an Annual or Special Meeting of Stockholders must comply with Section 5 of Article II of these Bylaws for such nominations to be properly brought before such meeting.

No business shall be conducted at the Annual Meeting of Stockholders except business brought before the Annual Meeting in accordance with the procedures set forth in this Section 4; provided, however, that, once business has been properly brought before the Annual Meeting in accordance with such procedures, nothing in this Section 4 shall be deemed to preclude discussion by any stockholder of any such business. If the chairman of an Annual Meeting determines that business was not properly brought before the Annual Meeting in accordance with the foregoing procedures, the chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

Section 5. Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided in the Certificate of Incorporation with respect to the right of holders of preferred stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors may be made at any Annual Meeting of Stockholders, or at any Special Meeting of Stockholders called for the purpose of electing directors, (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 5 and on the record date for the determination of stockholders entitled to notice of and to vote at such meeting and (ii) who complies with the notice procedures set forth in this Section 5.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation (a) in the case of an Annual Meeting, not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding Annual Meeting of Stockholders; provided, however, that in the event that the Annual Meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure of the date of the Annual Meeting was made, whichever first occurs; and (b) in the case of a Special Meeting of Stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the Special Meeting was mailed or public disclosure of the date of the Special Meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person and any Stockholder Associated Person, (iv) the date such shares were acquired and the investment intent of such acquisition, (v) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice (i) the name and record address of such stockholder, (ii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder and any Stockholder Associated Person, (iii) the date such shares were acquired and the investment intent of such acquisition, (iv) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (v) a representation that such stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice, (vi) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder **,** (vii) the name and address of such stockholder and any Stockholder Associated Person, or a nominee holder for a stockholder or any Stockholder Associated Person who owns shares of capital stock of the Corporation beneficially, but not of record, as they appear on the Corporation's stock ledger and current name and address, if different, (viii) to the extent known to the stockholder giving notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director on the date of such stockholder's notice, and (ix) as to the stockholder giving notice and any Stockholder Associated Person, whether and to the extent which any hedging or any other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss or to manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such stockholder or any such Stockholder Associated Person with respect to any shares of capital stock of the Corporation. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 5. If the chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

Section 6. Notice. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a Special Meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by law, written notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to notice of and to vote at such meeting.

Section 7. Adjournments. Any meeting of the stockholders may be adjourned from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting in accordance with the requirements of Section 6 of this Article II shall be given to each stockholder of record entitled to notice of and to vote at the meeting.

Section 8. Quorum. Unless otherwise required by applicable law or the Certificate of Incorporation, the holders of not less than one-third of the Corporation's capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, in the manner provided in Section 7 of this Article II, until a quorum shall be present or represented.

Section 9. Voting. Unless otherwise required by law, the Certificate of Incorporation or these Bylaws, any question brought before any meeting of the stockholders, other than the election of directors, shall be decided by the vote of the holders of a majority of the total number of votes of the Corporation's capital stock represented and entitled to vote thereat, voting as a single class. Unless otherwise provided in the Certificate of Incorporation, and subject to Section 12 of this Article II, each stockholder represented at a meeting of the stockholders shall be entitled to cast one (1) vote for each share of the capital stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy as provided in Section 10 of this Article II. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of the stockholders, in such officer's discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 10. Proxies. Each stockholder entitled to vote at a meeting of the stockholders may authorize another person or persons to act for such stockholder as proxy, but no such proxy shall be voted upon after three years from its date, unless such proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy, the following shall constitute a valid means by which a stockholder may grant such authority:

(i) A stockholder may execute a writing authorizing another person or persons to act for such stockholder as proxy. Execution may be accomplished by the stockholder or such stockholder's authorized officer, director, employee or agent signing such writing or causing such person's signature to be affixed to such writing by any reasonable means, including, but not limited to, by facsimile signature.

(ii) A stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of a telegram or cablegram to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such telegram or cablegram, provided that any such telegram or cablegram must either set forth or be submitted with information from which it can be determined that the telegram or cablegram was authorized by the stockholder. If it is determined that such telegrams or cablegrams are valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the information on which they relied.

Any copy, facsimile telecommunication or other reliable reproduction of the writing, telegram or cablegram authorizing another person or persons to act as proxy for a stockholder may be substituted or used in lieu of the original writing, telegram or cablegram for any and all purposes for which the original writing, telegram or cablegram could be used; provided, however, that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing, telegram or cablegram.

Section 11. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting (i) either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held or (ii) during ordinary business hours, at the principal place of business of the Corporation. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 12. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of the stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 13. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 11 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of the stockholders.

Section 14. Conduct of Meetings. The Board of Directors of the Corporation may adopt by resolution such rules and regulations for the conduct of any meeting of the stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of the stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) the determination of when the polls shall open and close for any given matter to be voted on at the meeting; (iii) rules and procedures for maintaining order at the meeting and the safety of those present; (iv) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (v) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (vi) limitations on the time allotted to questions or comments by participants.

Section 15. Inspectors of Election. In advance of any meeting of the stockholders, the Board of Directors, by resolution, the Chairman of the Board of Directors, if there be one, or the President shall appoint one or more inspectors to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of the stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by applicable law, inspectors may be officers, employees or agents of the Corporation. Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by applicable law.

ARTICLE III

DIRECTORS

Section 1. Number and Election of Directors. The Board of Directors shall consist of not less than five nor more than fifteen members, the exact number of which shall be fixed from time to time by the Board of Directors. The Board of Directors shall be divided into three classes, designated Class I, Class II and Class III. The initial division of the Board of Directors into classes shall be made by the decision of the affirmative vote of a majority of the entire Board of Directors. The term of the initial Class I directors shall terminate on the date of the 2005 Annual Meeting; the term of the initial Class II directors shall terminate on the date of the 2006 Annual Meeting; and the term of the initial Class III directors shall terminate on the date of the 2007 Annual Meeting or, in each case, upon such director's earlier death, resignation, retirement, disqualification or removal from office. At each succeeding Annual Meeting of Stockholders beginning in 2005, successors to the class of directors whose term expires at that Annual Meeting shall be elected for a three-year term and until their successors are duly elected and qualified, subject, however, to prior death, resignation, retirement, disqualification or removal from office. If the number of directors is changed, any increase or decrease shall be apportioned among the classes, and any additional director of any class elected to fill a vacancy resulting from an increase in such class or from the removal from office, death, disability, resignation or disqualification of a director or other cause shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors have the effect of removing or shortening the term of any incumbent director. Except as provided in Section 2 of this Article III, directors shall be elected by a plurality of the votes cast at each Annual Meeting of Stockholders and each director so elected shall hold office until such director's term expires and until such director's successor is duly elected and qualified, or until such director's earlier death, resignation, retirement, disqualification or removal. Directors need not be stockholders.

Section 2. Vacancies. Any vacancy on the Board of Directors that results from an increase in the number of directors may be filled by a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy occurring on the Board of Directors may be filled by a majority of the Board of Directors then in office, even if less than a quorum, or by a sole remaining director. Any director of any class elected to fill a vacancy resulting from an increase in the number of directors of such class shall hold office for a term that shall coincide with the remaining term of that class. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor.

Section 3. Duties and Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws required to be exercised or done by the stockholders.

Section 4. Meetings. The Board of Directors may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors, if there be one, the President, or a majority of the members of the Board of Directors then in office. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone or telegram on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 5. Organization. At each meeting of the Board of Directors, the Chairman of the Board of Directors, or, in his or her absence, a director chosen by a majority of the directors present, shall act as chairman. The Secretary of the Corporation shall act as secretary at each meeting of the Board of Directors. In case the Secretary shall be absent from any meeting of the Board of Directors, an Assistant Secretary shall perform the duties of secretary at such meeting; and in the absence from any such meeting of the Secretary and all the Assistant Secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 6. Resignations and Removals of Directors. Any director of the Corporation may resign at any time, by giving notice in writing to the Chairman of the Board of Directors, the President or the Secretary of the Corporation. Such resignation shall take effect at the time therein specified or, if no time is specified, immediately; and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective. Except as otherwise required by applicable law and subject to the rights, if any, of the holders of shares of preferred stock then outstanding, any director or the entire Board of Directors may be removed from office at any time, but only for cause, and only by the affirmative vote of the holders of at least a two-thirds in voting power of the issued and outstanding capital stock of the Corporation entitled to vote in the election of directors.

Section 7. Quorum. Except as otherwise required by law or the Certificate of Incorporation, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present.

Section 8. Actions of the Board by Written Consent. Unless otherwise provided in the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 9. Meetings by Means of Conference Telephone. Unless otherwise provided in the Certificate of Incorporation or these Bylaws, members of the Board of Directors of the Corporation, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 9 shall constitute presence in person at such meeting.

Section 10. Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent permitted by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Each committee shall keep regular minutes and report to the Board of Directors when required.

Section 11. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary for service as director, payable in cash or securities. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for service as committee members.

Section 12. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because any such director's or officer's vote is counted for such purpose if: (i) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IV

OFFICERS

Section 1. General. The officers of the Corporation shall be chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer. The Board of Directors, in its discretion, also may choose a Chairman of the Board of Directors (who must be a director), a Chief Executive Officer, a Chief Operating Officer, a Chief Financial Officer and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these Bylaws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

Section 2. Election. The Board of Directors shall elect annually at such time as the Board of Directors in its sole discretion determines the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and each officer of the Corporation shall hold office until such officer's successor is elected and qualified, or until such officer's earlier death, resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 3. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President, the Chief Operating Officer or the Chief Financial Officer or any Vice President or any other officer authorized to do so by the Board of Directors and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4. Chairman of the Board of Directors. The Chairman of the Board of Directors, if there be one, shall be a member of the Board of Directors and preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board of Directors shall oversee the overall strategic business management of the Corporation and have such other functions, authority and duties as customarily pertain to the office of the chairman of a business corporation or as may from time to time be assigned by these Bylaws or by the Board of Directors. The Chairman of the Board of Directors may, in the discretion of the Board of Directors, but need not, be a designated officer of the Corporation.

Section 5. Chief Executive Officer. The Chief Executive Officer, if there be one, shall be the chief executive officer of the Corporation and, as such, shall have general supervision, direction and control of the business and affairs of the Corporation, subject to the control of the Board of Directors, and shall have such other functions, authority and duties as customarily appertain to the office of the chief executive of a business corporation or as may be prescribed by the Board of Directors. The Chief Executive Officer may, but need not, be the Chairman of the Board.

Section 6. President. The President shall be subject to the control of the Board of Directors, the Chairman of the Board of Directors, if there be one, and the Chief Executive Officer, if there be one, and shall perform such other duties and may exercise such other powers as may from time to time be assigned to such officer by these Bylaws or by the Board of Directors. In the Chief Executive Officer's absence or in the event of the Chief Executive Officer's inability or refusal to act, the President shall perform the duties of the Chief Executive Officer, and when so acting shall have all of the powers and be subject to all of the restrictions upon the Chief Executive Officer.

Section 7. Chief Operating Officer. The Chief Operating Officer, if there be one, shall, subject to the control of the Board of Directors, the Chairman of the Board of Directors, if there be one, the Chief Executive Officer, if there be one, and the President, be responsible for the day-to-day management of the Corporation's operations. The Chief Operating Officer shall also perform such other duties and may exercise such other powers as may from time to time be assigned to such officer by these Bylaws or by the Board of Directors. At the request of the President or in the President's absence or in the event of the President's inability or refusal to act (and if there be no Chairman of the Board of Directors), the Chief Operating Officer shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 8. Chief Financial Officer. The Chief Financial Officer, if there be one, shall, subject to the control of the Board of Directors, the Chairman of the Board of Directors, if there be one, the Chief Executive Officer, if there be one, the President and the Chief Operating Officer, if there be one, have the responsibility for the financial affairs of the Corporation and shall exercise supervisory responsibility for the performance of the duties of the Treasurer and the controller, if any, of the Corporation. The Chief Financial Officer shall also perform such other duties and may exercise such other powers as may from time to time be assigned to such officer by these Bylaws or by the Board of Directors.

Section 9. Vice Presidents. At the request of the President or in the President's absence or in the event of the President's inability or refusal to act (and if there be no Chairman of the Board of Directors and no Chief Operating Officer), the Vice President, or the Vice Presidents if there are more than one (in the order designated by the Board of Directors), shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice President shall perform such other duties and have such other powers as the Board of Directors from time to time may prescribe. If there be no Chairman of the Board of Directors, no Chief Operating Officer and no Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 10. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for committees of the Board of Directors when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors, the Chairman of the Board of Directors, if there be one, the Chief Executive Officer, if there be one, the President or the Chief Operating Officer, if there be one. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest to the affixing by such officer's signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 11. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer, if there be one, the President, the Chief Operating Officer, if there be one, the Chief Financial Officer, if there be one, and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of the Treasurer and for the restoration to the Corporation, in case of the Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Treasurer's possession or under the Treasurer's control belonging to the Corporation.

Section 12. Assistant Secretaries. Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chief Executive Officer, if there be one, the President, the Chief Operating Officer, if there be one, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of the Secretary's inability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 13. Assistant Treasurers. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chief Executive Officer, if there be one, the President, the Chief Operating Officer, if there be one, the Chief Financial Officer, if there be one, any Vice President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of the Treasurer's inability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of Assistant Treasurer and for the restoration to the Corporation, in case of the Assistant Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Assistant Treasurer's possession or under the Assistant Treasurer's control belonging to the Corporation.

Section 14. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE V

STOCK

Section 1. Form of Certificates. Shares of stock of the Corporation may be certificated or uncertificated, as provided under the General Corporation Law of the State of Delaware, and shall be entered in the books of the Corporation and registered as they are issued. Every holder of stock in the Corporation, upon written request to the transfer agent or registrar, shall be entitled to have a certificate signed by, or in the name of the Corporation (i) by the Chairman of the Board of Directors, the President or a Vice President and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by such stockholder in the Corporation.

Section 2. Signatures. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost Certificates. The Board of Directors may direct new certificated or uncertificated shares be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of new certificated or uncertificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate or the issuance of such new certificated or uncertificated shares.

Section 4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by applicable law and in these Bylaws. Transfers of stock shall be made on the books of the Corporation only by the person named in the books or by such person's attorney lawfully constituted in writing, or if such shares are certificated, only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, properly endorsed for transfer and payment of all necessary transfer taxes; provided, however, that such surrender and endorsement or payment of taxes shall not be required in any case in which the officers of the Corporation shall determine to waive such requirement. Every share transferred, exchanged, returned or surrendered to the Corporation shall be cancelled, and with respect to a certificated share marked “Cancelled,” with a notation as to the date of cancellation, by the Secretary or Assistant Secretary of the Corporation or the transfer agent thereof. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 5. Dividend Record Date. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 6. Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

Section 7. Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

ARTICLE VI

NOTICES

Section 1. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these Bylaws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at such person’s address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by telegram, telex or cable.

Section 2. Waivers of Notice. Whenever any notice is required by applicable law, the Certificate of Incorporation or these Bylaws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting, present in person or represented by proxy, shall constitute a waiver of notice of such meeting, except where the person attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any Annual or Special Meeting of Stockholders or any regular or special meeting of the directors or members of a committee of directors need be specified in any written waiver of notice unless so required by law, the Certificate of Incorporation or these Bylaws.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the requirements of the General Corporation Law of the State of Delaware (the "DGCL") and the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting of the Board of Directors (or any action by written consent in lieu thereof in accordance with Section 8 of Article III hereof), and may be paid in cash, in property, or in shares of the Corporation's capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for purchasing any of the shares of capital stock, warrants, rights, options, bonds, debentures, notes, scrip or other securities or evidences of indebtedness of the Corporation, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 4. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII

INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings other than Those by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders. Such determination shall be made, with respect to former directors and officers, by any person or persons having the authority to act on the matter on behalf of the Corporation. To the extent, however, that a present or former director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article VIII, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such person's conduct was unlawful, if such person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such person by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VIII, and notwithstanding the absence of any determination thereunder, any director or officer may apply to the Court of Chancery of the State of Delaware or any other court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Section 1 or Section 2 of this Article VIII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article VIII nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses (including attorneys' fees) incurred by a present or former director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article VIII. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate.

Section 7. Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Section 1 and Section 2 of this Article VIII shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Section 1 or Section 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of the DGCL, or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article VIII.

Section 9. Certain Definitions. For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. The term "another enterprise" as used in this Article VIII shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. For purposes of this Article VIII, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VIII.

Section 10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 of this Article VIII), the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 12. Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of

Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

ARTICLE IX

AMENDMENTS

Section 1. Amendments. In furtherance and not in limitation of the powers conferred upon it by the laws of the State of Delaware, the Board of Directors shall have the power to adopt, amend, alter or repeal the Corporation's Bylaws. The affirmative vote of at least a majority of the entire Board of Directors shall be required to adopt, amend, alter or repeal the Corporation's Bylaws. The Corporation's Bylaws also may be adopted, amended, altered or repealed by the affirmative vote of the holders of at least two-thirds of the voting power of the shares of capital stock entitled to vote in connection with the election of directors of the Corporation.

Section 2. Entire Board of Directors. As used in this Article IX and in these Bylaws generally, the term "entire Board of Directors" means the total number of directors which the Corporation would have if there were no vacancies.

* * *

Adopted as of: July 30, 2009

EXHIBIT 31.1

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER,
PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, James H. Roth, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Huron Consulting Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 17, 2009

By: /s/ James H. Roth
James H. Roth
Chief Executive Officer

EXHIBIT 31.2

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER,
PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, James K. Rojas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Huron Consulting Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 17, 2009

By: /s/ James K. Rojas
James K. Rojas
Chief Financial Officer

EXHIBIT 32.1

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER,
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Huron Consulting Group Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James H. Roth, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: August 17, 2009

By: /s/ James H. Roth
James H. Roth
Chief Executive Officer

EXHIBIT 32.2

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER,
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Huron Consulting Group Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James K. Rojas, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: August 17, 2009

By: /s/ James K. Rojas
James K. Rojas
Chief Financial Officer